

If the Management Company used brokerage commissions (or markups or markdowns) generated by any Accounts to obtain research or other products or services, the Management Company would receive a benefit because it does not have to produce or pay for such products or services. In such case, the Management Company would have an incentive to select or recommend a broker-dealer based on the Management Company's interest in receiving research or other products or services, rather than on an Account's interest in receiving most favorable execution.

At least annually, the Management Company considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its Accounts on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will the Management Company make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

Capital Introduction and Other Consulting Services

From time to time, brokers (including the Underlying Funds' prime brokers) may assist the Partnership in raising additional funds from investors. Additionally, brokers may provide capital introduction and marketing assistance services, and representatives of the Management Company may speak at conferences and programs sponsored by the brokers, for investors interested in investing in private investment funds. Through such events, prospective investors in the Partnership may encounter representatives of the Management Company. Brokers may also provide other services, including, without limitation, consulting services relating to technology and office space. Although neither the Management Company nor the Partnership compensates brokers for such assistance, events or services, or for any investments ultimately made by prospective investors attending such events, such activities may influence the Management Company in deciding whether to use such broker in connection with brokerage, financing and other activities of the Underlying Funds. Subject to its obligation to seek best execution, the Management Company may consider referrals of investors to the Partnership in determining its selection of brokers. However, the Management Company will not commit to an investor or a broker to allocate a particular amount of brokerage in any such situation.

Custody

The Management Company will be deemed to have custody of client funds and Securities because it will have the authority to obtain client funds or Securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account.

The Management Company is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to the Partnership because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other