

is, the performance of the SRI Shares will be derived, *inter alia*, by removing the profits and losses associated with the Restricted Investments from the overall profits and losses associated with the Regular Portfolio as more particularly set forth above. As a consequence, the non-SRI Investors may be adversely (or positively) affected by the Management Company's compliance with the specific investment criteria applicable to the SRI Shares to the extent such investment criteria cause the non-SRI Investors to have different exposures and weightings than would otherwise be applicable to the Offshore Fund's Regular Portfolio in the absence of the SRI Shares.

Regulatory and Tax Risks

Limited Regulatory Oversight

While each of the Partnership and the Underlying Funds may be considered similar to an investment company, neither the Partnership nor the Underlying Funds are required to and nor does either intend to register as such under the Investment Company Act of 1940, as amended (the "Company Act"), in reliance upon various exclusions from registration. Accordingly, the provisions of the Company Act (which may provide certain regulatory safeguards to investors) are not applicable to investors in the Partnership. The Partnership does not maintain custody of its Securities or place its Securities in the custody of a bank or a member of a national securities exchange in the manner required of registered investment companies under rules promulgated by the SEC. A registered investment company which places its Securities in the custody of a member of a national securities exchange is required to have a written custodian agreement, which provides that Securities held in custody will be at all times individually segregated from the Securities of any other person and marked to clearly identify such Securities as the property of such investment company, and which contains other provisions complying with SEC regulations. The Underlying Funds generally maintain accounts at brokerage firms which do not separately segregate such assets as would be required in the case of registered investment companies. Under the provisions of the Securities Investor Protection Act, the bankruptcy of any such brokerage firm might have a greater adverse effect on the Partnership than would be the case if the accounts were maintained to meet the requirements applicable to registered investment companies. (See "Brokerage Practices.")

The Management Company intends to limit an Underlying Fund's trading of futures and certain swaps and so is not currently required to register under CFTC regulations as a commodity pool operator or a commodity trading advisor. While the Management Company does not believe that these limitations will have any effect on the strategies it implements for the Underlying Funds, in unusual circumstances, such limitations may prevent the Management Company from entering into transactions which the Management Company would otherwise have considered to be in an Underlying Fund's best interests and/or limit or prevent the Management Company from hedging certain of the Underlying Funds' other positions. The Management Company may, in the future, without notice to the Limited Partners, decide to trade futures and certain swaps that would require the Management Company to register with the CFTC.

Possibility of Additional Government or Market Regulation

Market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during recent years, combined with several well publicized frauds, have led