

Limited ability to negotiate secondary transaction terms

Where the Fund makes an investment on a secondary basis, the Fund will generally not have the ability to negotiate the amendments to the constitutional documents of an underlying fund, enter into side letters or otherwise negotiate the legal or economic terms of the interest in the underlying fund being acquired.

Investments longer than term

The Fund may make investments that may not be exited or realized in full prior to the date that the Fund will be liquidated, either by expiration of the Fund's term or otherwise. Although the Manager expects that target investments will be disposed of or otherwise realized prior to liquidation, the Fund may have to sell, distribute, or otherwise dispose of investments at a disadvantageous time as a result of its liquidation.

Part B – Risks Related to an Investment in the Fund

Nature of Fund investments

An investment in the Fund requires a long-term commitment, with no certainty of return or of an Investor receiving any distributions from the Fund. There most likely will be little or no near-term cash flow available to Investors. Many of the Fund's investments will be highly illiquid, and there can be no assurance that the Fund will be able to realize such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to the Investors. Additionally, the Fund will typically acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act or in a private placement or other transaction exempt from registration under the Securities Act and that complies with any applicable non-U.S. securities laws. The securities in which the Fund will directly or indirectly invest generally will be the most junior in what typically will be a complex capital structure, and thus subject to the greatest risk of loss. Certain of the Fund's investments may be in businesses with little or no operating history. Since the Fund may only make a limited number of investments, and since the Fund's investments generally will involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to the Limited Partners. The performance of portfolio investments of the SOF Funds is not necessarily indicative of the results that will be achieved by the Fund.

Restrictions on transfer and withdrawal

An investment in the Fund is suitable only for sophisticated investors who have the financial resources necessary to withstand the risk of a potential loss of their entire investment. There is no public market for the Interests, and none is expected to develop. The Fund Documents contain restrictions on the transferability of the Interests and the withdrawal of Investors. The Interests are not transferable except with the consent of the General Partner or the Manager, which may be withheld in their absolute discretion, and are subject to the terms and conditions of the Fund Documents. Investors may not withdraw capital from the Fund. Consequently, Investors should not expect to be able to liquidate their investments prior to the end of the Fund's term.

Performance risk

The performance of the Fund may not meet the Fund's target return. None of the Fund, the Manager, the U.S. Adviser, the General Partner or the Second GP guarantees any level of return to Investors or the repayment of capital from the Fund. Past performance of the SOF Funds cannot be taken as an indication of the future performance of the Fund. The Fund will make investments based on estimates or projections of internal rates of return and current returns, which in turn will be based on, among other considerations, assumptions regarding the performance of the Fund assets, the amount and terms of available financing and the manner and timing of dispositions, including possible asset recovery and remediation strategies, all of which are subject to significant uncertainty. In addition, events or conditions which have not been anticipated may occur and may have a significant effect on the actual rate of return received on the Fund's investments. The assumptions made by the Manager may not prove to be valid, and may be based in part upon