

Custody Risk

There are risks involved in dealing with the custodians or prime brokers who settle Partnership trades. The Partnership maintains accounts with Morgan Stanley & Co., Incorporated ("Morgan Stanley"), and Credit Suisse Securities (USA) LLC ("Credit Suisse"), its prime brokers and custodians (the "Prime Brokers"). In addition, the Partnership also maintains back-up custodial arrangements with Morgan Stanley Private Bank National Association, an affiliate of Morgan Stanley, and The Bank of New York Mellon, an affiliate of the Administrator (together, the "Custodians"). Although the Investment Manager monitors the Prime Brokers and the Custodians and believes that they are appropriate custodians, there is no guarantee that the Prime Brokers, the Custodians or any other custodian that the Partnership may use from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the U.S. Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, it is likely that, in the event of a failure of a broker-dealer or custodian that has custody of Partnership assets, the Partnership would incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

The Partnership and/or the Prime Brokers may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Partnership. The Prime Brokers may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Partnership as a result of the bankruptcy or insolvency of any such sub-custodian. The Partnership may therefore have potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a fund by a custodian may not be available to the Partnership. Under certain circumstances, including certain transactions where the Partnership's assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the Prime Brokers, or where the Partnership's assets are held at a non-U.S. custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Partnership and hence the Partnership could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of the Partnership to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy or insolvency could be in doubt, as the Partnership may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be practical or time problems associated with enforcing the Partnership's rights to its assets in the case of a bankruptcy or insolvency of any such party.

Alternative Arrangements with Limited Partners

The Partnership may enter into agreements with certain prospective or existing Limited Partners whereby such Limited Partners may be subject to terms and conditions that are different from those set forth in this Memorandum. For example, such terms and conditions may provide for special rights to make future investments in the Partnership, other investment vehicles or managed accounts; special withdrawal rights, relating to frequency or notice; a reduction or rebate in fees to be paid by the Limited Partner; rights to receive reports from the Partnership on a more frequent basis or that include information not provided to other Limited Partners (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Partnership and such Limited Partners. The modifications are solely at the discretion of the Partnership and may, among other things, be based on the size of the Limited Partner's investment in the Partnership or affiliated investment entity, an agreement by a Limited Partner to maintain such investment in the Partnership for a significant period of time, or other similar commitment by a Limited Partner to the Partnership.

Limited Withdrawal and Transfer Rights

Limited Partners may generally make withdrawals at the end of each quarter, subject to an initial lock-up period in the case of Series Two Interests. Transfers of limited partnership interests will be permitted only with the written consent of the General Partner. Accordingly, the limited partnership interests should only be acquired by investors willing and able to commit their assets for an appreciable period of time.