

projections of future events which are difficult to predict and beyond the control of the Fund and the Manager. Investors have no assurance that actual internal rates of return and current returns will equal or exceed the projected rates of return or that any capital will be returned to them.

Poor performance by a few of the Fund's investments could substantially affect the total return to Investors. The Fund may, directly or indirectly, invest in private equity businesses which are believed to be sound and offer good prospects for growth. Such businesses may have little or no operating history. There can be no assurance that any business in which the Fund invests will perform to expectations.

Losses borne exclusively by the Fund and its Partners

The Manager and its affiliates will not be liable for any losses that the Fund may incur. Any such losses will be borne exclusively by the Fund and, in turn, by the Fund's Partners.

Additional risk of loss as a result of the use of leverage

The Fund may at any time, subject to the restrictions in the Fund Documents, borrow funds to make investments on a leveraged basis. The interest expense and other costs incurred in connection with such borrowing may not be recovered by income from investments purchased by the Fund. Gains realized with borrowed funds may cause the value of the portfolio held by the Fund to increase at a faster rate than would be the case without borrowings. If, however, investment results fail to cover the cost of borrowings, the value of the portfolio held by the Fund could decrease faster than if there had been no such borrowings. Additionally, if the investments fail to perform to expectations, the interest of Investors in the Fund would be subordinated to such leverage, which would compound any such adverse consequences. Further, to the extent income received from investments is used to make interest and principal payments on the Fund's borrowings, Investors may be allocated income, and therefore tax liability, in excess of cash received by them in distributions. Investors will be aware that the stability of certain financial markets has deteriorated in recent years. These and other unforeseeable factors may affect the ability of the Manager to find and/or secure finance for suitable investment opportunities for the Fund.

Drawdowns and use of subscription line facilities

The Fund may fund the making of portfolio investments with proceeds from drawdowns under one or more revolving credit facilities (the collateral for which can be, for example, the undrawn capital commitments of Investors) prior to calling Commitments. Drawdowns, including those used to pay interest on subscription line facilities and other indebtedness, may from time to time be "batched" together into larger, less frequent capital calls or closings, with the Fund's interim capital needs being satisfied by the Fund borrowing money from such credit facilities. Any such interim borrowings incurred are expected to be temporary and short-term in nature. The interest expense and other costs of any such borrowings will be fund expenses and, accordingly, decrease net multiples of the Fund. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the preferred return, which will begin accruing when drawdowns to repay borrowings used to fund such portfolio investments or interim expenditures are actually made to the Fund. The use of borrowing in this manner may therefore have the effect of accelerating the Special Limited Partner's entitlement to carried interest by decreasing the amount of preferred return that is required to be distributed to Investors. In light of the foregoing, the Manager has an incentive to cause the Fund to borrow in this manner in lieu of drawing down Commitments. As a general matter, use of borrowings in lieu of drawing down Commitments amplifies IRRs (either negative or positive) to Investors.

Investment history

Although the information herein and in other materials provided to the Investor in connection with the marketing of the Interests has been obtained from sources believed to be reliable, none of the Fund, the Manager or their respective affiliates guarantee its accuracy, completeness or fairness. The performance data relating to the SOF Funds presented herein and in the materials provided in connection with the marketing of the Interests is as of June 30, 2017 (unless noted otherwise) and may no longer be representative of the current position. Such data has not been audited or