

Smithson L.P.

Confidential Private Placement Memorandum

Investment Manager

Fundsmith LLP

January 2024

Limited Partner Interests

Fundsmith
Buy good companies
Don't overpay
Do nothing

NOTICE

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM, AS IT MAY BE AMENDED, RESTATED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME (THIS "MEMORANDUM"), IS INTENDED SOLELY FOR THE USE OF THE PERSON TO WHOM IT HAS BEEN DELIVERED BY EITHER FUNDSMITH EQUITY FUND (GP), LLC ("FUNDSMITH EQUITY GP") AND FUNDSMITH PARTNERS U.S. LLC ("FUNDSMITH U.S. GP") (AND EACH BEING A "GENERAL PARTNER" AND COLLECTIVELY "GENERAL PARTNERS") OR THEIR AUTHORIZED REPRESENTATIVE FOR THE PURPOSE OF EVALUATING A POSSIBLE INVESTMENT BY THE RECIPIENT IN LIMITED PARTNER INTERESTS ("INTERESTS") OF SMITHSON, L.P. (THE "PARTNERSHIP"), AND IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSONS (OTHER THAN PROFESSIONAL ADVISORS OF THE PROSPECTIVE INVESTOR RECEIVING THIS MEMORANDUM FROM A GENERAL PARTNER OR ITS AUTHORIZED REPRESENTATIVE). REFERENCES IN THIS MEMORANDUM TO THE "GENERAL PARTNER" SHALL BE READ TO MEAN FUNDSMITH EQUITY GP AND/OR FUNDSMITH U.S. GP, UNLESS THE CONTEXT OTHERWISE REQUIRES.

THE INTERESTS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY OF THE STATES OF THE UNITED STATES. THE OFFERING CONTEMPLATED BY THIS MEMORANDUM WILL BE MADE IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT FOR OFFERS AND SALES OF SECURITIES WHICH DO NOT INVOLVE ANY PUBLIC OFFERING AND ANALOGOUS EXEMPTIONS UNDER STATE SECURITIES LAWS.

THE PARTNERSHIP HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "1940 ACT").

EACH SUBSCRIBER FOR AN INTEREST WILL BE REQUIRED TO CERTIFY THAT IT IS (I) AN "ACCREDITED INVESTOR," AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT AND (II) EITHER A "QUALIFIED PURCHASER" AS DEFINED UNDER SECTION 2(A)(51) OF THE 1940 ACT AND THE RULES THEREUNDER OR A "KNOWLEDGEABLE EMPLOYEE" AS DEFINED UNDER RULE 3C-5 OF THE 1940 ACT.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

INTERESTS ARE SUITABLE ONLY FOR SOPHISTICATED INVESTORS WHO DO NOT REQUIRE IMMEDIATE LIQUIDITY FOR THEIR INVESTMENTS, FOR WHOM AN INVESTMENT IN THE PARTNERSHIP DOES NOT CONSTITUTE A COMPLETE INVESTMENT PROGRAM AND WHO FULLY UNDERSTAND AND ARE WILLING TO ASSUME THE RISKS INVOLVED IN THE PARTNERSHIP'S INVESTMENT PROGRAM. THE PARTNERSHIP'S INVESTMENT PRACTICES, BY THEIR NATURE, MAY BE CONSIDERED TO INVOLVE A SUBSTANTIAL

DEGREE OF RISK. SUBSCRIBERS FOR INTERESTS MUST REPRESENT THAT THEY ARE ACQUIRING THE INTERESTS FOR INVESTMENT.

PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX OR FINANCIAL ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS OWN PROFESSIONAL ADVISORS AS TO THE LEGAL, TAX, FINANCIAL OR OTHER MATTERS RELEVANT TO THE SUITABILITY OF AN INVESTMENT IN THE PARTNERSHIP FOR SUCH INVESTOR.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM, AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE REQUIREMENTS AND CONDITIONS DESCRIBED IN THIS MEMORANDUM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THIS MEMORANDUM SHALL NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF INTERESTS IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE IS NOT AUTHORIZED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE. NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS CONCERNING THE PARTNERSHIP WHICH ARE INCONSISTENT WITH THOSE CONTAINED IN THIS MEMORANDUM. PROSPECTIVE INVESTORS SHOULD NOT RELY ON ANY INFORMATION NOT CONTAINED IN THIS MEMORANDUM. THIS MEMORANDUM MAY BE UPDATED FROM TIME TO TIME. INVESTORS SHOULD ASK IF ANY SUPPLEMENTS TO THE MEMORANDUM OR ANY LATER MEMORANDUM HAVE BEEN ISSUED.

THE INTERESTS OF THE PARTNERSHIP OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH OR APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY STATE SECURITIES COMMISSION.

THIS MEMORANDUM, INCLUDING ANY EXHIBITS HERETO, IS SUBMITTED ON A CONFIDENTIAL BASIS FOR USE BY A LIMITED NUMBER OF PROSPECTIVE INVESTORS SOLELY WITH THE CONSIDERATION OF THE PURCHASE OF THE INTERESTS OFFERED HEREBY. IN ADDITION, THIS MEMORANDUM CONSTITUTES AN OFFER ONLY IF A NAME AND IDENTIFICATION NUMBER APPEAR IN THE APPROPRIATE SPACES PROVIDED ON THE COVER PAGE HEREOF AND CONSTITUTES AN OFFER ONLY TO THE PERSON WHOSE

NAME APPEARS THEREON. ANY REPRODUCTION OR DISTRIBUTION OF THIS MEMORANDUM IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE GENERAL PARTNER, IS PROHIBITED. ANY DISTRIBUTION OF THIS MEMORANDUM TO ANY PERSON OTHER THAN THE OFFEREE NAMED ABOVE IS UNAUTHORIZED. ANY PERSON ACTING CONTRARY TO THE

FOREGOING RESTRICTIONS MAY PLACE HIMSELF/HERSELF/ITSELF AND THE PARTNERSHIP IN VIOLATION OF FEDERAL AND/OR STATE SECURITIES LAWS.

ALTHOUGH THE PARTNERSHIP MAY BE SIMILAR TO ONE OR MORE OTHER INVESTMENT VEHICLES OR ACCOUNTS ADVISED BY THE INVESTMENT MANAGER (DEFINED BELOW) OR ITS AFFILIATES, THE PARTNERSHIP IS A SEPARATE ENTITY WITH ITS OWN DISTINCT INVESTMENT OBJECTIVES, POLICIES, RISKS AND EXPENSES, AS EXPLAINED HEREIN. THE PARTNERSHIP AND ANY OTHER INVESTMENT VEHICLE OR ACCOUNT ADVISED BY THE INVESTMENT MANAGER OR ITS AFFILIATES WILL HAVE DIFFERENT INVESTMENT RESULTS, AND INFORMATION ABOUT THOSE OTHER INVESTMENT VEHICLES AND ACCOUNTS SHOULD NOT BE ASSUMED TO APPLY TO THE PARTNERSHIP.

THE PARTNERSHIP'S INVESTMENT MANAGER, HAS ADOPTED A POLICY GOVERNING THE VOTING OF PROXIES THAT IS DESIGNED TO ENSURE THAT CLIENT SECURITIES ARE VOTED IN THE BEST INTEREST OF SUCH CLIENTS. INVESTORS IN THE PARTNERSHIP MAY OBTAIN A COPY OF THE PROXY VOTING POLICIES, AS WELL AS INFORMATION ABOUT HOW PARTNERSHIP PROXIES WERE VOTED, BY CONTACTING A REPRESENTATIVE OF THE PARTNERSHIP.

SOME OF THE INFORMATION CONTAINED IN THIS MEMORANDUM CONSTITUTES "FORWARD-LOOKING STATEMENTS." THESE CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "ANTICIPATE," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE" OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR OTHER COMPARABLE TERMINOLOGY. DUE TO VARIOUS RISKS AND UNCERTAINTIES, INCLUDING THOSE DESCRIBED IN THIS MEMORANDUM, ACTUAL EVENTS OR RESULTS AND THE PERFORMANCE OF THE PARTNERSHIP MAY DIFFER MATERIALLY FROM THOSE REFLECTED OR CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS. THE PARTNERSHIP MAKES NO REPRESENTATION OR WARRANTY AS TO FUTURE PERFORMANCE OR SUCH FORWARD-LOOKING STATEMENTS.

NOTICE TO RESIDENTS OF ALL STATES

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY

REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NOTICE TO RESIDENTS OF FLORIDA

THE INTERESTS HAVE NOT BEEN REGISTERED UNDER THE FLORIDA SECURITIES ACT. IF THE INVESTOR IS NOT A BANK, A TRUST COMPANY, A SAVINGS INSTITUTION, AN INSURANCE COMPANY, A DEALER, AN INVESTMENT COMPANY AS DEFINED IN THE 1940 ACT, A PENSION OR PROFIT SHARING TRUST OR A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), THE INVESTOR ACKNOWLEDGES THAT ANY SALE OF INTERESTS IS VOIDABLE BY THE INVESTOR EITHER WITHIN THREE DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY THE INVESTOR TO THE ISSUER, OR AN AGENT OF THE ISSUER, OR WITHIN THREE DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO THE INVESTOR, WHICHEVER OCCURS LATER.

SUBJECT TO THE TERMS AND CONDITIONS OF THE PARTNERSHIP AGREEMENT (DEFINED BELOW) AND OTHER GOVERNING DOCUMENTS OF THE PARTNERSHIP, EACH PROSPECTIVE INVESTOR IS INVITED TO MEET WITH A REPRESENTATIVE OF THE PARTNERSHIP TO DISCUSS WITH, ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM THEM CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING, AND TO OBTAIN ANY ADDITIONAL INFORMATION, TO THE EXTENT SUCH REPRESENTATIVE POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE, NECESSARY TO VERIFY THE INFORMATION CONTAINED HEREIN. PROSPECTIVE INVESTORS ARE URGED TO REQUEST ADDITIONAL INFORMATION THEY MAY CONSIDER NECESSARY BY CONTACTING:

Smithson, L.P.

c/o Fundsmith Partners U.S. LLC

46 Southfield Avenue, Suite 205

Stamford, CT 06902

Email: investorrelations@fundsmithus.com

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Executive Summary

The Partnership is a Delaware limited partnership formed in January 2020. The principal investment objective of the Partnership is to achieve long-term growth in value through exposure to a diversified portfolio of shares issued by exchange listed or publicly traded companies. The Partnership's approach is to be a long-term investor in its chosen stocks, and the Partnership does not intend to adopt short-term trading strategies.

Fundsmith Equity GP, a co-general partner of the Partnership, is a Delaware limited liability company formed in March 2011. Fundsmith U.S. GP, a co-general partner of the Partnership, is a Delaware limited liability company formed in June 2010. Fundsmith LLP, an English limited liability partnership (the "Investment Manager") incorporated on April 16, 2010, serves as investment manager to the Partnership. The Investment Manager is authorized and regulated by the United Kingdom Financial Conduct Authority (the "FCA"). The Investment Manager is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

The Partnership will not be registered as an investment company under the 1940 Act, in reliance on the exclusion set forth in Section 3(c)(7). The Partnership is seeking subscriptions from (i) either "qualified purchasers" as defined in Section 2(a)(51) of the 1940 Act and the rules thereunder or "knowledgeable employees" as defined in Rule 3c-5 of the 1940 Act, and (ii) "accredited investors" (as such term is defined in Rule 501 of Regulation D under the Securities Act), generally in minimum amounts of at least \$250,000. The Partnership will generally be open for subscriptions on the first Business Day of each month and/or such other day or days as either General Partner may from time to time determine. A "Business Day" is any day on which the New York Stock Exchange is open for trading. A subscriber admitted to the Partnership (a "Limited Partner") will receive, in exchange for its initial capital contribution and any subsequent capital contribution, an Interest representing a proportionate share of the net assets of the Partnership at that time.

The Investment Manager is also the investment manager of Smithson Investment Trust plc., an investment trust incorporated in England and Wales in 2018 (the "UK Fund"). The Partnership will generally follow the same investment strategy as the UK Fund, subject to tax, legal or regulatory constraints.

For its services to the Partnership, for balances under \$5m, the Investment Manager is entitled to management fees at an annual rate of 1.0% of the balance of the capital account, established and maintained for each Limited Partner on the Partnership's books ("Capital Account"), calculated daily and payable monthly in arrears. For balances over \$5m, the Investment Manager is entitled to management fees of 0.9% of each Limited Partner Capital Account balance, calculated daily and payable monthly in arrears. The Investment Manager may, in its sole discretion, reduce, waive or calculate differently the Management Fee with respect to certain investors. For further information, please see "Fees and Expenses" below.

A Limited Partner is permitted to make withdrawals as of the first Business Day of each calendar month, and/or such other days as the General Partner may from time to time determine, upon sixty calendar days' prior notice. Payment of withdrawal proceeds will generally be made solely in cash, as soon as practicable after the relevant withdrawal date and normally within seven Business Days.

Investment program

Investment objective

The principal investment objective of the Partnership is to seek long-term growth in value through exposure to a diversified portfolio of shares issued by exchange listed or publicly traded companies. The Partnership will pursue its objective by investing in shares issued by small and mid-sized exchange listed or publicly traded companies globally with a market capitalization (at the time of initial investment) of between GBP 500 million and GBP 15 billion. There can be no assurance that the Partnership will achieve its investment objective.

Investment approach

The Partnership will invest in shares issued by small and mid-sized exchange listed or publicly traded companies globally as a long-term investor in its chosen stocks. It will not adopt short-term trading strategies. The Partnership has stringent investment criteria which the Investment Manager adheres to in selecting securities for the Partnership's investment portfolio. These criteria aim to ensure that the Partnership invests in high quality businesses which in the opinion of the Investment Manager are those:

- that can sustain a high return on operating capital employed;
- that generate strong cash flows;
- that have a clearly identifiable source of secular growth to enable retained cash to be invested at high rates of return;
- whose advantages are difficult to replicate;
- which do not require significant leverage to generate returns;
- that are resilient to change, particularly technological innovation;
- that are small or mid-sized with a market capitalization (at the time of initial investment) of GBP 500 million and GBP 15 billion; and
- whose valuation is considered by the Partnership to be attractive.

Investors should be aware that the application of these investment criteria significantly limits the number of potential investments which the Investment Manager will consider to be appropriate investments for the Partnership's portfolio. It is

envisaged that the investment portfolio of the Partnership will be relatively concentrated, generally comprising between 25 and 40 companies.

The following specific investment restrictions apply to the Partnership:

- The Partnership will not invest in collective investment schemes;
- The Partnership will not invest in derivatives and will not hedge any currency exposure arising from within the operations of an investee business nor from the holding of an investment denominated in a currency other than U.S. dollars; and
- The Partnership does not intend to have an interest in immovable or tangible movable property.

The Investment Manager intends that the Partnership will normally be fully invested, but assets may be held in the form of cash or cash equivalents when the Investment Manager reasonably regards this as necessary in order to enable the withdrawal of Interests or for the efficient management of the Partnership. The Investment Manager has adopted a risk management process that takes account of the investment objectives and policies of the Partnership and which enables the Investment Manager to measure and monitor the risk of the Partnership's positions and their contribution to the overall risk profile of the Partnership.

Investment limitations

The Partnership will not invest more than 10% of its gross assets in a single issuer or more than 20% in a group of affiliated issuers. The Partnership will not invest more than 20% of its gross assets, including uninvested cash, in deposits held with a single body. The Partnership's holdings in any combination of shares and deposits issued by a single issuer will not exceed 20% of its gross assets. The Partnership will also not invest in shares if doing so will cause the Partnership to control 20% or more of the issuer. Compliance with the above percentage limitations will be measured at the time of investment.

The Partnership may borrow on a temporary basis for short-term liquidity requirements for the efficient administration of the Partnership. However, the aggregate amount of borrowings outstanding at any time will generally not exceed 10% of the net asset value of the Partnership and will be short-term. The Partnership will generally invest in parallel with the UK Fund.

Management

General Partners

Fundsmith Equity GP and Fundsmith U.S. GP serve as co-general partners of the Partnership. Each General Partner is an affiliate of the Investment Manager. Each General Partner, acting alone, will have the authority to exercise the power and responsibilities of a general partner of the Partnership.

Investment Manager

Fundsmith LLP, an English limited liability partnership incorporated on April 16, 2010, serves as the Investment Manager of the Partnership. The Investment Manager is authorized and regulated by the FCA and is registered with the SEC as an investment adviser under the Advisers Act.

The Investment Manager is appointed by the Partnership pursuant to an investment management agreement between the Partnership and the Investment Manager (the "Investment Management Agreement"). Under the Investment Management Agreement, the Investment Manager has full discretion to invest the assets of the Partnership in pursuit of the investment objective and approach described in this Memorandum. As compensation for its services under the Investment Management Agreement, the Investment Manager shall be paid the Management Fee (defined below) in accordance with the terms of the Partnership Agreement.

Pursuant to the Investment Management Agreement, the Partnership agrees to provide the Investment Manager with all of the benefits of the limited partnership agreement, as the same may be amended, restated, supplemented or otherwise modified from time to time (the "Partnership Agreement") applicable to it as a delegatee of the General Partners, including, without limitation, the right to reimbursement of expenses and indemnification provided under the Partnership Agreement. The Investment Management Agreement may be terminated by any party thereto, without penalty, upon at least 60 days prior written notice.

Sub-Adviser

Pursuant to a sub-advisory agreement ("the Sub-Advisory Agreement"), the Investment Manager has appointed Fundsmith Investment Services Limited (the "Sub-Adviser") as a sub-adviser to the Partnership. The Sub-Adviser is a Mauritian private limited company formed in July 2014 and is authorized by the Financial Services Commission of Mauritius ("FSC"). The Sub-Adviser is registered with the SEC as an investment adviser under the Advisers Act. Pursuant to the terms of the Sub-Advisory Agreement, the Sub-Adviser has full discretion to invest the assets of the Partnership. In consideration for its services, the Sub-Adviser receives a portion of the Investment Manager's Management Fee.

Key Staff of the Investment Manager

Simon Barnard, CFA – Portfolio Manager (Smithson L.P.)

Simon Barnard joined Fundsmith in 2017. He started his career at Goldman Sachs Asset Management in 2003 as a Research Analyst on the technology and industrial sectors. He moved to the consumer sector in 2008 and became the Global Lead Portfolio Manager for the consumer discretionary sector in 2012. In 2014 he was named Portfolio Manager of the Global Income Builder Fund, a multi-asset strategy. Upon its launch he became Portfolio Manager of the Global Millennials Fund, a concentrated Global equity growth portfolio upon its launch in 2016. Simon has a 1st Class degree in Economics from Cambridge University and is a CFA charter holder.

Will Morgan, CFA – Assistant Portfolio Manager (Smithson L.P.)

Will Morgan joined Fundsmith in 2017. He previously spent 17 years at Goldman Sachs. He began his career there in 2000, initially in the asset management division, before moving to equity sales in 2002. In 2003 he joined the Global Investment Research division as an analyst covering the insurance sector and became head of the team in 2008. In 2011 he moved to lead coverage of the Construction and Building Materials sector, becoming a Managing Director in 2013 and Deputy Head of the Industrials business unit. He became a sector specialist for Autos and Industrials in 2015. He has a 1st Class degree in Economics & Politics from the University of Bristol and is a CFA charter holder.

Terry Smith – CEO and CIO

Terry Smith graduated in history from University College Cardiff in 1974. He worked for Barclays Bank from 1974 until 1983 and became an Associate of the Chartered Institute of Bankers in 1976. He obtained a MBA at the Management College, Henley in 1979. Mr Smith became a stockbroker with W Greenwell & Co in 1984 and later joined Barclays de Zoete Wedd, holding the position of the top-rated bank analyst in London from 1984 until 1989. In 1990, he became head of UK Company Research at UBS Phillips & Drew, a position from which he was dismissed in 1992 following the publication of his bestselling book Accounting for Growth. Mr. Smith joined Collins Stewart shortly after, and became a director in 1996. In 2000 he became CEO and led the management buy-out of Collins Stewart, which was floated on the London Stock Exchange five months later. In 2003, Collins Stewart acquired Tullett Liberty and followed this in 2004 with the acquisition of Prebon Group, creating the world's second largest inter-dealer broker. Collins Stewart and Tullett Prebon were demerged in 2006 with Mr. Smith remaining CEO of Tullett Prebon until September 2014.

In 2010 Mr. Smith founded Fundsmith LLP where he is CEO and CIO. In 2012 he was appointed a member of the New Zealand Order of Merit for services to New Zealand-UK relations following the success of his campaign to commemorate the New Zealander, Air Marshal Sir Keith Park.

Julian Robins – Head of Research

Julian Robins started his career with the stockbroking firm EB Savory Milln in 1984, joining the financials research team as an analyst to cover UK clearing and merchant banks and other financial service stocks. In 1987 he joined Barclays de Zoete Wedd where he first worked with Terry Smith. Between 1988 and 1993 Mr. Robins was Barclays de Zoete Wedd's senior bank analyst in London and from 1993 until 1999, he worked as an institutional salesman in New York. Mr. Robins then went to work with Mr. Smith at Collins Stewart and was one of the founders of its New York office. During his decade with the firm, Mr. Robins focused on institutional sales, covering US institutions and also spent two years as Co-head of the New York Office, which included regulatory responsibilities. Mr. Robins co-founded Fundsmith LLP in 2010 where he is Head of Research. He has a 1st class degree in Modern History from Christ Church, Oxford. He is a two-time Ironman finisher, Oxford University snooker champion, spent two years in the Honourable Artillery Company (UK Territorial Army) and supports a number of charitable

organizations.

Mark Laurence – Chief Operating Officer

Mark Laurence began his career as a transport sector investment analyst at Kitcat and Aitken, before moving to WI Carr and then Smith New Court plc. In 1997, he joined Collins Stewart and helped develop the group leading up to its MBO and IPO in 2000. Since 2001, Mr. Laurence has pursued a career in fund management helping to found Fundsmith LLP in 2010. He is a non-executive director of Jet2 plc.

Paul Mainwaring – Chief Financial Officer

Paul Mainwaring was previously CFO at IG Group Holdings Plc, Group Finance Director at Tullett Prebon Plc, Group Finance Director at Mowlem Plc, and Group Finance Director at TDG Plc. Mr. Mainwaring started his career with Price Waterhouse in London. He received a degree in Economics from the University of Leeds and an MBA from Cranfield School of Management.

Robert Parker – Chief Compliance Officer

Robert was previously the Compliance Director at Jupiter Asset Management, having joined from Price Waterhouse in 1997. He began his career with Ernst & Whinney and prior to that received a Law degree from Newcastle University.

Administrator

The Partnership has entered into an administration agreement (the "Administration Agreement") with The Northern Trust Company (the "Administrator") to perform certain administrative services for the Partnership. For further information, please see "Administration Agreement" below.

Summary of terms

The following summary of terms governing a Limited Partner's investment in the Partnership is qualified in its entirety by, and should be read in connection with, the Partnership Agreement, a copy of which may be obtained from an authorized representative of the Partnership upon request.

Summary of terms

The following summary of terms governing a Limited Partner's investment in the Partnership is qualified in its entirety by, and should be read in connection with, the Partnership Agreement, a copy of which may be obtained from an authorized representative of the Partnership upon request.

The Partnership

The Partnership is a limited partnership formed in January 2020 under the laws of the State of Delaware.

General Partners

Each General Partner is a limited liability company formed under the laws of the State of Delaware. Fundsmith Equity GP was formed in March 2011 and Fundsmith US GP was formed in June 2010. Each General Partner, acting alone, will have the authority to exercise the powers and responsibilities of a general partner of the Partnership.

Investment Manager

The Partnership has appointed the Investment Manager as its investment manager. The Investment Manager is authorized and regulated by the FCA and is registered with the SEC as an investment adviser under the Advisers Act.

Sub-Adviser

The Investment Manager has appointed the Sub-Adviser as sub-adviser to the Partnership. The Sub-Adviser is authorized by the FSC and is registered with the SEC as an investment adviser under the Advisers Act.

Eligible investors

Interests may be purchased only by investors who are (i) either "qualified purchasers" as defined in Section 2(a)(51) of the 1940 Act and the rules thereunder, or "knowledgeable employees" as defined in Rule 3c-5 of the 1940 Act and (ii) "accredited investors", as such term is defined in Rule 501 of Regulation D under the Securities Act. The General Partner (or the Administrator on its behalf) reserves the right to reject any investor for any reason or for no reason in its sole discretion.

Subscriptions

Subscriptions for Interests may be accepted as of the first Business Day of each month (or at such other times as the General Partner may from time to time determine), generally subject to the receipt of cleared funds via fed wire on or before the acceptance date. The minimum investment is \$250,000, although the General Partner may accept investments in a lesser amount. For further information, please see "Subscriptions" below.

Other Funds

The Investment Manager provides advisory services to other pooled investment vehicles (collectively "Other Funds"), including, but not limited to, the following : (1) Fundsmith Equity Fund, an investment company registered in England and Wales; (2) Fundsmith Sustainable Equity Fund, an investment company registered in England and Wales; (3) Fundsmith Sustainable Equity Fund L.P., a Delaware limited partnership; (4) Fundsmith Equity Fund L.P., a Delaware limited partnership; (5) Smithson Investment Trust plc., an investment trust incorporated and registered in England and Wales.

Shares in the Other Funds are not being offered or sold pursuant to this Memorandum.

Borrowing and leverage

The Partnership may borrow on a temporary basis for short-term liquidity requirements for the efficient administration of the Partnership. However, the aggregate amount of borrowings outstanding at any time will generally not exceed 10% of the net asset value of the Partnership and will be short-term.

Fees and expenses

For its services to the Partnership, the Investment Manager is entitled to receive a management fee based on of the Capital Account balance of each Limited Partner as follows:

- 1.0% of the Capital Account balance where that is under \$5m; or
- 0.9% of the Capital Account balance where that is over \$5m.

If a Limited Partner also invests in Fundsmith Sustainable Equity Fund L.P. and/or Fundsmith Equity Fund L.P. (collectively and with the Partnership, the "U.S. Funds") the combined Capital Account balance of the Limited Partner's holdings in the U.S. Funds will be used to determine the annual rate.

The management fee is calculated daily and payable monthly in arrears (the "Management Fee"). The Investment Manager will at least once annually, review each Capital Account balance to determine whether any Limited Partners are eligible for a lower fee due to additional subscriptions or market movements, such reductions being applied as soon as practicable following the review.

The Investment Manager may, in its sole discretion, reduce, waive or calculate differently the Management Fee with respect to certain investors, including, but not limited to, Limited Partners who invest in the Partnership pursuant to a relationship with certain intermediaries.

The Partnership will pay the following expenses incurred by the Partnership (or the Investment Manager on its behalf):

- (i) the fees and expenses payable to the Custodian (as defined below);
- (ii) expenses incurred in acquiring and disposing of investments, including brokerage commission, fiscal charges and other disbursements which are necessarily incurred in effecting transactions for the Partnership and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- (iii) fees and expenses for Partnership administration, pricing, valuation, fund accounting and related services;
- (iv) any cost incurred in preparing, printing and distributing reports, accounts, statements, contract notes and other like documentation;
- (v) any fees, expenses or disbursements of any legal, tax or other professional adviser of the Partnership;
- (vi) any costs incurred in taking out and maintaining any insurance policy in relation to the Partnership and/or the General Partners or the Investment Manager;
- (vii) interest on permitted borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;

- (viii) taxation payable in respect of the Partnership assets or on the issue or withdrawal of Interests;
- (ix) the audit fees of the Auditors (as defined below) and any properly incurred expenses of the Auditors;
- (x) any costs incurred in amending the Partnership Agreement or this Memorandum;
- (xi) any amount payable by the Partnership under any indemnity provisions contained in the Partnership Agreement or any agreement with any service provider to the Partnership;
- (xii) any costs incurred in the formation of the Partnership and the offering of the Interests; and
- (xiii) any other payments permitted to be paid out of the assets of the Partnership as provided in the Partnership Agreement.

Where the net asset value of the Partnership is below \$150,000,000 on a trailing twelve month basis, ordinary operating expenses of the Partnership will be subject to an annual cap of 0.20% of the net asset value of the Partnership ("Expense Cap"). Notwithstanding the foregoing, none of the following shall be subject to the Expense Cap: (i) management fees, (ii) brokerage commissions, dealer mark-ups, mark-downs and spreads, related clearing and settlement charges and other transaction expenses; (iii) governmental fees and taxes; (iv) expenses resulting from the Partnership's indemnification obligations (if any); and (v) extraordinary expenses (if any), including, without limitation, the costs of litigation brought by or against the Partnership and any expense relating to enforcing or protecting the Partnership's rights with respect to its investments. All such excluded fees and expenses are borne entirely by the Partnership.

Allocation of net profit and loss

Net profit or net loss of the Partnership is allocated among the Capital Accounts of the General Partners and the Limited Partners (together, the "Partners") as of the beginning of each month, at any other time when the Partnership receives an additional capital contribution or effects a withdrawal or distribution, or at such other times as the General Partner may determine.

The net profit or net loss of a Partner's Capital Account for any month or other valuation period will reflect (a) the dividends and interest accrued during the period, (b) the net realized gains or losses from the sale or other disposition of investments during the period, (c) the net change in the unrealized appreciation or depreciation of investments during the period, and (d) the expenses of the Partnership incurred or accrued during the period. Except for "new issues" ("Restricted New Issues"), as such term is defined under Financial Industry Regulatory Authority, Inc. ("FINRA") Rule 5130, as amended, supplemented and interpreted from time to time, the net profit or net loss will be allocated pro rata among the Capital Accounts of the Partners in proportion to their percentage interests as of the commencement of each month. Each Partner's percentage interest as of the commencement of any period is based on the value of the Partner's Capital Account at such time in relation to the total value of the Partnership's net assets at such time.

The General Partner may unitize the Interests for fund administration and reporting purposes. In such event, each unit of Interests will represent a proportionate right to allocations, distributions and other adjustments in a manner that corresponds and gives economic effect to the allocations, distributions and other adjustments to the Capital Accounts described above, in each case, as determined by the General Partner in its sole

discretion. Units (or fractions thereof) may be issued in separate classes and series as determined by the General Partner in its sole discretion.

Under the General Partner's current policy, subject to certain de-minimis exceptions, appreciation and depreciation from Restricted New Issues will be allocated only to the Capital Accounts of Limited Partners that are not deemed (or have not elected to be treated as) "restricted persons" under FINRA Rule 5130. In addition, FINRA Rule 5131(b) prohibits a FINRA member who provides investment banking services from allocating any net profits attributable to the Partnership's investments in Restricted New Issues to accounts in which officers, directors or other related persons ("Restricted Investors") of certain current, former or prospective investment banking clients have an interest. The General Partners intend to rely on a de-minimis exception to FINRA Rule 5131(b) which permits allocations of net profits attributable to the Partnership's investments in Restricted New Issues to an account in which the collective beneficial interests of Restricted Investors of a particular company in the aggregate does not exceed 25% of such account. Periodically all Limited Partners may be asked to update their representations concerning their eligibility to participate in gains and losses attributable to Restricted New Issues. The General Partners reserve the right to vary their policy with respect to the allocation of Restricted New Issues as it deems appropriate for the Partnership as a whole, in light of, among other things, existing interpretations of, and amendments to, FINRA Rules 5130 and 5131(b) and practical considerations, including administrative burdens and principles of fairness and equity. A use of funds charge may be debited against the Capital Accounts of Limited Partners who participate in a Restricted New Issue allocation and credited to the Capital Accounts of all Limited Partners pro rata in accordance with their opening Capital Accounts for the applicable monthly period.

Distributions; Withdrawals

Upon sixty calendar days' prior notice, a Limited Partner is permitted to make withdrawals as of the first Business Day of each calendar month and/or such other days as the General Partner may from time to time determine. The General Partner may, in its sole discretion, waive such notice requirements. Withdrawal requests, once given, may not be revoked by the relevant Limited Partner. For further information, please see "Withdrawals" section below.

Transfers

Interests are not transferable except with the prior written consent of the General Partner, which may be withheld in the General Partner's sole discretion. The General Partner in its sole discretion will require any transferee or assignee of any Limited Partner to agree in writing to be bound by the Partnership Agreement.

Duty of care; Indemnification

The Partnership Agreement provides that the General Partners, the Investment Manager and their affiliates are not liable to the Partnership or the Limited Partners for any loss or damage arising by reason of being or having been the General Partners or the Investment Manager or from any acts or omissions in the performance of their services as a General Partner or Investment Manager in the absence of willful misconduct, recklessness, or gross negligence or as otherwise required by law, and contains provisions for the indemnification of the General Partners, the Investment Manager and their affiliates by the Partnership (but not by the Limited Partners individually) against any liabilities arising by reason of being or having been a General Partner or the Investment Manager or in connection with the Partnership Agreement or the Partnership's business or affairs in the absence of willful misconduct, recklessness, or gross negligence. The General Partners are not personally liable to any Limited Partner for the repayment of any positive balance in such Limited Partner's Capital Account or for contributions by such Limited Partner to the capital of the

Partnership or by reason of any change in the federal or state income tax laws applicable to the Partnership or its Limited Partners.

Non-exclusivity; Allocation

None of the members, shareholders, officers, managers, employees or affiliates of the General Partners or the Investment Manager are precluded from engaging in or owning an interest in other business ventures or investment activities of any kind, whether or not such ventures are competitive with the Partnership.

The Partnership Agreement requires the General Partners to act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the Partnership. For further information, please see "Potential conflicts of interest" below.

Valuations; Reserves

The General Partner, in consultation with the Investment Manager, has delegated the valuation of the Partnership's assets to the Administrator. The net asset value of the Partnership will be calculated on a daily basis (including on any day on which there is a withdrawal of or a subscription for Interests) (each, a "Valuation Day").

Assets of the Partnership are generally valued in accordance with the following principles in each case applied in good faith, and in accordance with relevant accounting principles:

- (a) Securities and other assets for which market quotations are readily available will be valued at the last sale price on the relevant day, or, in the absence of any such sales, the last available bid price. All other securities shall be valued by the Administrator using values from such financial publications, pricing services, or other services or sources, including exchange prices whenever possible, and including values provided by the General Partner or the Investment Manager, as the Custodian reasonably believes appropriate. Where a security or other asset is traded on more than one market, the securities or other assets shall be valued on the market considered to be the primary market. Securities with remaining maturities of 60 days or less are valued at amortized cost.
- (b) An investment purchased and awaiting payment against delivery shall be included for valuation purposes as a security held, and the accounts payable of the Partnership shall be adjusted to reflect the purchase price, including brokers' commissions and other expenses incurred in the purchase thereof, but not disbursed as of the Valuation Day. An investment sold but not delivered pending receipt of proceeds shall be valued at the net sales price.
- (c) Upon the execution of a securities purchase or sale, the General Partner or the Investment Manager shall notify the Custodian of the transaction and, if necessary, shall instruct the Custodian to execute a foreign exchange contract of matching settlement date. For purposes of valuation with respect to (a) and (b) above, all securities and cash or cash equivalents will be quoted in the local currency and then converted into U.S. dollars using the appropriate exchange rate obtained by the Custodian.
- (d) The value of the Partnership's assets shall be determined net of accrued expenses and fees of the Partnership and other fees as directed by the General Partner, and no credit or debit as the case may be shall be made in respect of contributions or withdrawals made as of the Valuation Day.

Appropriate reserves may be accrued and charged against net assets and proportionately

against the Capital Accounts of the Limited Partners for contingent liabilities, such reserves to be in the amounts (subject to increase or reduction) that the General Partner in its sole discretion deems necessary or appropriate. At the sole discretion of the General Partner, the amount of any such reserve (or any increase or decrease therein) may be charged or credited, as appropriate, to the Capital Accounts of those investors who are Limited Partners at the time when such reserve is created, increased, or decreased, as the case may be, or alternatively may be charged or credited to those investors who were Limited Partners at the time of the act or omission giving rise to the contingent liability for which the reserve was established.

The General Partner may suspend the calculation of the net asset value of the Partnership under limited circumstances as set forth in "Withdrawals" below.

Fiscal year

The Partnership has a fiscal year (sometimes referred to herein as "taxable year") ending on December 31 of each calendar year.

Reports to partners

The Partnership will furnish to its Partners as soon as is practicable after the end of each taxable year (or as otherwise required by law) annual reports containing financial statements examined by the Auditors (defined below) as well as such tax information as is necessary for each Partner to complete federal and state income tax or information returns, along with any other tax information required by law. The Administrator will also furnish monthly statements to each Partner.

Dissolution and liquidation

Dissolution of the Partnership may occur upon the General Partner's election, in its sole discretion, or upon the occurrence of any event which results in the General Partner (or a successor to its businesses) ceasing to be a general partner of the Partnership. Upon the occurrence of any such event, the General Partner (or a liquidator elected by a majority in interest of the Limited Partners, if the General Partner is unable to perform this function) is charged with winding up the affairs of the Partnership, liquidating its assets to the extent feasible and making liquidating distributions (in cash or in securities or other assets, whether readily or not readily marketable) pro rata in accordance with each Partner's Capital Account balance.

Tax status

The General Partners believe that the Partnership should not itself be subject to U.S. federal income taxation. Each Limited Partner otherwise subject to U.S. federal income tax is required to include in such Limited Partner's taxable income such Limited Partner's share of the Partnership's income and gains, when realized by the Partnership (regardless of cash distributions from the Partnership to such investor), and may claim, to the extent allowable, such Limited Partner's share of the Partnership's losses and deductions. Due to the nature of the Partnership's activities, the Partnership's income or loss for U.S. federal income tax purposes for a particular taxable period may differ from its financial or economic results. The deductibility of a Limited Partner's share of any Partnership losses or deductions may be limited.

ERISA

Entities subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), other tax-exempt entities and entities in which substantially all of the ownership interests are held by persons exempt from the application of U.S. federal income taxation, may purchase the Interests. The Partnership does not intend to permit investments by benefit plan investors (as defined in the U.S. Department of Labor's Plan Asset Regulation, 29 CFR 2510.3-101, as modified by Section 3(42) of ERISA) to equal or exceed 25% of the net asset value of any individual class of Interests.

Amendment of the Partnership Agreement

The Partnership Agreement may be amended by the General Partner with the consent of a majority in interest of the Limited Partners. However, the Partnership may not:

- (a) increase the obligation of a Limited Partner to make any contribution to the capital of the Partnership;
- (b) reduce the Capital Account of any Limited Partner other than as contemplated by the Partnership Agreement; or
- (c) reduce any Limited Partner's right to share in net profits or assets of the Partnership;

without the consent of each Limited Partner adversely affected thereby.

Notwithstanding the foregoing, the General Partner may amend the Partnership Agreement at any time without the consent of any Limited Partner: (a) to comply with applicable laws and regulations; (b) to make changes that do not adversely affect the rights or obligations of any Limited Partner; (c) to cure any ambiguity or correct or supplement any conflicting provisions of the Partnership Agreement; or (d) with respect to any other amendment, if any Limited Partner objecting to such amendment has an opportunity to withdraw from the Partnership as of a date that is not less than 45 days after the General Partner has furnished written notice of such amendment to each Limited Partner and that is prior to the effective date of the amendment.

The General Partner, in its sole discretion, may agree with a Limited Partner to waive or modify the application of any provision of the Partnership Agreement with respect to such Limited Partner, without obtaining the consent of any other Limited Partner (other than a Limited Partner who is materially and adversely affected by such waiver or modification).

Legal Counsel

K&L Gates LLP

Auditors

Deloitte & Touche LLP (the "Auditors")

Administrator

The Northern Trust Company

Custodian

The Northern Trust Company (the "Custodian")

Risk factors and potential conflicts of interest

The nature of the Partnership's investments involves certain risks and the Partnership utilizes investment techniques which may carry additional risks. An investment in the Partnership therefore carries substantial risk. Prospective investors should consider, among others, the following factors before subscribing for an Interest.

Risk factors

Past performance not indicative

There can be no assurance that the Partnership will achieve its investment objective. The past investment performance of the Partnership, the UK Fund or other accounts managed by the Investment Manager or its principals may not be indicative of the future results of an investment in the Partnership.

General risks

The investments of the Partnership are subject to market fluctuations and other risks inherent with investment in stocks and shares. As such, the price of Interests in the Partnership and the income from them can go down as well as up and an investor may not get back the amount he has invested. There is no assurance that investment objective of the Partnership will actually be achieved. Inflation may occur over the duration of an investment in the Partnership which can reduce the value of the investment in real terms.

Long-term investment strategy

The Partnership's investment objective is to seek long-term growth in value. The Partnership does not seek to engage in short-term trading strategies to generate returns. Accordingly, any investment in the Partnership should be viewed as a long-term investment.

Concentration

The Partnership's investment approach is to invest in a relatively small number of securities (subject to the investment limitations described under "Investment Program" above). This may result in portfolio concentration in sectors, countries, or other groupings. These potential concentrations mean that a loss arising in a single investment may cause a proportionately greater loss to the Partnership than if a larger number of investments were made.

Equity investing risk

The Partnership's net asset value will be sensitive to stock market

volatility, and the stocks to which the Partnership has exposure may be more volatile than the stock market as a whole. The value of equity investments and related instruments may decline in response to conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations, as well as issuer or sector specific events. Market conditions may affect certain types of stocks to a greater extent than other types of stocks. If the stock market declines, the net asset value of Partnership will also likely decline and although stock values can rebound, there is no assurance that values will return to previous levels. As such investors may not get back the amount they invested and a subscription for Interests should only be considered by persons financially able to maintain their investment and who can accept a loss of all of their investment.

Small and mid-sized company risk

Market risk and liquidity risk may be more pronounced for securities of companies with medium-sized market capitalizations and are particularly pronounced for securities of companies with smaller market capitalizations. These companies may have limited product lines, markets, or financial resources, or they may depend on a few key employees. The securities of companies with medium and smaller market capitalizations may trade less frequently and in lesser volume than more widely held securities, and their value may fluctuate more sharply than those securities. Investments in less-seasoned companies with medium and smaller market capitalizations may not only present greater opportunities for growth and capital appreciation, but also involve greater risks than are customarily associated with more established companies with larger market capitalizations.

Foreign investment risks

Investing in securities issued by companies whose principal business activities are outside the U.S. may involve significant risks not present in domestic investments. For example, because foreign companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements and regulatory measures comparable to those applicable to U.S. companies, there may be less publicly available information about a foreign company than about a domestic company. Volume and liquidity in most foreign debt markets is less than in the U.S. and securities of some foreign companies are less liquid and more volatile than securities of comparable U.S. companies. There is generally less government supervision

and regulation of securities exchanges, broker-dealers and listed companies than in the U.S. In addition, with respect to certain foreign countries, there is the possibility of nationalization, expropriation or confiscatory taxation, currency blockage, political or social instability, or diplomatic developments, which could affect investments in those countries. Any of these actions could adversely affect securities prices, impair the Partnership's ability to purchase or sell foreign securities, or transfer the Partnership's assets or income back to the U.S., or otherwise adversely affect Partnership operations. In the event of nationalization, expropriation or confiscation, the Partnership could lose its entire investment in that country.

Other potential foreign market risks include exchange controls, difficulties in valuing securities, defaults on foreign government securities, and difficulties of enforcing favorable legal judgments in foreign courts. Moreover, individual foreign economies may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, reinvestment of capital, rate of inflation, capital reinvestment, resource self-sufficiency, and balance of payments position. Certain economies may rely heavily on particular industries or foreign capital and are more vulnerable to diplomatic developments, the imposition of economic sanctions against a particular country or countries, changes in international trading patterns, trade barriers, and other protectionist or retaliatory measures. Foreign securities markets, while growing in volume and sophistication, are generally not as developed as those in the U.S. Foreign countries may not have the infrastructure or resources to respond to natural and other disasters that interfere with economic activities, which may adversely affect issuers located in such countries.

Settlement and clearance procedures in certain foreign markets differ significantly from those in the U.S. Payment for securities before delivery may be required and in some countries delayed settlements are customary, which increases the Partnership's risk of loss. The Partnership generally holds its foreign securities and related cash in foreign banks and securities depositories. Some foreign banks and securities depositories may be recently organized or new to the foreign custody business. In addition, there may be limited or no regulatory oversight over their operations. Also, the laws of certain countries may put limits on the Partnership's ability to recover its assets if a foreign bank, depository or issuer of a security or any of their agents goes bankrupt. Certain countries may require withholding on dividends paid on portfolio securities and on realized capital gains.

In addition, it is often more expensive to buy, sell and hold securities in certain foreign markets than in the U.S. Foreign brokerage commissions are generally higher than commissions on securities traded in the U.S. and may be non-negotiable. The fees paid to foreign banks and securities depositories generally are higher than those charged by U.S. banks and depositories. The increased expense of investing in foreign markets reduces the amount earned on investments and typically results in a higher operating expense ratio for the Partnership as compared to investment companies that invest only in the U.S.

Currency risk

Investing in securities denominated in a foreign currency, entails risk of being exposed to a currency that may not fully reflect the strengths and weaknesses of the economy of the country or region utilizing the currency. Currency risk includes both the risk that currencies in which the Partnership's investments are traded, or currencies in which the Partnership has taken an active investment position, will decline in value relative to the U.S. In addition, it is possible that a currency (such as, for example, the euro) could be abandoned in the future by countries that have already adopted its use, and the effects of such an abandonment on the applicable country and the rest of the countries utilizing the currency are uncertain but could negatively affect the Partnership's investments denominated in the currency. The Partnership will not hedge any currency exposure arising from within the operations of an investee business nor from the holding of an investment denominated in a currency other than U.S. dollars.

Many countries rely heavily upon export-dependent businesses and any strength in the exchange rate between a currency and the U.S. dollar or other currencies can have either a positive or a negative effect upon corporate profits and the performance of investments in the country or region utilizing the currency. Adverse economic events within such country or region may increase the volatility of exchange rates against other currencies, subjecting the Partnership's investments denominated in such country's or region's currency to additional risks. In addition, certain countries, particularly emerging market countries, may impose foreign currency exchange controls or other restrictions on the transferability, repatriation or convertibility of currency.

Business and regulatory risks of private investment funds

Legal, tax and regulatory changes could occur during the term of the Partnership that may adversely affect the Partnership and the Investment Manager and its affiliates. The regulatory environment for private funds and fund managers is evolving,

and changes in the regulation of private funds, fund managers and their trading activities may adversely affect the ultimate realization value of investments held by the Partnership, the ability of the Partnership to obtain the leverage it might otherwise obtain or to pursue its trading strategies, and may adversely affect the ability of the Partnership to pursue certain investment strategies. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Investors should understand that the business of the Partnership's and the Investment Manager is dynamic and is expected to change over time. Therefore, the Partnership, the Investment Manager and its affiliates may be subject to new or additional regulatory constraints in the future. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The effect of any future regulatory change on the Partnership could be substantial and adverse.

There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry. Such scrutiny may increase the exposure of the Partnership, the General Partners, the Investment Manager and their respective affiliates to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight and scrutiny can also impose administrative burdens on the Investment Manager and disrupt its business including, without limitation, responding to investigations and examinations and implementing new policies and procedures. Certain regulatory inquiries or actions, even in the absence of wrongdoing, can lead to adverse impacts on the Partnership, including serious reputational harm, or affect its ability to carry out its investment strategy.

Cybersecurity and operational risk

With the increased use of technologies, such as mobile devices and cloud-based service offerings and the dependence on the internet and computer systems to perform necessary business functions, the Partnership and its service providers are susceptible to operational and information or cybersecurity risks that could result in losses to the Partnership. Intentional cybersecurity breaches include unauthorized access to systems, networks, or devices (such as through "hacking" activity or "phishing"); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cyber-attacks can also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on the service providers'

systems or websites rendering them unavailable to intended users or via "ransomware" that renders the systems inoperable until appropriate actions are taken. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws).

A cybersecurity breach could result in the loss or theft of customer data or funds, loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. Such incidents could cause the Partnership, the Investment Manager and its affiliates, or other service providers to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss. In addition, such incidents could affect issuers in which the Partnership invests, and thereby cause the Partnership's investments to lose value.

The Partnership depends on the Investment Manager to develop, implement and operate the appropriate systems and procedures to control operational risk. These systems and procedures may not account for every actual or potential disruption of the Partnership's operations. The Partnership's operations are dynamic and complex. As a result, certain operational risks are intrinsic to the Partnership's operations and business. The Partnership's business is highly dependent on its ability to process transactions across numerous and diverse markets. Consequently, the Partnership relies heavily on its financial, accounting and other data processing systems to trade, clear and settle transactions, to evaluate certain financial instruments, to monitor its portfolio and net capital, and to generate risk management and other reports that are critical to oversight of the Partnership's activities. In addition, certain portions of the Partnership's and the Investment Manager's operations interface will be dependent upon systems operated by third parties, including the Administrator, market counterparties and their sub-custodians and other service providers, and the Investment Manager may not be in a position to verify the risks or reliability of such third-party systems. Failure of such systems could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. These and other similar disruptions in the Partnership's operations may cause the Partnership to suffer, among other things, financial loss, the disruption of its businesses, liability to third parties, regulatory intervention, or reputational damage.

Cyber-events have the potential to materially affect the Partnership's relationships with accounts, shareholders, clients, customers, employees, products, and service providers. The Partnership has established risk management systems reasonably designed to seek to reduce the risks associated with cyber-events. There is no guarantee that the Partnership will be able to prevent or mitigate the impact of any or all cyber-events. The Partnership is exposed to operational risk arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the Partnership's service providers, counterparties, or other third parties, failed or inadequate processes and technology or system failures. In addition, other disruptive events, including (but not limited to) natural disasters and public health crises may adversely affect the Partnership's ability to conduct business, in particular if the Partnership's employees or the employees of its service providers are unable or unwilling to perform their responsibilities as a result of any such event. Even if the Partnership's employees and the employees of its service providers are able to work remotely, those remote work arrangements could result in the Partnership's business operations being less efficient than under normal circumstances, could lead to delays in its processing of transactions, and could increase the risk of cyber-events.

Counterparty risk

The Partnership will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. In particular, it should be noted that transactions may not always be conducted on a delivery versus payment basis and this may expose the Partnership to greater counterparty risk and potentially to loss in excess of the counterparty's obligations to the Partnership.

Settlement risks

Any investment in stocks and shares involves a level of settlement risk. This arises where a settlement in a transfer system does not take place as expected because a counterparty does not pay or deliver on time or as expected. Usually such transactions will settle later when the appropriate payment or delivery has been made but occasionally the transaction will fail. Delays or failures in settlement can cause loss to the Partnership.

Performance risk

Investors are reminded that risk levels will depend on individual investment selections made by the Investment Manager.

Limited regulatory oversight

Although the Partnership may be considered similar to an investment company, it is not required to, and does not intend to, register as such under the 1940 Act in reliance on the exclusion set forth in Section 3(c)(7) thereof. Accordingly, certain provisions of the 1940 Act (which, among other things, require investment companies to have a certain number of disinterested directors and regulate the relationship between the adviser and the investment company) will not be applicable.

Audit adjustments

The Partnership may take positions with respect to certain tax issues that depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the U.S. Internal Revenue Service or another applicable taxing authority, a Limited Partner, as a partner of a partnership for U.S. federal income tax purposes, might be found to have a different tax liability for that year than that reported on its U.S. federal income tax return.

An audit of the Partnership may result in an audit of the returns of some or all of the Limited Partners, which examination could result in adjustments to the tax consequences initially reported by the Partnership and affect items not related to a Limited Partner's investment in the Partnership. If such adjustments result in an increase in a Limited Partner's U.S. federal income tax liability for any year, such Limited Partner may also be liable for interest and penalties with respect to the amount of underpayment.

Net asset value considerations

The net asset value of the Partnership is expected to fluctuate over time with the performance of the Partnership's investments. A Limited Partner may not fully recover its initial investment when it chooses to withdraw or upon compulsory withdrawal if the net asset value of the Partnership at the time of such withdrawal has declined since its initial investment.

In-kind distributions

A withdrawing Limited Partner may, at the discretion of the General Partner, in consultation with the Investment Manager, receive securities or other assets owned by the Partnership in lieu of cash, provided that the General Partner will use commercially reasonable efforts to cause all withdrawal proceeds to be paid in cash. If a payment is made in kind, the Investment Manager will agree to act as a fiduciary in liquidating in kind securities at the option of, and upon request by, a Limited Partner. The risk of loss

and delay in liquidating these securities or other assets will be borne by the Limited Partner, with the result that such Limited Partner may receive less cash than it would have otherwise received on the date of withdrawal.

No distributions

Since the Partnership does not generally intend to pay distributions, an investment in the Partnership is not suitable for investors seeking current distributions of income. Moreover, an investor is required to report and pay taxes on its allocable share of income from the Partnership, even though no cash is distributed by the Partnership.

Restrictions on withdrawals and transfers

There are restrictions on withdrawals from the Partnership and on transfers of Interests. The prior written consent of the General Partner is required for a transfer of the Interest of any Limited Partner. Because of the restrictions on withdrawals and transfers, an investment in the Partnership may involve a high degree of risk.

Liquidity risk

There is a risk that an investment cannot be liquidated in a timely manner at a reasonable price. There is no active secondary market for the Interests, and it is not expected that such a market will develop. There can be no assurance that the liquidity of the investments of the Partnership will always be sufficient to meet withdrawal requests as, and when, made. Any lack of liquidity may affect the liquidity and the value of the Partnership's investments.

Purchase by affiliates

Purchases of Interests offered hereby may be made by the Investment Manager, the General Partners and their respective members, managers, partners, officers, directors, employees and affiliates. Accordingly, investors should understand that not all subscribers may have made an independent investment decision as some investors will have an affiliation to either the Partnership, the Investment Manager, the General Partners or their affiliates.

Valuation of partnership's assets and liabilities

Year-end calculations of net asset value of the Partnership are audited by independent auditors and may be revised as a result of such audit.

Brokerage and Custodial Risk

There are risks involved in dealing with the custodians who settle trades and hold assets for the Partnership. Although the Investment Manager monitors the custodians used by the Partnership and believes that they are appropriate custodians, there is no guarantee that the Partnership's custodians, or any other custodians that the Partnership may use from time to time, will not become bankrupt or insolvent. While U.S. laws seek to protect customer property in the event of a bankruptcy, insolvency, failure or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Partnership assets, the Partnership would not 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.

Any cash and securities maintained by the Partnership in accounts of U.S. broker-dealers registered with the SEC and FINRA are protected only to a limited degree by the U.S. Securities Investor Protection Corporation (the "SIPC"). In the event of the bankruptcy of a broker-dealer, if sufficient funds are not available in the broker-dealer's customer accounts to satisfy claims, the reserve funds of the SIPC would be expected to supplement the distribution. Therefore, the Partnership could be at risk of loss for any amounts in excess of the SIPC limit to the extent that the broker-dealer does not maintain insurance sufficient to cover any amounts owed.

Possibility of Different Information Rights

Certain Limited Partners may receive information regarding the Partnership's portfolio that is not generally available to other Limited Partners and, as a result, may be able to take actions (i.e., withdraw capital from the Partnership) on the basis of such information which, in the absence of such information, other Limited Partners do not take. This may be based, at least in part, on responses from the Investment Manager, the General Partners or service providers of the Partnership to due diligence questionnaires or prospective or existing investor meetings.

Possible Adverse Effects of Substantial Withdrawals

In the event that there are substantial withdrawals of capital from the Partnership within a limited period of time, the Investment Manager may find it difficult to adjust its asset allocation and trading strategies to the suddenly reduced amount of assets under management. Under such circumstances, in order to provide funds to pay withdrawal proceeds, the Investment Manager may be required to liquidate positions of the Partnership

at an inappropriate time or on unfavorable terms, resulting in lower net assets for the remaining Limited Partners and a lower withdrawal price for the withdrawing Limited Partners. The General Partner may elect to cause the withdrawal of all Interests and dissolve and liquidate the Partnership at any time if, in its view, continued operation of the Partnership would be impracticable or imprudent for any reason, including if the amount of the Partnership's assets declines to a significant extent.

Retention and Motivation of Key Employees

The performance of the Partnership is largely dependent on the talents and efforts of highly skilled individuals employed by the Investment Manager. The success of the Partnership depends on the Investment Manager's ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other employees. There can be no assurance that the Investment Manager's investment professionals will continue to be associated with the Investment Manager throughout the life of the Partnership, and the failure to attract or retain such investment professionals could have a material adverse effect on the Partnership and its Limited Partners, including, for example, by limiting the Investment Manager's ability to pursue particular investment strategies or trading strategies discussed herein. Competition in the financial services industry for qualified employees is intense and there is no guarantee that the talents of the Investment Manager's investment professionals could be replaced. In the event of the death, incapacity, departure, insolvency, or withdrawal of any of these individuals, the performance of the Partnership may be adversely affected.

Economic and market events risk

Events in certain sectors historically have resulted, and may in the future result, in an unusually high degree of volatility in the financial markets, both domestic and foreign. These events have included, but are not limited to: bankruptcies, corporate restructurings, and other similar events; governmental efforts to limit short selling and high frequency trading; measures to address U.S. federal and state budget deficits; social, political, and economic instability in Europe; economic stimulus by the Japanese central bank; dramatic changes in energy prices and currency exchange rates; and China's economic slowdown. Interconnected global economies and financial markets increase the possibility that conditions in one country or region might adversely impact issuers in a different country or region. Both domestic and foreign equity markets have experienced increased

volatility and turmoil, with issuers that have exposure to the real estate, mortgage, and credit markets particularly affected. Financial institutions could suffer losses as interest rates rise or economic conditions deteriorate.

In addition, relatively high market volatility and reduced liquidity in credit and fixed-income markets may adversely affect many issuers worldwide. Actions taken by the U.S. Federal Reserve ("Fed") or foreign central banks to stimulate or stabilize economic growth, such as interventions in currency markets, could cause high volatility in the equity and fixed-income markets. Reduced liquidity may result in less money being available to purchase raw materials, goods, and services from emerging markets, which may, in turn, bring down the prices of these economic staples. It may also result in emerging market issuers having more difficulty obtaining financing, which may, in turn, cause a decline in their securities prices.

Beginning in March 2022, the Fed began increasing interest rates and has signaled the potential for further increases. As a result, risks associated with rising interest rates are currently heightened. It is difficult to accurately predict the pace at which the Fed will increase interest rates any further, or the timing, frequency or magnitude of any such increases, and the evaluation of macro-economic and other conditions could cause a change in approach in the future. Any such increases generally will cause market interest rates to rise and could cause the value of the Partnership's investments, and the Partnership's net asset value (NAV), to decline, potentially suddenly and significantly. As a result, the Partnership may experience high redemptions and, as a result, increased portfolio turnover, which could increase the costs that the Partnership incurs and may negatively impact the Partnership's performance. In addition, as the Fed increases the target Fed funds rate, any such rate increases, among other factors, could cause markets to experience continuing high volatility. A significant increase in interest rates may cause a decline in the market for equity securities. These events and the possible resulting market volatility may have an adverse effect on the Partnership.

Political turmoil within the United States and abroad may also impact the Partnership. Although the U.S. government has honored its credit obligations, it remains possible that the United States could default on its obligations. While it is impossible to predict the consequences of such an unprecedented event, it is likely that a default by the United States would be highly disruptive to the U.S. and global securities markets and could

significantly impair the value of the Partnership's investments. Similarly, political events within the United States at times have resulted, and may in the future result, in a shutdown of government services, which could negatively affect the U.S. economy, decrease the value of many Partnership investments, and increase uncertainty in or impair the operation of the U.S. or other securities markets. In recent years, the U.S. renegotiated many of its global trade relationships and imposed or threatened to impose significant import tariffs. These actions could lead to price volatility and overall declines in U.S. and global investment markets.

Uncertainties surrounding the sovereign debt of a number of European Union ("EU") countries and the viability of the EU have disrupted and may in the future disrupt markets in the United States and around the world. If one or more countries leave the EU or the EU dissolves, the global securities markets likely will be significantly disrupted. On January 31, 2020, the United Kingdom ("UK") left the EU, commonly referred to as "Brexit," and the UK ceased to be a member of the EU and the UK and EU entered into a Trade and Cooperation Agreement. While the full impact of Brexit is unknown, Brexit has already resulted in volatility in European and global markets. There remains significant market uncertainty regarding Brexit's ramifications, and the range and potential implications of possible political, regulatory, economic, and market outcomes are difficult to predict.

A widespread health crisis such as a global pandemic could cause substantial market volatility, exchange trading suspensions and closures, which may lead to less liquidity in certain instruments, industries, sectors or the markets generally, and may ultimately affect the Partnership's performance. For example, the coronavirus (COVID-19) pandemic has resulted and may continue to result in significant disruptions to global business activity and market volatility due to disruptions in market access, resource availability, facilities operations, imposition of tariffs, export controls and supply chain disruption, among others. While many countries have lifted some or all restrictions related to the coronavirus (COVID-19) and the United States ended the public health emergency and national emergency declarations relating to the coronavirus (COVID-19) pandemic on May 11, 2023, the continued impact of coronavirus (COVID-19) and related variants is uncertain. The impact of a health crisis and other epidemics and pandemics that may arise in the future, could affect the global economy in ways that cannot necessarily be foreseen at the present time. A health crisis may exacerbate other pre-existing political, social and economic risks. Any such impact

could adversely affect the Partnership's performance, resulting in losses to your investment.

Political and military events, including in Ukraine, North Korea, Russia, Venezuela, Iran, Syria, Israel and the State of Palestine, as well as other areas of the Middle East, and nationalist unrest in Europe and South America, also may cause market disruptions. As a result of continued political tensions and armed conflicts, including the Russian invasion of Ukraine commencing in February of 2022, the extent and ultimate result of which are unknown at this time, the United States and the EU, along with the regulatory bodies of a number of countries, have imposed economic sanctions on certain Russian corporate entities and individuals, and certain sectors of Russia's economy, which may result in, among other things, the continued devaluation of Russian currency, a downgrade in the country's credit rating, and/or a decline in the value and liquidity of Russian securities, property or interests. These sanctions could also result in the immediate freeze of Russian securities. These sanctions or the threat of additional sanctions could also result in Russia taking counter measures or retaliatory actions, which may further impair the value and liquidity of Russian securities. The United States and other nations or international organizations may also impose additional economic sanctions or take other actions that may adversely affect Russia-exposed issuers and companies in various sectors of the Russian economy. Any or all of these potential results could lead Russia's economy into a recession. Economic sanctions and other actions against Russian institutions, companies, and individuals resulting from the ongoing conflict may also have a substantial negative impact on other economies and securities markets both regionally and globally, as well as on companies with operations in the conflict region, the extent to which is unknown at this time. The United States and the EU have also imposed similar sanctions on Belarus for its support of Russia's invasion of Ukraine. Additional sanctions may be imposed on Belarus and other countries that support Russia. Any such sanctions could present substantially similar risks as those resulting from the sanctions imposed on Russia, including substantial negative impacts on the regional and global economies and securities markets.

In addition, there is a risk that the prices of goods and services in the United States and many foreign economies may decline over time, known as deflation. Deflation may have an adverse effect on stock prices and creditworthiness and may make defaults on debt more likely. If a country's economy slips into a deflationary pattern, it could last for a prolonged period and may

be difficult to reverse. Further, there is a risk that the present value of assets or income from investments will be less in the future, known as inflation. Inflation rates may change frequently and drastically as a result of various factors, including unexpected shifts in the domestic or global economy, and the Partnership's investments may be affected, which may reduce the Partnership's performance. Generally, securities issued in emerging markets are subject to a greater risk of inflationary or deflationary forces, and more developed markets are better able to use monetary policy to normalize markets.

Common Counsel

K&L Gates LLP currently serves as counsel for the Partnership, the General Partners, the Investment Manager and their affiliates. K&L Gates LLP renders legal services to the Partnership, the General Partners, the Investment Manager, and their affiliates and does not represent the interests of any Limited Partner in the Partnership. Prospective investors should seek their own legal, tax and financial advice before making an investment in the Partnership. K&L Gates LLP may be removed by the General Partner at any time without the consent of, or notice to, the Limited Partners. In addition, K&L Gates LLP does not undertake to monitor the compliance of the Partnership, the General Partners, the Investment Manager or their affiliates with the investment program, investment strategies, investment restrictions and other guidelines and terms set forth in this Memorandum and the Partnership Agreement, nor does K&L Gates LLP monitor compliance with applicable laws. K&L Gates LLP has not investigated or verified the accuracy and completeness of information set forth in this Memorandum, concerning the General Partners, the Investment Manager or their affiliates and personnel. In assisting in the preparation of this Memorandum, K&L Gates LLP has relied on information provided by the General Partners and the Investment Manager and certain of the Partnership's other service providers without verification and does not express a view as to whether such information is accurate or complete.

Litigation and Regulatory Investigations

It is possible that the Partnership, the General Partners, the Investment Manager and/or their respective affiliates may be named as defendants in civil proceedings in connection with the Partnership's investment activities or operations. Litigation or threats of litigation consume time and resources. Moreover, the outcome of such proceedings may materially adversely affect the value of portfolio positions, may be impossible to predict and may continue unresolved for long periods of time. The expense of

prosecuting claims, for which there is no guarantee of success, and/or the expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Partnership and would reduce net assets.

As an SEC-registered investment adviser, the Investment Manager and its affiliates expect to have interactions with and receive inquiries from regulators from time to time, including but not limited to matters related to the Partnership, the General Partners, the Investment Manager and their respective affiliates. Such interactions and inquiries can be costly and occupy significant staff time and resources of the Investment Manager. Any such interactions or inquiries could include civil or criminal proceedings resulting in a censure, fine, penalty and/or other sanction, including asset freezes, the issuance of a cease and desist order or the suspension or expulsion of an individual, all of which could have a material adverse effect on the Partnership, the General Partners and/or the Investment Manager and its affiliates.

No Control by Limited Partners

Although the Limited Partners have certain voting, consent and remedial rights under the Partnership Agreement, they will have no control over the day to day operations of the Partnership, including its selection and management of investments. Limited Partners will be relying entirely on the General Partners and the Investment Manager to conduct and manage, respectively, the affairs of the Partnership.

The Base Erosion and Profit Shifting Project (the "BEPS Project")

The Organization for Economic Co-operation and Development (the "OECD") is currently undertaking a project, known as the BEPS Project, with the aim that jurisdictions should change their domestic tax laws and introduce additional or amended provisions in double taxation treaties. The implementation of the BEPS Project is likely to be a time of significant tax legislative changes for the OECD jurisdictions in which the Partnership will be investing. It is not clear precisely what impact there may be to the Partnership, as a result of such changes.

Foreign withholding tax risk

There is a risk that the Partnership may be subject to foreign withholding tax or other taxation on income it receives from, or amounts realized on the disposal of investments in, foreign countries. Whether or not the Partnership may be entitled to double tax relief for such foreign withholding tax or other taxation will depend upon the provisions of the appropriate double tax

treaty, but it may be the case that the availability of relief to the Partnership will be restricted.

Handling of Mail

Mail addressed to the attention of the Partnership and received at its registered office will be forwarded unopened to the Investment Manager to be dealt with. Neither the Partnership nor its partners, directors, officers, advisors or service providers will bear any responsibility for any delay howsoever caused in mail reaching the Investment Manager.

IN VIEW OF THE FOREGOING CONSIDERATIONS, AN INVESTMENT IN AN INTEREST IS SUITABLE ONLY FOR INVESTORS WHO ARE CAPABLE OF BEARING THE RELEVANT INVESTMENT RISKS.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Partnership. Prospective investors should read this entire Memorandum and consult with their own advisers before deciding whether to invest in the Partnership. In addition, as the Partnership's investment program develops and changes over time, an investment in the Partnership may be subject to additional and different risk factors.

Potential conflicts of interest

The Investment Manager manages and expects to continue to manage the Other Funds, some of which have objectives similar to those of the Partnership, including other collective investment vehicles which may be managed by the Investment Manager or any of its affiliates and in which the Investment Manager or any of its affiliates may have an equity interest. The Investment Manager will seek to allocate investment opportunities fairly among its clients.

The principals of the General Partners and the Investment Manager, as well as the employees and officers thereof and of organizations affiliated therewith, may buy and sell securities for their own account or the account of others, but may not buy securities from or sell securities to the Partnership. The Investment Manager and Sub-Adviser have adopted a Code of Ethics that contains policies and procedures designed to prevent improper practices and to address the conflicts of interest that arise with respect to these transactions. For example, the principals and employees of the General Partners, the Investment Manager and Sub-Adviser are prohibited from buying a security

(or related security, e.g., warrants, options or futures) if it is a suitable investment option for any client of the Investment Manager, including the Partnership regardless of whether a client currently has a position in the security (or related security, e.g., warrants, options or futures). Moreover, the Code of Ethics requires preclearance for certain other transactions in accordance with the Advisers Act. They may also engage for their own accounts, or for the accounts of others, in other business ventures of any nature, and the Partnership has no right to participate in or benefit from the other management activities of the Investment Manager and its affiliates described above and the Investment Manager and its affiliates will not be obligated to account to the Partnership for any profits or benefits made or derived therefrom, nor shall they have any obligation to disclose or refer to the Partnership any of the investment or service opportunities obtained through such activities.

The Investment Manager determines how certain expenses are allocated among the Partnership and other accounts managed by the Investment Manager. Subject to applicable law, including ERISA, the Investment Manager may cause accounts managed by the Investment Manager, including the Partnership and other accounts in which the Investment Manager or an affiliate may own an interest, to enter into transactions with each on commercially reasonable terms that will not be materially less favorable to the Partnership than those available in the market. The Investment Manager may, on occasion, experience errors with respect to trades executed on behalf of the Partnership. The Investment Manager endeavors to detect trade errors prior to settlement and correct and/or mitigate them in an expeditious manner. To the extent an error is caused by a counterparty, such as a broker, the Investment Manager will strive to recover any loss associated with such error from such counterparty. Any and all losses from trade errors will be borne by (and any gains will benefit) the Partnership, unless such trade error is the result of fraud, bad faith, gross negligence or willful misconduct of the Investment Manager (or from the negligence, dishonesty or bad faith of one of its brokers or agents). The Investment Manager may also offset any errors resulting in a gain to the Partnership with errors resulting in a loss to the Partnership. The Investment Manager will establish internal guidelines regarding the manner in which such determinations are to be made and will maintain records of any such errors and their resolutions, but investors should be aware that, in making such determinations, the Investment Manager will have a conflict of interest. Given the volume, diversity and complexity of transactions executed by the Investment Manager on behalf of the Partnership, investors

should assume that trading errors (and similar errors) will occur. The Partnership may, in the discretion of the Investment Manager, acquire correction insurance for trade errors.

Investors in the Partnership may have conflicting investment, tax, or other interests with respect to their investment. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by the Partnership, the structuring of the acquisition of such investments, or the timing of disposition of investments. In such circumstances, the Investment Manager will consider the investment and other objectives of the Partnership and its investors as a whole, and not the investment or other objectives of any investor individually.

The Investment Manager or its affiliates may manage separate managed accounts or dedicated investment vehicles for institutional investors that pursue strategies similar to, or that overlap with, those of the Partnership. These clients may have access to detailed information about their accounts, including current portfolio holdings, which the Investment Manager does not customarily make available to investors in the Partnership or other pooled investment vehicles. Such clients may be able to take action, including more timely action, with respect to their accounts that investors in pooled vehicles with similar or parallel strategies cannot take.

The Investment Manager and its affiliates generally will not be liable to the Partnership or its Limited Partners for the consequences of their conduct, and will be indemnified by the Partnership against any losses they may incur, in the absence of bad faith, willful misconduct or gross negligence. Accordingly, the Partnership (and not the Investment Manager) will ordinarily be responsible for any losses, and will benefit from any gains, resulting from trading errors and similar human errors, absent bad faith, willful misconduct or gross negligence. Such indemnification of liabilities may be material and could have an adverse effect on the returns of the Partnership.

The General Partner may reduce, elect to waive or calculate differently all or a portion of the Management Fee with respect to any Limited Partner for any investor of the Partnership and/or enter into Side Letters with specific investors providing for different fees, withdrawal rights, access to information about the Partnership's investments, or other matters relative to an investment in the Partnership.

The General Partners, the Investment Manager and their affiliates may be involved in other financial, investment and professional activities which may, on occasion, give rise to actual or potential conflicts of interest with the Partnership. Each General Partner and the Investment Manager must have regard in such event to its obligations under the Partnership Agreement or the Investment Management Agreement, as applicable, and, in particular, to its obligation to act in the best interests of the Partnership so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise and will take all reasonable steps to ensure fair treatment for the Partnership. The General Partners and the Investment Manager are not obligated to devote any specific amount of time to the affairs of the Partnership and are not required to accord exclusivity or priority to the Partnership.

Prospective Limited Partners should understand that the Investment Manager's and the Partnership's businesses change over time, and the Investment Manager may be subject to and the Partnership may be exposed to new or additional conflicts of interest in the future. There can be no assurance that this Memorandum addresses or anticipates every possible current or future conflict of interest that may arise or be detrimental to the Partnership or the Limited Partners.

Brokerage and custody

Brokerage arrangements

The Investment Manager is generally responsible for the placement of the portfolio transactions of the Partnership and the negotiation of any commissions paid on such transactions. Subject to its duty to seek best execution, the Investment Manager utilizes the trade execution services of Northern Trust Securities LLP ("NTS") and oversees the effectiveness of NTS execution quality on an ongoing basis. Furthermore, pursuant to the Sub-Advisory Agreement between the Investment Manager and the Sub-Adviser, the Investment Manager has delegated order placement to the Sub-Adviser. Portfolio securities are normally purchased through brokers on securities' exchanges or directly from the issuer or from an underwriter or market maker for the securities. Purchases of portfolio instruments through brokers involve a commission to the broker. Purchases of portfolio securities from dealers serving as market makers include the spread between the bid and the ask price.

Portfolio transactions for the Partnership are allocated to brokers by NTS on the basis of best execution, which includes taking into account price, speed, likelihood of execution and settlement, size, nature and any other consideration relevant to the execution of the order.

Custodian

The Northern Trust Company will serve as the "Custodian" for the Partnership with respect to the Partnership's investments, cash, payments of interest, payments of principal or capital distributions and cash consideration received for the sale of Interests. Pursuant to the custodian agreement entered into between the Partnership and the Custodian, the Custodian will identify, record and hold all cash and securities of the Partnership delivered to it.

As the Partnership's "qualified custodian", as defined in Rule 206(4)-2 under the Advisers Act, the Custodian will maintain custody of the Partnership's cash and securities in separate accounts opened by the Investment Manager on behalf of the Partnership. The Custodian will maintain such funds and securities of the Partnership in an account that contains only the Partnership's cash and securities under the name of the Partnership or the Investment Manager name as agent for the Partnership. The Custodian is responsible for all cash and securities held to its order.

The Partnership reserves the right, in its sole discretion, to change its brokerage and custodial arrangements without further notice to Limited Partners.

Administration agreement

The Partnership has entered into the Administration Agreement with the Administrator. The Administrator will perform certain administrative, accounting, registrar and transfer agency services for the Partnership, subject to the overall supervision of the General Partner.

Pursuant to the Administration Agreement, the Administrator is responsible, under the overall supervision of the General Partner, for matters pertaining to the day-to-day administration of the Partnership, namely: (i) maintaining the Partnership's financial books and records so far as may be necessary to give a complete record of all transactions carried out by the Partnership; (ii) providing registrar and transfer agency services in connection with the issuance, transfer and withdrawal of Interests; and (iii) calculating the net asset value of the Partnership's interests.

The registrar and administrative services to be provided by the Administrator will include:

- (i) establishing Partnership expenses, including custody fees, administration fees, investment management fees and any other fees;
- (ii) calculating any periodic distributions in accordance with the distribution policy of the Partnership;
- (iii) providing support to auditors during annual audits;
- (iv) producing fund accounting or financial reports;
- (v) assisting tax accountants;
- (vi) preparing draft annual financial statements;
- (vii) establishing and maintaining a register of all interest holders;
- (viii) maintaining payment instruction records and authorized parties
- (ix) processing investor subscriptions and redemptions
- (x) providing capital activity reporting; and
- (xi) producing a valuation statement for each interest holder on a monthly basis.

The anti-money laundering services to be provided by the Administrator will include: (i) collecting and verifying all information regarding the Interest Holder as is necessary to permit the Partnership to comply with the Bank Secrecy Act and other applicable U.S. rules and regulations regarding customer identification; (ii) determining whether any persons or entities engaging in a new account or registration maintenance transaction is listed on the Office of Foreign Assets Control Specially Designated Nationals and Blocked Persons list; (iii) reviewing and monitoring transactions for suspicious activity; and (iv) in the event that the Administrator detects unusual or prohibited activity, notifying the Partnership and providing any information requested by the Partnership so that the Partnership can determine whether or not it is required to file to a Suspicious Activities Report.

The Administrator may utilize the services of agents,

subcontractors, consultants, and other third parties in connection with the services provided by the Administrator to the Partnership.

The fees payable to the Administrator are as agreed upon from time to time between the Administrator and the General Partner in writing. In addition to such fees, the Partnership has agreed to reimburse the Administrator for reasonable out-of-pocket expenses including but not limited to confirmation production, postage, telephone, records storage, or advances incurred by the Administrator. In addition any other expenses incurred by the Administrator at the request or with the consent of the General Partner, will be reimbursed by the Partnership.

The Administration Agreement is for an indefinite term; provided that it may be terminated by either party upon 90 days' written notice.

Under the Administration Agreement the Partnership has agreed to indemnify and hold harmless the Administrator against any and all loss, cost, damage, and expense resulting from any claim, demand, action or suit:

- (i) in connection with the Administrator's acceptance of the Administration Agreement,
- (ii) in connection with any action or omission by it in the performance of its duties, or
- (iii) as a result of acting upon any instructions reasonably believed by it to have been duly authorized by the Fund or upon reasonable reliance on information or records given or made by or on behalf of the Fund or the Investment Manager.

The above indemnification provisions shall not apply to actions or omissions of the Administrator in cases of its own fraud, gross negligence, or wilful misconduct.

Subscriptions

Subscription procedures

Generally, subscriptions for Interests will be accepted as of the first Business Day of each month and/or such other times as the General Partner may from time to time determine. The General Partner or the Administrator in their discretion reserves the right to reject subscriptions for any reason. The Partnership may return, without interest, any funds paid in connection with a subscription that has been rejected to the account from which such funds have been paid.

The General Partners are seeking subscriptions in the minimum amount of \$250,000, provided that the General Partner may waive this requirement in its sole discretion. Before acceptance, subscriptions must be paid in immediately available funds by wire transfer or otherwise and cleared by the Partnership's account, as set forth in the subscription documents for the Partnership.

A subscriber admitted to the Partnership receives, in exchange for the initial capital contribution and any subsequent capital contribution, an Interest representing a proportionate share of the net assets of the Partnership at that time.

The Partnership may create and offer various classes of Interests with different terms and conditions, including without limitation, management fees and withdrawal rights. New classes of Interests may be established by the General Partner without notice to or approval of the Limited Partners.

The General Partner has not established any maximum amount of subscriptions that may be accepted.

Investor eligibility requirements

The Partnership is not registered under the 1940 Act, in reliance on Section 3(c)(7) of the 1940 Act, which exempts from registration issuers whose securities are not publicly offered and are beneficially owned exclusively by persons who, at the time of purchase, are "qualified purchasers". This term generally includes individuals and family companies with more than \$5,000,000 of qualifying investments and other entities with more than \$25,000,000 of qualifying investments.

Each investor will be required to certify that it or the beneficial owner of any Interest subscribed for is (a) an "accredited investor," as such term is defined in Rule 501 of Regulation D under the Securities Act, and (b) either "qualified purchasers" as defined in Section 2(a) (51) of the 1940 Act and the rules

thereunder or "knowledgeable employees" as defined in Rule 3c-5 of the 1940 Act. More detailed information concerning the applicable eligibility criteria is set forth in the Partnership's subscription materials.

Anti-money laundering

Measures aimed at the prevention of money laundering will require an applicant for Interests to verify its identity and/or source of funds to the Administrator. Depending on the circumstances of each application, verification may not be required where the applicant makes the payment from an account held in the applicant's name at a recognized financial institution, or the application is made through a recognized intermediary. These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognized by the United States as having equivalent anti-money laundering regulations and the financial institution or intermediary confirms to the Administrator that it has conducted appropriate customer due diligence.

By way of example an individual may be required to produce a copy of a passport or identification card duly certified by a public authority such as a notary public, the police or the ambassador in his country of residence, together with evidence of his address such as a utility bill or bank statement. In the case of corporate applicants this may require production of a certified copy of the certificate of incorporation (and any change of name) and of the memorandum and articles of association (or equivalent), and of the names and residential and business addresses of all directors and beneficial owners. Certain beneficial owners may be required to produce documentation necessary to verify their identity.

The details given above are by way of example only and the Administrator will request such information and documentation as it considers necessary to verify the identity and/or source of funds of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator may refuse to accept the application and the subscription monies relating thereto in which case any funds received may be returned, without interest, to the account from which they were originally debited. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator may refuse to process a withdrawal request until proper information has been provided. Investors should note specifically that where withdrawal proceeds are requested to be remitted to an account which is not in the name of the investor, the Administrator reserves the right to

request such information as may be reasonably necessary in order to verify the identity of the investor and the owner of the account to which the withdrawal proceeds will be paid. The withdrawal proceeds will not be paid to a third party account if the investor and/or owner of the account fails to provide such information.

Each applicant for an Interest acknowledges that the Administrator will be held harmless against any loss arising as a result of a failure to process its application for an Interest if such information and documentation as has been requested by the Administrator has not been provided by the applicant.

Each applicant for an Interest will be required to make such representations as may be required by the General Partner in connection with anti-money laundering programs, including, without limitation, representations that such applicant is not a prohibited country, territory, individual or entity subject to the

sanctions programs administered by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC"), including that it is not named on, and is not directly or indirectly affiliated with any country, territory, individual or entity named on, any list published by OFAC of countries, territories, individuals, or entities that are subject to the sanctions programs. Each applicant will also be required to represent that subscription monies are not directly or indirectly derived from activities that may contravene U.S. federal or state, or international, laws and regulations, including anti-money laundering laws and regulations and laws regulations designed to prevent and detect terrorist financing.

Each applicant will also be required to represent that it is not a resident in, and its funds do not derive from, a country identified by the Financial Action Task Force as high risk or non-cooperative.

Withdrawals

Withdrawals

Subject to the withdrawal privilege described below, all earnings of the Partnership will ordinarily be retained for investment.

Upon sixty calendar days' prior notice, a Limited Partner is permitted to make withdrawals as of the first Business Day of each calendar month and/or such other days as the General Partner may from time to time determine. The General Partner may, in its sole discretion, waive such notice requirements. Withdrawal requests, once given, may not be revoked by the relevant Limited Partner.

If as a result of any partial withdrawal a Limited Partner's Capital Account balance would be less than \$250,000, the General Partner may, in its sole discretion, refuse such partial withdrawal or require such Limited Partner to withdraw all of its Interest.

Settlement of withdrawals

Payment of withdrawal proceeds will generally be made solely in cash, as soon as practicable after the relevant withdrawal date and normally within seven Business Days. The General Partner, in its sole discretion, may effect withdrawal payments by transferring to the Limited Partner certain securities or other assets of the Partnership.

The General Partner may refuse to accept a withdrawal request if it is not accompanied by such additional information as the General Partner or the Administrator may reasonably require. This power may, without limitation to the generality of the foregoing, be exercised where proper information has not been provided for money laundering verification purposes. In addition, where withdrawal proceeds are requested to be remitted to an account which is not in the name of the investor, the

Administrator reserves the right to request such information as may be reasonably necessary in order to verify the identity of the investor and the owner of the account to which the withdrawal proceeds will be paid. The withdrawal proceeds will not be paid to a third party account if the investor and/or owner of the account fails to provide such information.

The General Partner may withhold for the benefit of the Partnership from any distribution to a withdrawing Limited Partner an amount representing the actual or estimated costs incurred by the Partnership with respect to such withdrawal.

The General Partner reserves the right, in its sole discretion, to compel the withdrawal of any Interest, in part or in its entirety, at any time and for any reason. Settlements are made in the same manner as voluntary withdrawals.

Suspension of withdrawals

The General Partner may suspend the Limited Partners' withdrawal privileges and the valuation of the Partnership's net assets upon the occurrence of, among other things: (i) closure or suspension of dealing on a relevant stock exchange, (ii) the inability of the General Partner to ascertain properly the value of any or all of the assets or realize any material part of the assets of the Partnership, or (iii) the inability of the Custodian, the Administrator or any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. A General Partner will notify the Limited Partners as soon as is practicable of any decision to suspend dealings and the exceptional circumstances which led to the decision to do so.

Taxation

Introduction

The following is a summary (the "Summary") of certain material U.S. federal income tax consequences of the Partnership and its Partners which should be considered by a prospective Limited Partner. The Summary is based upon the Internal Revenue Code of 1986, as amended (the "Code"), the Treasury Regulations promulgated thereunder ("Regulations"), published rulings and procedures of the Internal Revenue Service ("IRS") and other interpretations and judicial decisions bearing upon existing laws, all as in effect on the date of this Memorandum, any of which could be changed at any time, possibly with retroactive effect. Unless otherwise noted herein, this Summary does not discuss the impact of various proposals to amend the Code, including proposals which may challenge the allocation of partnership profits offered to investment managers or their affiliates. The enactment of any such proposals, or others, could alter materially certain of the tax consequences of an investment in the Partnership as discussed herein. This Summary does not purport to be a complete analysis of all potential tax effects relating to an investment in the Partnership, and does not address all of the tax consequences that may be relevant to a particular investor or to certain investors subject to special treatment under the federal income tax laws, such as insurance companies. This Summary is limited to a discussion of Limited Partners that hold their Interests as capital assets. A complete discussion of all tax aspects of an investment in the Partnership is beyond the scope of this Summary, and all prospective Limited Partners are urged to consult their own individual tax advisors on such matters. The Partnership has not sought, nor does it intend to seek, a ruling from the IRS or from any other U.S. federal, state or local agency regarding any matter discussed herein, nor has it obtained an opinion of counsel with respect to any tax issues, nor will any such opinion be sought in the future. No assurance can be given that the IRS will not assert, or that a court would not sustain, a position contrary to those set forth below. Moreover, the effect of any applicable U.S. state or local tax laws is not discussed.

EACH PROSPECTIVE LIMITED PARTNER SHOULD CONSULT WITH AND RELY SOLELY UPON THE ADVICE AND JUDGMENT OF ITS OWN INDEPENDENT TAX ADVISORS, ATTORNEYS, AND/OR CERTIFIED PUBLIC ACCOUNTANTS AS TO THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE PARTNERSHIP. THIS SUMMARY IS FOR BASIC INFORMATIONAL PURPOSES ONLY AND THE PARTNERSHIP AND ITS ADVISORS, EMPLOYEES, AGENTS, REPRESENTATIVES, AFFILIATES, ATTORNEYS AND/OR CERTIFIED PUBLIC ACCOUNTANTS MAKE NO

REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THIS SUMMARY OR THE TAX CONSEQUENCES OF INVESTMENT IN THE PARTNERSHIP. THIS SUMMARY DOES NOT ENLARGE THE DUTIES AND RESPONSIBILITIES OF THE PARTNERSHIP AND DOES NOT DIMINISH THE RESPONSIBILITY OF EACH LIMITED PARTNER TO DETERMINE THE TAX CONSEQUENCES OF INVESTMENT IN THE PARTNERSHIP AND TO SEEK INDEPENDENT TAX ADVICE CONCERNING SUCH TAX CONSEQUENCES.

In addition to the particular matters set forth in this section, any U.S. person, within the meaning of the Code, that is exempt from the payment of U.S. federal income tax (a "U.S. Tax-Exempt Organization") should review carefully those sections of the Memorandum regarding liquidity and other financial matters to ascertain whether the investment objectives of the Partnership are consistent with its overall investment plans. Each U.S. Tax-Exempt Organization that is a prospective Limited Partner is urged to consult its own counsel regarding the acquisition of Interests.

Tax treatment of partnership operations

Classification of the Partnership. The Partnership, which has been formed as a limited partnership under Delaware law, will be classified as a partnership (other than a publicly traded partnership) for U.S. federal income tax purposes and not as an association taxable as a corporation.

As discussed in greater detail below, a partnership generally is not itself subject to U.S. federal income taxation. However if it were determined that the Partnership should be taxable as a corporation for U.S. federal income tax purposes (as a result of changes in the Code, the Regulations or judicial interpretations thereof, classification as a publicly traded partnership, a material change in facts, or otherwise), the taxable income of the Partnership would be subject to U.S. corporate income tax when recognized by the Partnership, distributions of such income, other than certain withdrawals of Interests, would be treated as dividend income when received by the Partners to the extent of the current or accumulated earnings and profits of the Partnership, and Partners would not be entitled to report profits or losses realized by the Partnership.

The taxation of partnerships under the Code is extremely complex, involving, among other things, significant issues affecting the character and timing of realization of income, gain, loss, deductions and credits. As a partnership, the Partnership is

not itself generally subject to federal income tax. Rather, each Partner in computing its U.S. federal income tax liability, will include its allocable share (as determined under the Partnership Agreement) of the Partnership's items of income, gain, loss, deduction and expense for the taxable year of the Partnership ending with or within the taxable year of the Partner. The U.S. federal income tax treatment of each Partner depends upon such Partner's allocable share of Partnership items, regardless of whether such Partner has received, or will receive, a distribution from the Partnership. If the IRS successfully challenges any of the Partnership's allocations of income, gain, loss, deduction or expense as lacking "substantial economic effect," the redetermination of such allocations to a particular Partner may be less favorable than the allocations set forth in the Partnership Agreement.

A Partner that withdraws its Interest during the year may be allocated its share of income, gain, loss, deduction and expense realized by the Partnership during the portion of the year preceding the redemption at the General Partners' discretion. It is possible that a Partner's U.S. federal income tax liability with respect to its allocable share of the Partnership's earnings in a particular taxable year could exceed the cash distributions made by the Partnership to the Partner for that year.

In addition, under the Partnership Agreement, the General Partner has the sole and absolute discretion to follow an industry accounting convention of specially allocating the Partnership's realized gains and losses, for federal income tax purposes, to a Partner that withdraws its entire Interest to the extent the Partner's Capital Account balance is more or less, respectively, than its basis for the withdrawn Interest. There can be no assurance that the IRS will accept any such special allocation. If the IRS successfully challenged such an allocation, the Partnership's gains and losses allocable to the remaining Partners would be increased.

The Partnership may engage in investment practices that defer taxable losses or accelerate taxable income, causing Partners to be taxed on amounts in excess of the overall economic income from an investment in the Interests, or producing items of income and loss where the loss is unavailable to offset the corresponding income for federal income tax purposes.

Tax Basis in Interests. A Partner's aggregate adjusted tax basis in its Interest is equal to the Partner's aggregate capital contributions to the Partnership, generally adjusted as follows: (i)

increased by the Partner's allocable share of the Partnership's items of income and gain and the Partnership's nonrecourse borrowings (if any); and (ii) decreased by the Partner's allocable share of the Partnership's items of loss, deduction and expense, the amount of any distribution by the Partnership to the Partner and any reduction in the Partner's allocable share of the Partnership's nonrecourse borrowings (if any).

The Code generally provides for optional adjustments to the basis of partnership property upon distributions of partnership property to a partner and transfers of partnership interests (including by reason of death), provided that a partnership election has been made pursuant to Section 754 of the Code. Under the Partnership Agreement, Fundsmith Equity GP, the Partnership's Partnership Representative (as provided in Section 6223 of the Code), or any other party designated for such purpose under the Partnership Agreement may cause the Partnership to make such an election. Any such election, once made, cannot be revoked without the consent of the IRS. As a result of the complexity and added expense of the tax accounting required to implement such an election, it's not anticipated that such an election will be made.

Mandatory Basis Adjustments. Under certain circumstances, the Partnership generally may be required to adjust its tax bases in Partnership property as a result of certain transfers (including as a result of death) by Partners of their Interests involving a "substantial built-in loss" (i.e., where a partnership's adjusted basis in property exceeds the property's fair market value by more than \$250,000 or where a transferee partner would be allocated a loss of more than \$250,000 if the Partnership's assets were sold at fair market value), or as a result of certain distributions to a Partner that result in a "substantial basis reduction" (i.e., where the sum of a distributee partner's loss recognized as a result of the distribution, plus the excess of the basis of the property in the hands of the distributee over the adjusted basis of such property to the partnership, exceeds \$250,000). For this reason, the Partnership will require any Partner who (i) receives a distribution from the Partnership in connection with a complete withdrawal, (ii) acquires its Interest as a transferee (including a transferee in case of death) or (iii) in the reasonable determination of the Partnership is required to provide such information for bona fide U.S. federal income tax reporting purposes, to provide the Partnership with information regarding its adjusted tax basis in its Interest.

Limitations on the Use of Partnership Losses. A Partner generally is allowed to deduct its allocable share of Partnership losses (if any), deductions, expenses and credits only to the extent of such

Partner's adjusted tax basis in its Interest at the end of the taxable year in which the losses, deductions, expenses or credits are incurred. In addition, a Partner that is subject to the "at-risk" limitations (generally, non-corporate taxpayers and certain closely-held corporations) can deduct losses only to the extent of such Partner's "at-risk" amount with respect to the Partnership at the end of the taxable year in which the losses occur. A Partner's at-risk amount generally is equal to the Partner's aggregate capital contributions to the Partnership and may be increased by certain contributions of money or property by the Partner and may be decreased by certain distributions of money or property to the Partner. To the extent that a Partner's allocable share of Partnership losses is not allowed because the Partner has an insufficient amount at-risk in the Partnership, such disallowed losses generally may be carried over by the Partner to subsequent taxable years and may be allowed to the extent of the Partner's at-risk amount, if any, in subsequent years.

In addition, a Partner generally may deduct only its allocable share of the Partnership's net capital loss for any year (if any) to the extent of such Partner's net capital gain from sources other than the Partnership for that year (subject to an exception for individual Partners, who may be able to deduct up to an additional \$3,000 of such loss). Individual Partners may carry forward unused capital losses indefinitely. In the case of a corporate Partner, unused capital losses generally may be carried back three years (subject to certain limitations) and carried forward five years (also subject to certain limitations). Accordingly, the Partnership could suffer significant capital losses, and a Partner still could be required to pay taxes on its allocable share of the Partnership's interest income and other ordinary income in a taxable year.

Application of Rules for Income and Losses from Passive Activities. The Code restricts the ability of individuals, personal service corporations and certain closely held corporations to deduct losses from a "passive activity" against certain income that is not derived from a passive activity. Pursuant to Temporary Regulations issued by the Treasury Department, income or loss from securities investment and trading activity generally will not constitute income or loss from a "passive activity" for purposes of the passive activity loss rules. Therefore, subject to the limitations described herein, a taxpayer generally can deduct from its taxable income its allocable share of such investment losses and deductions. However, passive losses from other sources generally cannot be deducted against a taxpayer's allocable share of income or gain. For example, income or loss

attributable to the Partnership's investments in partnerships engaged in a trade or business may constitute passive activity income or loss.

Investment Interest Limitation. Individuals and other non-corporate Partners may be allowed to deduct their allocable share of investment interest expenses paid or accrued on indebtedness ("Investment Interest") only to the extent of each such Partner's net investment income for the taxable year, taking into consideration other Investment Interest expense of the Partner paid or accrued outside of the Partnership. A Partner's net investment income generally is the excess, if any, of the Partner's investment income from all sources (which includes gross income from property held for investment and certain gains attributable to the disposition of property held for investment) minus investment expenses from all sources (which are deductions allowed that are directly connected with the production of investment income). Investment income for these purposes excludes qualified dividend income (i.e., dividend income eligible to be taxed at long-term capital gains rates) and net capital gain attributable to the disposition of property held for investment (and thus would not include any Partnership gains on the sale of its investments), unless the Partner elects to pay tax on such qualified dividend income or gain at ordinary income rates.

To the extent that a Partner's allocable share of Partnership Investment Interest is not allowed as a deduction because the Partner has insufficient net investment income, such disallowed Investment Interest may be carried over by the Partner to subsequent taxable years and will be allowed if and to the extent of the Partner's net investment income in subsequent years. If a Partner borrows to finance the purchase of the Interest, any interest paid or accrued on the borrowing also will be Investment Interest that is subject to these limitations. Since the amount of a Partner's allocable share of Partnership Investment Interest subject to this limitation will depend upon the Partner's aggregate Investment Interest and net investment income from all sources for any taxable year, the extent, if any, to which Partnership Investment Interest will be disallowed under this rule will depend upon each Partner's particular circumstances each year.

For each taxable year, the Code limits a taxpayer's deduction of the portion of any interest expense on indebtedness incurred to purchase or carry a security having a market discount that exceeds the amount of interest (including original issue discount)

includible in the taxpayer's gross income for such taxable year with respect to such security ("Net Interest Expense"). In any taxable year in which a taxpayer has Net Interest Expense with respect to a particular security, such Net Interest Expense is not deductible except to the extent that it exceeds the amount of market discount that accrued on the security during the portion of the taxable year during which the taxpayer held the security. Net Interest Expense that cannot be deducted in a particular taxable year under the rule described above can be carried forward and deducted in the year in which the taxpayer disposes of the security. However, the deduction in the year of the disposition may be limited if the security is disposed of in a nonrecognition transaction. Alternatively, at the taxpayer's election, such Net Interest Expense can be carried forward and deducted in a year prior to the disposition of the security, if any, in which the taxpayer has net interest income from the security.

The above limitation will apply to a Partner's share of the Partnership's Net Interest Expense attributable to a security held by the Partnership with market discount. In such case, a Partner will be denied a current deduction for all or part of that portion of its distributive share of the Partnership's Net Interest Expense, and such amount will be carried forward to future years, in each case as described above. Although no guidance has been issued regarding the manner in which an election to deduct previously disallowed Net Interest Expense in a year prior to the year in which a security is disposed of should be made, it appears that such an election would be made by the Partnership rather than by the Partner. This limitation also will apply to the portion of interest paid by a Partner in connection with money borrowed to finance its investment in the Partnership to the extent such interest is allocable to securities held by the Partnership with market discount.

Other Limitations on Deductions. As detailed below, to the extent that the Partnership's activities do not constitute a trade or business, any Partner that is an individual, estate or trust will not be able to deduct so-called "miscellaneous itemized deductions," which include the Management Fee and certain other expenses of the Partnership, for taxable years beginning after December 31, 2017 and before January 1, 2026. Prior to 2018, an individual U.S. Partner would have been able to deduct such Partner's share only to the extent such share, together with such Partner's other "miscellaneous itemized deductions," exceeded 2% of such Limited Partner's adjusted gross income, as well as being subject to other limitations. See "Taxation – Tax Treatment of Partnership Investments" below. Unless Congress acts to extend

the current provisions, the prior deductibility (subject to prior limitations) will become effective once again beginning in 2026.

Tax Elections; Returns; Tax Audits, Bipartisan Budget Act of 2015. The Partnership will file with the IRS an annual partnership information return, which reports the results of the Partnership's operations. Fundsmith Equity GP, designated as the Partnership Representative, has considerable authority to make decisions affecting the tax treatment and procedural rights of all Partners. Fundsmith Equity GP decides how to report partnership items on the Partnership's tax returns, and all Partners are required under the Code to treat these items consistently on their own returns, unless they file a statement with the IRS disclosing the inconsistency. In certain cases, the Partnership may be required to file a statement with the IRS disclosing one or more positions taken on its tax return, generally where the tax law is uncertain or a position lacks clear authority. The Partnership will provide information on IRS Schedules K-1 to the Partners each year. However, the Partnership anticipates that it may be unable to provide such information regarding a taxable year to the Partners before the applicable filing due date of the Partners for the taxable year (whether March 15 or April 15 of the next succeeding taxable year) and Partners therefore may need to apply for an extension of time to file their U.S. federal income tax returns.

Given the uncertainty and complexity of the tax laws, there can be no assurance that the IRS will not challenge the Partnership's allocations of tax items or that any such challenge will not be successful. In the event the IRS audits the income tax returns of the Partnership, the tax treatment of the Partnership's income and deductions generally will be determined at the Partnership level in a single proceeding rather than by individual audits of the Partners.

Under the rules governing partnership income tax audits, Fundsmith Equity GP will act as the "Partnership Representative," within the meaning of Code Section 6223, for U.S. federal income tax purposes and will act in a similar manner with respect to all state tax matters affecting the Partnership, provided that Fundsmith Equity GP may at any time designate a different Partnership Representative as well as an individual to act on behalf of the Partnership Representative in proceedings with the IRS. The Partnership representative will have the power to manage and control, on the Partnership's behalf, any administrative proceeding at the Partnership level with the IRS and state agencies relating to the determination of any item of Partnership income, gain, loss, deduction, or credit adjustments

with respect to any prior taxable year of the Partnership (a "reviewed year"), the ability to make the "Push-Out Election" described below.

In general, unless a partnership elects to implement a "Push-Out Election", described below, the partnership will need to satisfy the cost of a tax adjustment from its own balance sheet or with contributions from its partners. As a result, the cost of the tax adjustment will, in the first instance, be borne by the individuals and entities that are partners of the Partnership when the IRS makes the tax adjustment, which may be different persons (or the same persons with different ownership percentages) than the partners for the year being audited. Tax adjustments will be imposed on the partnership based on the highest tax rate for individuals or corporations in effect for the year being audited.

The elective Push-Out Election, referred to above, provides that as an alternative to the new approach described in the prior paragraph, a partnership will be permitted to send amended Form K-1s or other notice to the individuals or entities that were partners of the partnership in the year for which the partnership was audited (as opposed to the partners in the year in which the audit is performed, or the "adjustment year"). Each partner with respect to the audit year would then be required to pay any additional tax, interest and penalties in the adjustment year, rather than by amending tax returns for the audit year, and such partners may be required to pay additional amounts based upon the effect an adjustment in an earlier year would have had in any subsequent year (up to the time of the adjustment year). Under this approach the calculation of interest on any underpayments would be higher than would otherwise be the case.

Distributions from the partnership

Subject to the possible application of the FATCA (defined below) rules described below to Limited Partners that are not U.S. persons (see "Taxation – U.S. Withholding Taxes"), cash non-liquidating distributions by the Partnership to a Partner with respect to such Partner's Interest, generally will not be taxable to the Partner to the extent that such distribution does not exceed the Partner's aggregate adjusted tax basis in its Interest. Instead, such distributions will reduce, but not below zero, the aggregate adjusted tax basis in the Interest held by such Partner immediately before the distribution, with any excess (subject to the rules applicable to "unrealized receivables" described below in "Taxation – Tax Consequences to a Withdrawing Partner") being taxable as though it were a gain from a sale or exchange

of the Interest.

Distributions of Property. Subject to the possible application of the FATCA rules to Limited Partners that are not U.S. persons, a Partner's receipt of a distribution of property from the Partnership generally will not be taxable. However, under certain circumstances, a distribution consisting of marketable securities may be treated as a distribution of cash rather than property and therefore would be subject to the rules summarized above in respect of cash distributions.

Tax consequences to a withdrawing partner

A Partner receiving one or more cash liquidating distributions from the Partnership in connection with a complete withdrawal from the Partnership generally will recognize capital gain or loss to the extent of the difference between the proceeds received by such Partner and such Partner's adjusted tax basis in its Interest. See "Taxation – Tax Basis in Interests." Such gain or loss generally will be long-term capital gain or loss if the Partner held the Interest for more than one year. However, a withdrawing Partner will recognize ordinary income to the extent such Partner's allocable share of the Partnership's "unrealized receivables" exceeds the Partner's basis in such unrealized receivables (as determined pursuant to the Regulations). For these purposes, accrued but untaxed market discount, if any, on securities held by the Partnership will be treated as an unrealized receivable, with respect to which a withdrawing Partner would recognize ordinary income.

In addition, as noted above, the General Partner has the sole and absolute discretion to specially allocate the Partnership's

realized gains and losses, for federal income tax purposes, to a withdrawing Partner to the extent the Partner's Capital

Account balance is more or less, respectively, than its basis for its withdrawn Interest. Such an allocation will change the withdrawing Partner's basis for its Interest, affecting the amount of gain or loss determined under the preceding paragraph.

All or a portion of the gain realized by a Non-U.S. Partner on redemption or transfer of its Interest in the Partnership will be treated as income effectively connected with the conduct of a U.S. trade or business ("effectively connected income" or "ECI") to the extent such gain is attributable to assets of the Partnership that generate ECI, if any, determined as if the Partnership sold all of its assets at fair market value as of the date of such

disposition, and the Partnership or transferee generally would be required to deduct and withhold 10% from the amount realized on such withdrawal or transfer. Any amount withheld would be creditable against the Non-U.S. partner's U.S. federal income tax liability. As discussed below, the Partnership does not expect that its investments will produce ECI.

Tax treatment of partnership investments

In General. The Partnership expects to act as a trader or investor, and not as a dealer, with respect to any securities transactions. Traders and investors are persons who buy and sell securities for their own accounts. A dealer, on the other hand, is a person who purchases securities for resale to customers rather than for investment or speculation. The Partnership will determine annually for U.S. federal income tax purposes whether it is (a) a trader in securities, or (b) an investor in securities. This determination will be made separately each year based primarily upon the level of the Partnership's securities activities during the particular year and, accordingly, may change from one year to the next.

As noted above, if the Partnership is characterized as a trader, each Partner of the Partnership who is an individual may be permitted to deduct his share of the expenses of the Partnership (other than interest expense) as a business expense (subject to general limitations in the Code). Alternatively, if the Partnership is characterized as an investor, the expenses of the Partnership (other than interest expense) should constitute "miscellaneous itemized deductions," and as such, would generally not be deductible by an individual during taxable years beginning after December 31, 2017 and before January 1, 2026. The Partnership will be required to make the determination as to whether it is a trader or an investor, which determination will affect the deductibility by Partners of expenses incurred by the Partnership.

Generally, the gains and losses realized by a trader or an investor on the sale of securities are capital gains and losses. Thus, the Partnership expects that the gains and losses from securities transactions executed by the Partnership typically will be capital gains and capital losses. These capital gains and losses may be long-term or short-term depending, in general, upon the length of time the Partnership maintains a particular investment position and, in some cases, upon the nature of the transaction.

Notwithstanding the foregoing, various provisions of the Code may alter the characterization of gains as short-term or long-term (and, if long-term, the applicable capital gains tax rate), and in

certain circumstances as ordinary income and also the timing of the realization, of certain gains or losses. Moreover, the straddle rules may require the capitalization of certain related expenses of the Partnership.

An individual Partner's allocable share of the Partnership's long-term capital gains – net gain on capital assets held more than one year and, certain dividends qualifying under the Code generally is subject to tax at a current maximum rate of 20%. An individual Partner's allocable share of the Partnership's short-term capital gains – net gain on capital assets held for one year or less – together with any allocations of tax items resulting in ordinary income are currently subject to tax at a maximum rate of 37%, regardless of whether a Partner has received or will receive a distribution from the Partnership.

A 3.8% Medicare contribution tax will generally apply to all or a portion of the "net investment income" with such tax generally applying to the lesser of such "net investment income" or the excess of such person's adjusted gross income (with certain adjustments) over the applicable threshold amount (\$250,000 for joint filers, \$125,000 for married individuals filing separately, and \$200,000 for all other filers). Generally, net investment income includes net income from interest, dividends, annuities, royalties and rents and net gain attributable to the disposition of investment property. It is anticipated that net income and gain attributable to an investment in the Partnership will be included in a Partner's "net investment income" subject to this Medicare contribution tax.

Possible "Mark-to-Market" Election. To the extent that the Partnership is engaged directly in a trade or business as a trader in "securities," it may elect under Section 475 of the Code to "mark-to-market" the securities held in connection with such trade or business. Under such election, securities held at the end of each taxable year generally will be treated as if they were sold for their fair market value on the last day of such taxable year, and gains or losses recognized thereon will (with certain exceptions) be treated as ordinary income or loss.

Effect of Straddle Rules on Partners' Securities Positions. The IRS may treat certain positions in securities held (directly or indirectly) by a Partner and its indirect interest in similar securities held by the Partnership as "straddles" for federal income tax purposes. Investors should consult their tax advisors regarding the application of the "straddle" rules to their investment in the Partnership.

Non-U.S. investments

Pursuant to various anti-deferral provisions of the Code (principally the “controlled foreign corporation” and “passive foreign investment company” provisions), investments (if any) in certain foreign entities treated as corporations for federal income tax purposes, among other things, may cause a Partner to (i) recognize taxable income prior to the Partnership’s receipt of distributable proceeds, (ii) pay an interest charge on receipts that are deemed as having been deferred, (iii) recognize ordinary income that, but for the anti-deferral provisions, would have been treated as long-term or short-term capital gain, or (iv) become subject to other disadvantageous tax and/or reporting regimes.

The non-U.S. money market funds in which the Partnership invests will be considered passive foreign investment companies (“PFICs”) with respect to U.S. Partners. Unless the Partnership elects alternative treatment as described below, certain distributions and gains recognized in respect of an equity investment in a PFIC are generally taxed as though such income had been recognized ratably as ordinary income over the period of the investment (with an interest charge on the tax due on the income deemed recognized in earlier periods). The Partnership may avoid this interest charge regime by electing to treat the PFIC as a “qualified electing fund,” in which case the U.S. Partners will be required to currently recognize their pro rata shares of the PFIC’s income and net capital gains, regardless of actual distributions from the PFIC. The qualified electing fund election is only available with respect to PFICs that are willing to provide the Partnership with required reporting information. The Partnership may also avoid both the PFIC interest charge and the qualified electing fund regimes for certain investments in “marketable” PFIC stock by electing to include in its income each year, as ordinary income, an amount representing the Partnership’s unrealized appreciation with respect to such stock (a “mark-to-market” election).

Under the so-called “check the box” regulations, “eligible entities” that are not “per se corporations” can elect to be disregarded (if they have only a single owner) or treated as partnerships or corporations for U.S. federal income tax purposes (if they have more than one owner). To avoid subjecting Partners to tax on their allocable share of controlled foreign corporation income or to the increased tax rates and interest charges of the passive foreign investment company regime, the Partnership in certain cases may be able to cause a foreign investment vehicle to elect

to be treated as a partnership for U.S. federal income tax purposes. The Partnership may then include its allocable share of the income, gains, losses and deductions realized by each such entity, whether or not the Partnership has received or will receive any cash distributions from the entity.

Backup withholding

The Partnership may be required to withhold, for U.S. federal income tax purposes, a portion of the distributions and withdrawal proceeds payable to Partners that fail to provide the Partnership with their correct taxpayer identification number or to make required certifications, or who have been notified by the IRS that they are subject to backup withholding. Certain Partners are exempt from backup withholding.

Foreign taxes

It is possible that certain dividends and interest directly or indirectly received by the Partnership from sources within foreign countries will be subject to withholding taxes imposed by such countries. Tax treaties between certain countries and the United States may reduce or eliminate such taxes. The Partnership also may organize subsidiaries in foreign countries with respect to certain of its investments. It is impossible to predict in advance the rate of foreign tax the Partnership will pay since the amount of the Partnership’s assets to be invested in various countries is not known.

The Partners will be informed by the Partnership as to their proportionate share of the foreign taxes paid by the Partnership which they will be required to include in their income. The Partners may be entitled to claim either a credit (subject to limitations) or, if they itemize their deductions, a deduction (subject to limitations) for their share of such foreign taxes in computing their federal income taxes. A Partner that is tax-exempt ordinarily will not benefit from such credit or deduction. Since the availability of a credit or deduction depends on the particular circumstances of each Partner, Limited Partners are advised to consult their own tax advisers with respect to the availability of any such credits or deductions.

PROSPECTIVE INVESTORS SHOULD CONSULT LEGAL AND TAX ADVISORS IN THE COUNTRY OF THEIR CITIZENSHIP, RESIDENCE AND DOMICILE TO DETERMINE THE POSSIBLE TAX OR OTHER CONSEQUENCES OF PURCHASING, HOLDING AND REDEEMING INTERESTS UNDER THE LAWS OF THEIR RESPECTIVE JURISDICTIONS.

Non-U.S. investors

Limited Partners that are not U.S. persons will be subject to United States federal income tax on certain U.S. source income of the Partnership, and the extent of such income tax will depend upon whether or not (and the extent to which) the Partnership is engaged or deemed to be engaged in a U.S. trade or business during a taxable year to which such income, gain or loss of the Partnership is treated as effectively connected with such a U.S. trade or business.

To the extent that the Partnership is not deemed to be engaged in a U.S. trade or business, a Non-U.S. Partner will not be subject to any U.S. federal income tax on its capital gains, whether from sources within or outside the United States to the extent that securities in which the Partnership invests are not classified as United States real property interests within the meaning of Section 897 of the Code. The Partnership does not intend to invest in any securities that would be classified as United States real property interests. A Non-U.S. Partner will, however, be subject to a U.S. withholding tax at a 30% rate (or lower treaty rate) applicable to dividends and certain interest income considered to be from sources within the United States. To maximize the availability of the exemption from such withholding for "portfolio interest," or to claim the benefits of a tax treaty between the United States and the country in which a Non-U.S. Partner resides, a Non-U.S. Partner may provide the Partnership with a statement regarding the Non-U.S. Partner's country of residence on IRS Form W-8BEN or its equivalent.

An investment in the Partnership should not cause a Non-U.S. Partner to receive income that is "effectively connected" with a U.S. trade or business so long as (i) the Partnership is not considered a dealer in stock, securities or commodities and does not regularly offer to enter into, assume or otherwise terminate positions in derivatives with customers, (ii) the U.S. business activities of the Partnership consist solely of trading stock, securities, commodities and derivatives for its own account (and in the case of commodities, is limited to trading in commodities of a kind customarily dealt in on an organized exchange in transactions of a kind customarily consummated at such place) and (iii) any entity treated as a partnership for U.S. federal income tax purposes in which the Partnership invests is also not deemed to be engaged in a U.S. trade or business. With respect to condition (iii), the Partnership has no control over whether the entities treated as partnerships for U.S. federal income tax purposes in which the Partnership invests are engaged or

deemed to be engaged in a U.S. trade or business. The Partnership, however, intends to use reasonable efforts to reduce or eliminate the extent to which it allocates investment assets to entities treated as partnerships for U.S. federal income tax purposes that are engaged or deemed to be engaged in a U.S. trade or business.

In the event that the Partnership were found to be engaged in a U.S. trade or business during any taxable year, each Non-U.S. Partner would be required to file a U.S. federal income tax return for such year and pay tax at full U.S. rates on the portion of its income that is treated as effectively connected with such U.S. trade or business, and an additional 30% branch profits tax would be imposed with respect to a Non-U.S. Partner that is a business entity. In addition, in such event, the Partnership would be required to withhold such taxes from the income or gain allocable to Non-U.S. Partners under Section 1446 of the Code.

Except to the extent that withholding may be required in accordance with the FATCA rules outlined below, a Non-U.S. Partner generally will not be subject to U.S. federal income taxation on Partnership distributions or on gains recognized on the sale, exchange or withdrawal of Interests held as a capital asset, provided that such Non-U.S. Partner's nexus with the United States is solely as a result of an investment in the Partnership, and the gain is not effectively connected with the conduct of a U.S. trade or business. However, in the case of a Non-U.S. Partner (i) that has an office or fixed place of business in the United States or is otherwise carrying on a U.S. trade or business, (ii) who is an individual present in the United States for 183 days or more (determined on a calendar year basis unless the nonresident alien individual has previously established a different taxable year) or has a "tax home" in the United States for U.S. federal income tax purposes, or (iii) in certain cases who is a former citizen of the United States, rules different from those described above will apply, and such Non-U.S. Partner may be subject to U.S. federal income taxation or withholding tax on Partnership distributions or on gains recognized on the sale, exchange or withdrawal of the Interests, subject to applicable treaty provisions, if any.

Each prospective investor who anticipates being present in the U.S. for 183 days or more (in any taxable year) should consult his or her tax adviser with respect to the possible application of this rule. Gain realized by a Non-U.S. Partner determined to be engaged in the conduct of a U.S. trade or business will be subject to U.S. federal income tax at regular U.S. rates upon the sale,

exchange or withdrawal of Interests if such gain is effectively connected with its U.S. trade or business.

In the case of Interests held in the United States by a custodian or nominee of a Non-U.S. Partner, U.S. backup withholding taxes may apply to dividends and distributions made to such Partners from such Interests unless the Non-U.S. Partner properly certifies its status as a non-U.S. person or otherwise establishes an exemption from U.S. backup withholding.

U.S. withholding taxes

In general, under Sections 871 and 881 of the Code, certain U.S. sourced so-called "fixed or determinable annual or periodical" income of a non U.S. person that is not effectively connected with a U.S. trade or business, which includes dividends and certain income received by the Partnership from sources within the United States, may be subject to withholding tax at a flat rate of 30% (or a lower rate under an applicable income tax treaty). The Partnership will advise each non U.S. Partner as to its allocable share of withholding taxes paid by the Partnership, if any.

Under legislation known as the Foreign Account Tax Compliance Act of 2010 or FATCA, a 30% U.S. withholding tax may apply to any U.S.-source "withholdable payments" made to a non-U.S. entity unless the non-U.S. entity enters into an agreement with either the IRS or a governmental authority in its own country, as applicable, to collect and provide substantial information regarding the entity's owners, including "specified United States persons" and "United States owned foreign entities," or otherwise demonstrates compliance with or exemption from FATCA. A Non-U.S. entity investing in the Partnership will need to provide the Partnership with a Form W-8BEN-E (or other applicable Form W-8) certifying its FATCA status and exemption from FATCA withholding, if applicable. The term "withholdable payment" includes any payment of interest (even if the interest is otherwise exempt from the withholding taxes described above) or dividends, in each case with respect to any U.S. investment. The withholding tax regime went into effect on July 1, 2014 with respect to U.S.-source income. The withholding tax that was scheduled to begin in 2019 with respect to U.S.-source investment sale proceeds would be eliminated by proposed regulations (having effect while pending). Non-U.S. investors should consult their own tax advisers regarding the impact of FATCA on their investment in the Partnership.

U.S. Tax-Exempt Organizations

The term "U.S. Tax-Exempt Organization" means a U.S. person

within the meaning of the Code that is exempt from payment of U.S. federal income tax. Generally, a U.S. Tax-Exempt Organization is exempt from federal income tax on its passive investment income, such as dividends, interest and capital gains, whether realized by the organization directly or indirectly through a partnership in which it is a partner. This type of income is exempt even if it is realized from securities trading activity that constitutes a trade or business. In addition, certain real estate rents and real property gains also are exempt in certain circumstances.

Subject to certain exceptions, Code Section 4940 generally imposes an excise tax of 2% on the "net investment income" (i.e., gross investment and capital gain income, net of allowable deductions) of tax-exempt private foundations. The rate of excise tax for any taxable year may be reduced to 1% if the private foundation meets certain distribution requirements for the taxable year and was not liable for private foundation excise taxes for the previous five years.

Generally, the exemption from federal income taxation applicable to most U.S. Tax-Exempt Organizations does not apply to the unrelated business taxable income ("UBTI") of an U.S. Tax-Exempt Organization. Generally, except as noted above with respect to certain categories of exempt trading activity, UBTI includes income or gain derived (either directly or through partnerships) from a trade or business, the conduct of which is substantially unrelated to the exercise or performance of the organization's exempt purpose or function. With respect to investments, if any, by the Partnership in partnerships engaged in a trade or business, the income (or loss) attributable to the Partnership from these investments likely will constitute UBTI. A tax-exempt entity's UBTI must be separately computed for each unrelated trade or business. As a result, losses from one trade or business generally may not be used to offset income from another trade or business in determining the total amount of UBTI a tax-exempt entity is required to recognize. UBTI also includes income and gains derived by an exempt organization (directly or through a partnership) from debt-financed property. A U.S. Tax-Exempt Organization also may generate UBTI if it incurs indebtedness to finance its investment in the Partnership. An exempt organization is required to make estimated tax payments with respect to its UBTI.

The Partnership does not plan to incur "acquisition indebtedness" directly or indirectly with respect to certain of its transactions. Further, based upon a published ruling issued by the IRS which

generally holds that income and gain with respect to short sales of publicly traded stock does not constitute income from debt financed property for purposes of computing UBTI, the Partnership will treat short sales of securities as not involving "acquisition indebtedness" and therefore not resulting in UBTI.

Although the Partnership does not expect to earn UBTI, in the event that it does, the calculation of the Partnership's "unrelated debt-financed income" is complex and depends in large part on the amount of leverage, if any, used by the Partnership from time to time. A Tax-Exempt Organization's share of the income or gains of the Partnership that is treated as UBTI may be offset only by losses treated as attributable to an unrelated trade or business (e.g., losses from securities for which there is acquisition indebtedness). To the extent that the Partnership generates UBTI, the applicable federal tax rate for such a Partner that is a U.S. Tax-Exempt Organization generally would be either the corporate or trust tax rate, depending upon the nature of the particular exempt organization.

The Partnership will be required to report to a Partner that is a U.S. Tax-Exempt Organization information as to the portion, if any, of Partnership income and gains that will be treated as UBTI in each taxable year. The calculation of such amount with respect to transactions entered into by the Partnership is highly complex, and there is no assurance that the Partnership's calculation of UBTI will be accepted by the IRS.

In general, the possibility that a U.S. Tax-Exempt Organization may realize UBTI from its investment in the Partnership should not affect its tax-exempt status. However, there are special considerations that should be taken into account by certain beneficiaries of charitable remainder trusts that invest in the Partnership. For example, under Code Section 664(c), a charitable remainder trust may be subject to an excise tax of 100% of any UBTI accruing to it. Charitable remainder trusts should consult their own tax advisors concerning the tax consequences of such an investment on their beneficiaries. An otherwise exempt title-holding company will not be exempt from tax if it has certain types of UBTI.

Section 4968 of the Code imposes an annual excise tax equal to 1.4% of the net investment income of an "applicable educational institution." Any income earned with respect to an Interest held by a tax-exempt Limited Partner that is an applicable educational institution may be subject to this excise tax.

Qualified Retirement Plans. Employee benefit plans subject to the provisions of ERISA, Individual Retirement Accounts and Keogh Plans should consult their counsel as to the implications of such an investment under ERISA. See "ERISA and Other Regulatory Considerations."

U.S. TAX-EXEMPT ORGANIZATIONS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF AN INVESTMENT IN THE PARTNERSHIP.

Excise tax on certain reportable transactions

A U.S. Tax-Exempt Organization (including a state or local government or its political subdivision) may be subject to an excise tax equal to the greater of (i) one hundred percent (100%) of the net income or (ii) seventy five percent (75%) of the proceeds, attributable to certain "reportable transactions," including "listed transactions," in which it participates. However, under Treasury guidance, these rules should not apply to a U.S. Tax-Exempt Organization's Interest if such Partner's tax-exempt status does not facilitate the Partnership's participation, if any, in such transactions, unless otherwise provided in future guidance. Tax-exempt investors should discuss with their own advisors the applicability of these rules to their investment in the Partnership. See "Taxation — Tax Shelter Reporting Requirements."

Tax shelter reporting requirements

The Regulations require that the Partnership complete and file Form 8886 with its tax return, and submit a copy of Form 8886 with the Office of Tax Shelter Analysis of the IRS, for any taxable year in which the Partnership participates in a "reportable transaction," within the meaning of the Regulations. Additionally, each Partner treated as participating in a reportable transaction of the Partnership is required to file Form 8886 with its tax return (or, in certain cases, within 60 days of the return's due date). In certain situations, there also may be a requirement that a list be maintained of persons participating in such reportable transactions, which list could be made available to the IRS at its request. Moreover, if a U.S. person recognizes a loss upon a disposition of Interests, such loss could constitute a "reportable transaction" for such investor, and such investor would be required to file Form 8886. Generally, U.S. Tax-Exempt Organizations file Form 8886-T to make disclosures regarding prohibited tax shelter transactions. Special rules apply to the timing of the filing of Forms 8886-T by U.S. Tax-Exempt Organizations. Significant penalties are imposed upon taxpayers who fail to make the required disclosures. Investors who are U.S.

persons are urged to consult their own tax advisors concerning the application of these reporting obligations to their specific situations and the penalties referenced above.

If the IRS designates a transaction as a reportable transaction after the filing of a taxpayer's tax return for the year in which the Partnership or a Partner participated in the transaction, the Partnership and/or such Partner may have to file Form 8886 with respect to that transaction within 90 days after the IRS makes the designation. The Partnership and any such Partner, respectively, also must submit a copy of the completed form with the IRS's Office of Tax Shelter Analysis. The Partnership will make commercially reasonable efforts to notify Partners that it believes (based on information available to the Partnership) may be required to report a transaction of the Partnership and to provide such Partners with any available information needed to complete

and submit Form 8886 with respect to the Partnership's transactions.

AS NOTED PREVIOUSLY THE ABOVE SUMMARY IS NOT INTENDED TO BE COMPREHENSIVE AND REFLECTS A SMALL PORTION OF APPLICABLE TAX LAW AS IN EFFECT ON THE DATE OF THIS MEMORANDUM, WHICH LAW IS SUBJECT TO CHANGE. PROSPECTIVE INVESTORS IN THE PARTNERSHIP ARE STRONGLY URGED TO CONSULT THEIR OWN INDIVIDUAL TAX ADVISORS PRIOR TO DECIDING WHETHER TO INVEST IN THE PARTNERSHIP. ADDITIONALLY, PROSPECTIVE INVESTORS SHOULD CONSULT THEIR RESPECTIVE TAX ADVISORS WITH RESPECT TO THE APPLICATION OF ANY APPLICABLE STATE, LOCAL OR FOREIGN TAX PROVISIONS.

ERISA and other regulatory considerations

ERISA

THE FOLLOWING SUMMARY OF CERTAIN ASPECTS OF ERISA, IS BASED UPON ERISA, JUDICIAL DECISIONS, DEPARTMENT OF LABOR REGULATIONS AND RULINGS IN EXISTENCE ON THE DATE HEREOF. THIS SUMMARY IS GENERAL IN NATURE AND DOES NOT ADDRESS EVERY ERISA ISSUE THAT MAY BE APPLICABLE TO THE PARTNERSHIP OR A PARTICULAR INVESTOR. ACCORDINGLY, EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN COUNSEL IN ORDER TO UNDERSTAND THE ERISA ISSUES AFFECTING THE PARTNERSHIP AND THE INVESTOR.

In General

Persons who are fiduciaries with respect to an employee benefit plan or trust within the meaning of and subject to the provisions of ERISA, an individual retirement account or a Keogh plan subject solely to the provisions of the Code¹ and other arrangements that are subject to Section 4975 of the Code or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of the Code or ERISA (collectively, "Similar Laws"), and entities whose underlying assets are considered to include "plan assets" of such plans, accounts and arrangements (each, a "Plan"), should consider, among other things, the matters described below before determining whether to invest in the Partnership.

ERISA imposes certain general and specific responsibilities on persons who are fiduciaries with respect to a Plan subject to ERISA (an "ERISA Plan"), including prudence, diversification, prohibited transaction and other standards. In determining whether a particular investment is appropriate for an ERISA Plan, U.S. Department of Labor ("DOL") regulations provide that a fiduciary of an ERISA Plan must give appropriate consideration to, among other things, the role that the investment plays in the ERISA Plan's portfolio, taking into consideration whether the investment is designed reasonably to further the ERISA Plan's purposes, the risk and return factors of the potential investment, the portfolio's composition with regard to diversification, the liquidity and current return of the total portfolio relative to the anticipated cash flow needs of the ERISA Plan, the projected return of the total portfolio relative to the ERISA Plan's funding objectives, and the limitation on the rights of investors to redeem all or any part of their Interests or to transfer their Interests.

Before investing the assets of an ERISA Plan in the Partnership, a fiduciary should determine whether such an investment is consistent with its fiduciary responsibilities and the foregoing regulations. For example, a fiduciary should consider whether an investment in the Partnership may be too illiquid or too speculative for a particular ERISA Plan and whether the assets of the ERISA Plan would be sufficiently diversified. If a fiduciary with respect to any such ERISA Plan breaches its responsibilities with regard to selecting an investment or an investment course of action for such ERISA Plan, the fiduciary may be held personally liable for losses incurred by the ERISA Plan as a result of such breach.

Plan Asset Regulations

The DOL has published a regulation (the "DOL Regulation") describing when the underlying assets of an entity, in which certain benefit plan investors ("Benefit Plan Investors") invest, constitute "plan assets" for purposes of ERISA. The DOL Regulation's definition of Benefit Plan Investor was subsequently amended by the passage of the Pension Protection Act of 2006 which added ERISA Section 3(42) to provide that the term Benefit Plan Investor, for purposes of the DOL Regulation, means an employee benefit plan subject to Title I of ERISA or Section 4975 of the Code, and any entity whose underlying assets include plan assets by reason of a plan's investment in such entity. Accordingly, Benefit Plan Investors include only employee benefit plans as defined in Section 3(3) of ERISA if they are subject to Part 4 of Title I of ERISA (e.g., Part 4 excludes for example, governmental employee benefit plans as defined in Section 3(32) of ERISA and employee benefit plans maintained outside of the United States primarily for the benefit of individuals substantially all of whom are non-resident aliens as specified in Section 4(b)(4) of ERISA, and therefore, such plans would not be considered Benefit Plan Investors), plans described in Section 4975(e)(1) of the Code, and any entity the underlying assets of which include plan assets by reason of investment by Benefit Plan Investors in such entity. The effect of the DOL Regulation, as modified by Section 3(42) of ERISA, is to treat certain entities as pooled funds for the collective investment of plan assets. The DOL Regulation provides that, as a general rule, when an ERISA Plan invests assets in another entity, the ERISA Plan's assets include its investment, but do not, solely by reason of such investment, include any of the underlying assets of the entity.

¹ References hereinafter made to ERISA include parallel references to the Code or Similar Laws.

However, when an ERISA Plan acquires an “equity interest” in an entity that is neither: (a) a “publicly offered security;” nor (b) a security issued by an investment fund registered under the 1940 Act, then the ERISA Plan’s assets include both the equity interest and an interest in each of the underlying assets of the entity, unless it is established that:

- (i) the entity is an “operating company”; or
- (ii) the equity participation in the entity by Benefit Plan Investors is not “significant.” Equity participation in an entity by Benefit Plan Investors is considered “significant” if 25% or more of the value of any class of equity interests in the entity is held by such Benefit Plan Investors.

Limitation on Investments by Benefit Plan Investors

It is the current intent of the Investment Manager to monitor the investments in the Partnership to ensure that the aggregate investment by Benefit Plan Investors does not equal or exceed the 25% limitation of the net asset value of any class of Interests in the Partnership so that, in each case, equity participation by Benefit Plan Investors in the Partnership will not be considered “significant” under the DOL Regulation and, as a result, the underlying assets of the Partnership will not be deemed “plan assets” for purposes of the DOL Regulation. For purposes of determining whether the equity investment in the Partnership by Benefit Plan Investors is significant (i.e., equals or exceeds this 25% limitation), the Interests in the Partnership held by the Investment Manager and its affiliates who are not otherwise Benefit Plan Investors are disregarded for purposes of determining the total value of the applicable class (i.e., not counted in the denominator). If the assets of the Partnership were regarded as “plan assets” of a Benefit Plan Investor, the Investment Manager would be a “fiduciary” (as defined in ERISA and the Code) with respect to such Benefit Plan Investor and would be subject to the obligations and liabilities imposed on fiduciaries by ERISA. Moreover, the Partnership would be subject to various other requirements of ERISA and the Code. In particular, the Partnership would be subject to rules restricting transactions with “parties in interest” and prohibiting transactions involving conflicts of interest on the part of fiduciaries which might result in a violation of ERISA and the Code unless the Partnership obtained appropriate exemptions from the DOL allowing the Partnership to conduct its operations as described herein. The General Partner reserves the right to redeem all or a part of the Interests held by any Limited Partner, subject to the

aforesaid, including, without limitation, to ensure compliance with the above percentage limitation. The Investment Manager reserves the right, however, to waive the 25% limitation and thereafter to comply with ERISA.

Representations by Plans

An ERISA Plan proposing to invest in the Partnership will be required to represent that it is, and any fiduciaries responsible for the ERISA Plan’s investments are, aware of and understand the Partnership’s investment objective, policies and strategies, that the decision to invest plan assets in the Partnership was made with appropriate consideration of relevant investment factors with regard to the ERISA Plan and is consistent with the duties and responsibilities imposed upon fiduciaries with regard to their investment decisions under ERISA.

REGARDLESS OF WHETHER OR NOT THE UNDERLYING ASSETS OF THE PARTNERSHIP ARE DEEMED PLAN ASSETS UNDER THE DOL REGULATION, AN INVESTMENT IN THE PARTNERSHIP BY AN ERISA PLAN IS SUBJECT TO ERISA. ACCORDINGLY, FIDUCIARIES OF ERISA PLANS SHOULD CONSULT WITH THEIR OWN COUNSEL AS TO THE CONSEQUENCES UNDER ERISA OF AN INVESTMENT IN THE PARTNERSHIP.

The provisions of ERISA are subject to extensive and continuing administrative and judicial interpretation and review. The discussion of ERISA contained herein is, of necessity, general and may be affected by future publication of regulations and rulings. Potential investors should consult with their legal advisors regarding the consequences under ERISA of the acquisition and ownership of Interests.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Each Plan fiduciary should consult with its legal advisor concerning the considerations discussed above before making an investment in the Partnership. As indicated above, Similar Laws governing the investment and management of the assets of governmental or non-U.S. plans may contain fiduciary and prohibited transaction requirements similar to those under ERISA and the Code (as discussed above). Accordingly, fiduciaries of such governmental or non-U.S. plans, in consultation with their advisers, should consider the impact of their respective laws and regulations on an investment in the Partnership and the considerations discussed above, if applicable.

Inquiries

Inquiries concerning the Partnership and Interests (including information concerning subscription procedures) should be directed to:

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This Memorandum does not purport to be and should not be construed as a complete description of the Partnership Agreement, a copy of which will be provided to each prospective investor. Any potential investor in the Partnership is required to acknowledge having received, read and understood the Partnership Agreement.

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