Fund may be materially affected by the actions of larger Feeder Funds investing in the Master Fund. For example, if a larger Feeder Fund redeems from the Master Fund, the remaining Feeder Funds may experience higher pro rata operating expenses, thereby producing lower returns. The Master Fund may become less diverse due to a redemption by a larger Feeder Fund, resulting in increased portfolio risk. The Master Fund is a single entity and creditors of the Master Fund may enforce claims against all assets of the Master Fund.

While the Management Company generally will not consider tax issues applicable to any particular investors, it generally will take into account the tax positions of the Partnership and the other Feeder Funds that invest in the Master Fund. However, the current structure through which the Partnership invests may create a conflict of interest in that different tax considerations for the Partnership and the other Feeder Funds may cause or result in the Master Fund structuring or disposing of investments in a manner or at a time that is more advantageous (or disadvantageous) for tax purposes to one Feeder Fund or its investors.

Levered Feeder Funds

As described above, the Levered Fund operates like the Offshore Fund by investing all of its investable assets in the Master Fund through the Intermediate Fund, but on a levered basis by employing leverage at the Levered Fund level. The Management Company may, in the future, establish additional Feeder Funds that have different terms (including more favorable terms) than those with respect to the Partnership and the Levered Fund, including one or more Feeder Funds whose investments are more or less leveraged than existing Feeder Funds, including the Partnership (each such fund, along with its subsidiaries, a "Levered Feeder Fund"). In connection with structuring these investments, a Levered Feeder Fund may pledge its interests in other funds including the Underlying Funds to lenders or an Underlying Fund may provide a guarantee secured by the assets of an Underlying Fund limited to the value of the Levered Feeder Fund's investment in the Underlying Fund. Guarantees provided by an Underlying Fund may limit or reduce the amount of leverage available to an Underlying Fund, as an Underlying Fund may choose or be required to custody or segregate a certain amount of its assets with a financing counterparty thereby reducing collateral available for an Underlying Fund. Further, the financing counterparty may aggregate the financing provided to the Guaranteed Entity together with the financing provided to an Underlying Fund directly, and establish a single financing limit for the total collateral posted by an Underlying Fund on its own behalf and on behalf of the Levered Feeder Fund. To that effect, in connection with the Levered Fund's retention of leverage, the Levered Fund has pledged all of its assets, including its interests in the Intermediate Fund, to the Lender and the Intermediate Fund has, in turn, guaranteed the Levered Fund's obligations to the Lender and pledged all of its assets, including its interests in the Master Fund (limited to the amount of the Levered Fund's interests in the Intermediate Fund) to the Lender.

As part of this structure, the Levered Feeder Fund (and, in turn, the lenders upon foreclosure) would be entitled to more favorable withdrawal, redemption, transfer and/or liquidation and other rights under certain circumstances, which may increase the risk of withdrawals or redemptions (and result in withdrawals or redemptions at times when other investors in a Feeder Fund are unable to effect withdrawals or redemptions), particularly if there are specified declines in the net asset value of the Levered Feeder Fund or an Underlying Fund or a termination of the financial arrangement with a lender due to the occurrence of events of default