Motley Fool Tidestone Partnership
Supplement for Class A Interests:

Innovation Long/Short Strategy

*This Supplement dated July 2021 (this "**Supplement**") must be accompanied by the Confidential Offering Memorandum (as amended, supplemented or otherwise modified from time to time, the "**Memorandum**") for the Motley Fool Tidestone Partnership. This Supplement amends and supplements the information contained in the Memorandum to the extent inconsistent therewith. Potential investors should review this Supplement and the Memorandum together and in their entirety in connection with their prospective investment in the Fund. In the event that the terms described herein are inconsistent with or contrary to the terms of the Annex to the Partnership Agreement ("**Class Annex**") relating to the Class A Interests of the Fund, the Class Annex for the Class A Interests shall control. Capitalized terms used and not defined herein have the meanings given to them in the Memorandum or the Partnership Agreement.*

Class A Interests	Class A Interests of the Partnership will pursue an Innovation Long/Short Strategy ("**ILS Strategy**").
Investment Objective	Capital Appreciation. For a more detailed discussion of the ILS Strategy's investment program, see "***Investment Strategy***." *There can be no assurance that the Fund's investment objective will be achieved, and certain investment practices (e.g., the use of leverage and short sales) may, in some circumstances, increase any adverse impact to which the Fund's investments may be subject. See "**RISK FACTORS AND POTENTIAL CONFLICTS OF INTEREST – Risks Relating to the Fund's Investment Strategy**."*
Subscriptions	Monthly as of the first Business Day of each calendar month (the "**Subscription Date**"). Unless otherwise waived or modified by the General Partner Entity, a Limited Partner's subscription materials for any Subscription Date must be received and approved by the relevant Feeder Fund at least ten (10) Business Days prior to the applicable Subscription Date.
Minimum Initial and Subsequent Investment	The Feeder Funds are offering Class A limited partnership interests in the respective Feeder Fund ("**Class A Interests**"), which will participate in the ILS Strategy described below. Class A Interests will be offered in multiple sub-classes, each of which imposes different investment minimums as well as different management fees ("**Sub-Classes**"). New or different Sub-Classes may be offered in the future on different terms and conditions. The current Sub-Classes being offered and their respective minimum initial investment amounts are as follows: Class A1 – $100,000 Class A2 – $500,000 Class A3 – $1,000,000

Subscriptions for additional investment from existing Limited Partners must be at least $25,000 (subject to the sole discretion of the General Partner Entity to accept lesser amounts).

For purposes of determining whether a Class A Limited Partner has satisfied the minimum initial investment amounts associated with a particular Sub-Class of the Class A Interests, the General Partner shall aggregate all capital contributions made by such Class A Limited Partner with respect to: (*i*) its Class A Interests; and (*ii*) all other Classes of Interests in the Fund held by such Class A Limited Partner; *provided*, *however*, that if any such proposed aggregation of Interests involves a Class A Limited Partner (or potential Class A Limited Partner) that is a benefit plan investor (such as an individual retirement account), then the General Partner Entity may require additional certifications or documents from the Class A Limited Partner (or potential Class A Limited Partner) in connection with any such aggregation. Failure to provide any such additional certifications or documents may prevent the General Partner Entity from permitting any aggregation of Class A Interests for purposes of determining the applicable Management Fee rate.

Subject to the foregoing, an existing Class A Limited Partner who makes an additional investment in the Fund will have its Interests re-classified into a lower-fee paying Sub-Class of Interests if such additional investment amount (together with any prior capital contributions) would result in aggregate capital contributions that satisfy the relevant minimum investment threshold for such applicable Sub-Class of Interests. Such re-classification of Interests will be effective beginning as of the date of such additional investment in the Fund, and the Class A Limited Partner will be subject to the lower Management Fee on a prospective basis.

Unless otherwise waived or modified by the General Partner Entity, a Limited Partner's subscription must be fully funded no later than the business day before the proposed Subscription Date.

Withdrawals

Class A Interests will generally be permitted to be withdrawn from the Fund as of the end of each calendar quarter (a "**Withdrawal Date**"), beginning with the first Withdrawal Date that falls on or after the one-year anniversary of the date of acquisition of such Class A Interests (the "**Lock-up Period**"). A separate Lock-Up Period shall apply to each contribution of capital by a Limited Partner.

To request a withdrawal, Limited Partners must provide at least 45 days prior written notice to the Fund. Following the withdrawal, a Limited Partner must maintain a minimum balance of at least $100,000 in the Fund with respect to the Class A Interests; otherwise, unless waived by the General Partner Entity, the Fund will treat a withdrawal request as a request for complete withdrawal of capital from the Fund in respect of the Class A Interests.

Following a withdrawal, and subject to the required minimum Capital Account balance, a Limited Partner's Class A Interests will not be re-classified into a higher fee-paying Sub-Class.

Payments to a Limited Partner in connection with a withdrawal will generally be made within 30 days following the effective date of withdrawal, and will generally represent 95% of the estimated withdrawal payment (which will reflect deductions for any associated fees and expenses as of the date of withdrawal). It is expected that the balance will be paid generally within thirty (30) calendar days following completion of the Fund's annual audit for the fiscal year in which the withdrawal was effected.

Master Fund Notional Capital Accounts

The General Partner Entity of the Master Fund will be entitled to receive an incentive allocation, which shall be calculated and allocated at the Master Fund level. See "***Incentive Allocation***" below.

With respect to each Limited Partner, the Master Fund will establish a separate notional capital account (or sub-capital account) in the name of each Limited Partner with respect to each Class (and Sub-Class) of Interests issued to such Limited Partner by the Onshore Fund, the Offshore Fund or any other Feeder Fund, as applicable (each, a "**Notional Capital Account**"). The purpose of Notional Capital Accounts is to enable the General Partner to calculate at the Master Fund level the management fee payable to the Manager, and also to track the performance of each capital contribution on an investment by investment basis in order to determine the Incentive Allocation that is due and allocable with respect to each such capital contribution of a Limited Partner.

Following any subscriptions for new or additional Classes (or Sub-Classes) of Interests, the Master Fund will establish a new Notional Capital Account in the name of the relevant Limited Partner corresponding to its holding of the relevant Class (or Sub-Class) of Interests.

Following any withdrawal (or transfer) of Interests, in whole or in part, the Notional Capital Account that corresponds to such Class (or Sub-Class) of Interests will be appropriately reduced, increased or otherwise adjusted, as the case may be, to reflect such withdrawal or transfer.

Management Fee

In consideration for services provided to the Master Fund, the Manager receives an annual management fee (the "**Management Fee**") payable monthly in arrears, which shall be calculated at the relevant Management Fee rate for the relevant Sub-Class and payable by the Master Fund to the Manager.

Sub-Classes of Class A Interests will be charged the following Management Fee rates:

- Class A1: 1.50% *per annum*

- Class A2: 1.25% *per annum*

- Class A3: 1.00% *per annum*

The Management Fee will be calculated and accrue monthly (at a rate of 1/12 of the relevant annual rate), based on each Limited Partner's Notional Capital Account balance, measured as of the close of business (New York time) on the last Business Day of each calendar month (or other relevant period), after taking into account any additional capital contributions made during such calendar month.

The Management Fee will be paid monthly in arrears, generally within fifteen (15) Business Days after the last day of each calendar month, *provided* that the Management Fee, with respect to any Sub-Class of Interests withdrawn other than on the last Business Day of a calendar month, will be paid as of the relevant Withdrawal Date, and will be based on the NAV of the Notional Capital Account associated with the Sub-Class of Interests being withdrawn by the Limited Partner as of such Withdrawal Date and adjusted *pro rata* to reflect the intra-month withdrawal. The Management Fee is adjusted *pro rata* for any subscriptions, withdrawals or transfers during any accounting period, as applicable.

In respect of the Class A Interests, the Management Fee will be payable by the Master Fund to the Manager. The Manager may, in its sole discretion, share the Management Fee, in whole or in part, with any other person or entity, including other General Partner Entities or other affiliates.

Different Management Fees for Clients of the Manager and its Affiliates

Notwithstanding the above minimum investment amounts and the corresponding Management Fee rates, the General Partner Entities have determined to apply a 1.00% *per annum* Management Fee rate for certain Limited Partners who:

- are clients of Motley Fool Wealth Management LLC and other advisory affiliates (collectively, the "**MF Advisors**");

- are investors in products sponsored and managed by the Manager (other than the Fund), Motley Fool Ventures LLC and certain of their affiliates (these products, together with advisory services offered by MF Advisors, are collectively referred to as "**Affiliated Products**"); or

- have a "family member" (as described below) that is a client of or investor in an Affiliated Products.

Limited Partners who satisfy the above criteria will be subject to a lower Management Fee rate regardless of the amount of their investment in the Fund.

The above Management Fee discount does not apply to Limited Partners who (or have "family members" who) are (*i*) investors in mutual funds or ETFs managed by Motley Fool Asset Management

LLC or (*ii*) subscribers of any publication services offered by The Motley Fool LLC or any other publishing affiliate of the Manager.

For purposes of the Management Fee discount, a "**family member**" generally includes an adult member of the Limited Partner's household including: (*i*) a spouse; (*ii*) parents, grandparents and great-grandparents; (*iii*) their children, grandchildren, great-grandchildren and their respective spouses; (*iv*) siblings and their spouses; and (*v*) an individual whose relationship to the Limited Partner, while not listed in the foregoing, is (in the sole opinion and discretion of the General Partner Entity) similar to one of the enumerated relationships. The definition of a "family member" is subject to change, update or other modification and will be determined based on the Manager's existing policies in effect from time to time, which will be updated without prior notice to any Limited Partner. To be eligible for the discounted Management Fee, potential Limited Partners must notify the applicable General Partner Entity prior to their admission to the Fund as a Limited Partner with respect to the Class A Interests.

The discounted Management Fee made available to investors in Affiliated Products is not, and should not be considered, an endorsement of any Affiliated Product. Decisions to invest in Affiliated Products should only be made after careful independent consideration of those Affiliated Products. Like any financial service or product, Affiliated Products may not be suitable for certain investors. Benefit Plan Investors should consult with their advisors to consider any conflicts of interest that may arise in connection with using assets of the Plan to benefit any party other than the Plan.

Incentive Allocation

The Incentive Allocation shall be determined with respect to each capital contribution made by a Class A Limited Partner.

With respect to each Class A Limited Partner, for every Performance Period (as defined below) after such Limited Partner was admitted to the Fund, an amount equal to the Incentive Allocation with respect to such Limited Partner for such Performance Period shall be debited against the Notional Capital Account in respect of Class A Interests of such Limited Partner and the amount so debited shall simultaneously be credited to the capital account of the General Partner Entity maintained by the Master Fund.

As used herein, the term "**Incentive Allocation**" for a Performance Period means, with respect to a Limited Partner, an amount equal to 20% of the Net Profits allocated to such Limited Partner's Notional Capital Account in respect of Class A Interests for such Performance Period determined as of the close of such Performance Period; *provided, however*, that the General Partner Entity will not be allocated an Incentive Allocation with respect to any Net Profits used to reduce the balance of a Loss Recovery Account. The Net Profits, upon which the calculation of the Incentive Allocation is based, is deemed reduced by the balance, if any, in a Loss Recovery Account.

For purposes of calculating the Incentive Allocation, the "**Loss Recovery Account**" of a Class A Limited Partner means a memorandum account to be recorded in the books and records of the applicable Feeder Fund and Master Fund with respect to such Limited Partner, which shall have an initial balance of zero and which shall be adjusted as follows:

i. if there has been, in the aggregate, Net Losses with respect to a Limited Partner's applicable Notional Capital Account since the end of the prior Performance Period (or if no calculation has yet been made with respect to such Limited Partner, since its admission to the Fund), an amount equal to such Net Losses is charged to and increases such Loss Recovery Account; or

ii. if there has been, in the aggregate, Net Profits with respect to such Notional Capital Account since the end of the prior Performance Period, an amount equal to such Net Profits is credited to and reduces the balance in such Loss Recovery Account, but not below zero.

In the event a Class A Limited Partner with a balance in a Loss Recovery Account withdraws all or a portion of a Capital Account (and the corresponding amount in its Notional Capital Account), the balance in such Loss Recovery Account is reduced as of the beginning of the next Performance Period by an amount equal to the product obtained by multiplying the balance in such Loss Recovery Account by a fraction, the numerator of which is the amount of the withdrawal made by such Limited Partner as of the last day of the prior Performance Period and the denominator of which is the balance in such Notional Capital Account on the last day of the prior Performance Period (prior to the withdrawal made by the Limited Partner as of the last day of the Performance Period). Any distributions made by the Fund to a Limited Partner shall also reduce such Limited Partner's Loss Recovery Account proportionately. Additional capital contributions by a Limited Partner shall not affect its Loss Recovery Account.

No transferee of any Class A Interest (other than a successor to an Interest as a result of involuntary transfer by operation of law) shall succeed to any Loss Recovery Account balance or portion thereof attributable to the transferor except with the express prior consent of the General Partner Entity.

The General Partner Entity may, in its sole discretion, share the Incentive Allocation, in whole or in part, with any other person or entity, including its affiliates.

With respect to Class A Interests, a "**Performance Period**" will commence, with respect to each Notional Capital Account, on the date such Notional Capital Account was established for such Class A Limited Partner and thereafter, immediately following the close of the preceding Performance Period. A Performance Period shall end: (*i*) on each fiscal year end; (*ii*) with respect to a Limited Partner making a total or partial withdrawal from its Capital Account(s) (with respect to such withdrawn amount), on the Withdrawal Date; (*iii*) at the General Partner Entity's sole discretion, with respect to a Limited Partner transferring all or a portion of its Capital Account(s) (with respect to such transferred amount), on the effective date of the transfer; (*iv*) on the effective date that the General Partner Entity ceases to be the general partner of the Master Fund; and (*v*) on the date when the Master Fund dissolves or terminates; provided that the General Partner Entity may in its sole discretion also declare such other days or dates as the end of a Performance Period.

Class Fees and Expenses

In addition to the Fund Expenses described in the Memorandum, Limited Partners holding Class A Interests will also bear the following additional fees, costs and expenses that are reasonable and incurred by the Fund:

- all fees, costs and expenses (including travel, legal and consulting fees) related to the identification, research, due diligence, development, analysis, evaluation, negotiation, purchase, holding, valuation, maintenance, monitoring, financing, refinancing, structuring, restructuring, offer, sale, settlement, transfer, disposition or realization of investments (whether or not consummated); and

- all other routine administrative expenses (including the cost of reporting and providing information to Limited Partners, fund administration, custodial fees and expenses, and governmental, registration, license and membership fees payable to regulatory as well as self-regulatory organizations, if any).

Custodian for Class A Interests

Jefferies
520 Madison Avenue
New York, NY 10022
Tel: 212-707-6497

Prime Broker for Class A Interests

Jefferies
520 Madison Avenue
New York, NY 10022
Tel: 212-707-6497

Investment Strategy for
Class A Interests

Overview

The Innovation Long/Short Strategy (**"ILS Strategy"**) seeks to achieve its investment objective of capital appreciation by identifying and owning the equity securities of companies that are, in the opinion of the Manager, innovative, high-quality growth businesses and selling short the equity securities of companies whose revenues, margins, cash flows and market positions are being disrupted by innovation and change. Through strategic hedging, the Manager attempts to manage some of the risk associated with the ILS Strategy, and potentially mitigate or reduce volatility along the way. Hedges may be used through a variety of different tools, such as shorting market indexes, shorting sector specific or thematic passive ETFs, shorting equity securities, or by using options in combination with the ILS Strategy's long positions.

Innovation is the act of changing the status quo by introducing something new; the Latin roots of the word meant "restoration, renewal." In business, innovation can range from developing a new product, service, or technology, or even creating new science or a new business. These new products, services, technologies, and businesses often disrupt or even displace what's in the marketplace.

Innovation and disruption are timeless, global business phenomena that have been increasingly changing the world in which we live since at least James Watt's steam engine 250+ years ago. But the ubiquity of better, faster, and cheaper computing technology over the past several decades has changed the world dramatically and enabled a much faster pace of innovation. Still, the Manager believes that we're in the early innings of this transformation, which has the potential for a wide dispersion between companies who lead the way in innovation—and those left behind by it.

The ILS Strategy portfolio managers, Charles Travers Jr. and David Meier, each have more than 15 years of experience analyzing companies and investing proprietary assets at The Motley Fool, an affiliate of the Manager, and have worked together much of that time. Since 2014, they managed long equity portfolios focused on growth companies for Motley Fool Asset Management and Motley Fool Wealth Management. The quality of their investment process led an affiliate of the Manager to invest its own proprietary capital to incubate the ILS Strategy as a discrete portfolio beginning in October 2019. The returns of the proprietary capital, less estimated fees, are detailed below under the heading "***Performance***." So too are the returns of the ILS Strategy since it began accepting third-party capital.

The Manager will be supported, pursuant to shared services agreements, by the resources and infrastructure of affiliates under The Motley Fool Holdings, Inc. group companies.

Investment Philosophy

The portfolio managers have been building, testing, and refining their investing process for six years while managing more than $1 billion of capital at Motley Fool Asset Management and Motley Fool Wealth Management. They've optimized it for discovering, analyzing, and investing in innovative companies.

This process, called "The Foundations of Innovation," underpins their approach for both longs and shorts. The Foundations of Innovation contains eight key principles:

1) <u>Culture of Innovation</u>

The Manager believes that management is a key element to long-term success at most every business, especially those using innovation to gather additional market share, go after new market opportunities, and/or fend off competition.

Among the factors the Managers consider are: the clarity of vision and strategies, commitment to innovation via investment, effective incentives, corporate culture, ownership in the business, capital allocation choices and results, external transparency and candor, and the overall treatment of stakeholders. To make their assessment, the Manager gathers information about a company's reputation and the members of its leadership team, and they compare the information to management's track record of commitments made to shareholders and the actual financial results.

2) Disrupt

The Manager seeks to identify companies that actively use innovation to disrupt the status quo within an industry. Whether it's developing new technologies, products, and/or services, they evaluate how an innovator is positioning the company to compete most effectively to disrupt the competition. From there, they estimate if the company can combine its early disruption with continuous innovation to create a sustainable, long-term competitive advantage.

The Manager believes that companies with a competitive advantage seek out unique positions in the marketplace and enhance those positions with the right supporting capabilities. Unique positions may include pricing power, geographic and/or regulatory barriers to entry, network effects, switching costs, and superior brands, among others. Capabilities may include a culture of continuous innovation, superior sales and marketing, stronger distribution networks, better research and development, and excellent supply chain management, to name a few. Companies that have been able to use innovation and disruption to increase the value proposition for customers have a good chance of taking market share from current competitors.

3) Build

In the experience of the Manager, innovative companies tend to develop new ways of creating value over time by investing resources and capital to push out new innovations that (1) improve current products and services, develop new technologies, products, and services to extend into new markets, and (2) acquire talent, technologies, and complementary businesses to expand their power.

Building a great business requires significant capital investments. The Manager assesses the company's current business model to determine if it can generate the necessary cash flow to make future investments. In addition, they evaluate the company's ability to raise capital in the capital markets to fund future investments and make acquisitions. Investing capital to build a business is not sufficient. The Manager prefers investing in companies whose business models have the potential to create attractive long-term returns on invested capital and produce significant amounts of future cash flow.

4) Scale

The Manager typically invests in long equity securities with a long-term time horizon and prefer to own companies that can be kept in the ILS Strategy portfolio for many years. A core part of the investment process for long equity positions is to consider what the company might look like over a period of 5 years, 10 years, or longer. The Manager considers whether the company has large current and future market opportunities, the ability to capture that growing demand via new and improved products and services to deliver excellent revenue growth, and the ability and financial capacity to invest in new products, services, and acquisitions to increase growth rates and profitability over time.

The Manager does not have a crystal ball to help accurately predict the future. But the Manager considers many ways in which an innovator moves through its Disrupt and Build phases and turns into a formidable company that increases its margins as revenue continues to grow faster and for longer than the market anticipates.

By way of an example, consider the case of a publicly traded drug development company. It can take as much as 10 years to bring a new, life-altering or life-saving drug to market. And once approved, the company can have up to 20 years of patent protection for that drug. Lastly, these companies tend to be developing multiple drugs at the same time, extending these timelines.

Also, consider when innovators bring big ideas from different places together. One example is telemedicine. As entrepreneurs continue to bring advanced technologies to deliver new forms of healthcare, telemedicine has gone from concept to reality. No one knows exactly how this will play out over the next 10 to 20 years, but the portfolio managers aim to use their experience and networks to evaluate who are emerging as leaders, think about what other big problems could be solved along the way, and which young companies, either in healthcare or technology, are actively working on those problems.

The Manager believes that its approach is differentiated due to their long-term focus that imagines young, innovative companies that can go from disruptors to leaders growing at scale. And the Manager believes it would be foolish (small f) to only consider the next two to three quarters (or even the next two to three years) of performance when evaluating the opportunity.

For short equity securities, the Manager seeks to find companies whose businesses will be impacted if not completely disrupted by innovative competitors. That means identifying companies with the following characteristics, among others:

5) <u>Ineffective Leadership</u>

The Manager looks for management teams that have historically been slow or hesitant to adopt new technologies or adapt to changes within their industries, or who may have demonstrated an undisciplined approach to capital allocation and who may have misaligned incentives that emphasize short-term profits over investing in long-term objectives.

Some of the hallmarks of ineffective leadership include a failure to encourage collaboration towards a common goal, spending too much money and time on bad ideas instead of switching to superior ones, and ignoring the importance of developing internal talent.

6) <u>Facing Disruption</u>

Firms lacking the ability to use innovation to create and capture value, who are fighting both larger competitors and well-funded startups to compete, are targets for potential shorts. These companies may be insufficiently capitalized to make the necessary investments to defend their market share or they may be so culturally and economically tied to legacy business lines that they find it structurally difficult to innovate and shift direction. A short opportunity presents itself if the Manager recognizes that a business is in trouble before the disruption occurs.

7) <u>Business in Decline</u>

Isaac Newton's First Law of Motion states that an object in motion stays in motion. An investing corollary is that some businesses that enter a state of decline may stay in decline year after year. Once a company's product or service becomes obsolete, revenue can fall and the financial resources necessary to invest begin to disappear. A business can cut costs to survive, but eliminating expenses is not the same as making investments in better products. The Manager may short companies that appear headed for years of declining revenue and profits due to competitive pressures and financial stress.

8) <u>Catalysts</u>

The Manager typically aims to hold short positions for quarters or months, and as a result, looks for companies where the deterioration in the underlying business may have a catalyst that can be capitalized upon in a shorter time frame than ILS Strategy's typical long equity holding period.

Catalysts are the events that trigger a downward re-rating of a company's share price due to the market factoring in the business deficiencies that have been identified. Most frequently this happens during a disappointing quarterly earnings report where sales growth and/or profit margins fall short of management's guidance and market expectations. Catalysts can also occur when product launches are delayed or disappoint. In the healthcare sector, the Manager seeks to identify products in clinical trials that are not likely to meet the efficacy and safety standards necessary to secure regulatory approval.

Implementation

The Manager will use the following tactics to meet the ILS Strategy objectives:

1) Long equity ownership

ILS Strategy seeks to own the equity of innovative, high-quality growth businesses. The Manager looks for securities of innovative companies that have a history of and commitment to innovation, strong market positions, access to capital, and an identifiable, sustainable competitive advantage with large addressable market opportunities.

2) Short equity positions

ILS Strategy seeks to short the equity of individual companies that are likely to see their sales growth and profitability erode over time due to disruption to their competitive positions and business models.

3) Options

Options strategies (including options on specific securities and market indices) are used to leverage the upside of long positions, to create alternative short positions, and to protect or hedge Fund exposures.

4) Hedges

Hedges may be used through a variety of different tools (e.g., shorting market indexes, shorting sector specific or thematic passive ETFs, or by using options) in combination with the Fund's long positions.

Investment Guidelines and Principles

Note: Interpretation of the day-to-day applications of the guidelines described below will be made by the Manager in its sole discretion, and any limitation will generally be measured, if applicable, based upon good faith estimates using data known to the Manager at such time. For purposes of clarity, the guidelines described below will take into account only direct investments of the Master Fund.

The below guidelines will operate on an "incurrence" basis, meaning that the amount of direct borrowings will be measured only at the time a direct borrowing is entered into, after giving effect to such borrowing. The Manager will not be required to take any action (including unwinding or liquidating any position) in the event any guideline is exceeded subsequently, whether in the event of changes in the market value of the ILS Strategy or otherwise. In applying the leverage guideline below, the Manager may consider hedging transactions and may calculate the ILS Strategy's outstanding direct borrowings net of cash and cash equivalents in the portfolio. Direct borrowings, if any, will be measured only at the time a direct borrowing is entered into, after giving effect to such borrowing.

The Manager expects to make Portfolio Investments subject to the investment guidelines or principles set forth below:

- The Manager does not place specific parameters with respect to the number of positions it will hold, but generally anticipates having 30-60 long positions and 20-50 short positions on average.

- The Manager expects that the ILS Strategy will be diversified across issuers, and does not anticipate that Portfolio Investments of the ILS Strategy in the securities of a single issuer will exceed a net long of approximately 15% of the ILS Strategy's net asset value ("**NAV**").

- The Manager anticipates that the ILS Strategy may be concentrated, possibly significantly so, in the information technology and healthcare sectors. The Manager does not place any restrictions on its level of sector concentration. However, while a concentration in these sectors is likely, the Manager will seek to be diversified across issuers within these sectors, and plans to offset long exposure through hedging strategies.

- The Manager does not place restrictions on its level of short exposure, though it monitors its short exposure on a daily basis and will consider trimming exposure if the ILS Strategy approaches 5% in a single name.

- The Manager does not attempt to focus on or place any restrictions on issuers with a particular market capitalization. At any time, the ILS Strategy may hold a substantial amount of securities issued by small-, mid-, or large-cap companies.

- The Manager will endeavor to limit the ILS Strategy's leverage to approximately two times the NAV (as measured from time to time by the Manager).

- The Manager generally expects to limit the ILS Strategy's investment in restricted securities and other illiquid or less liquid investments, such as warrants, initial public offerings and bonds to no more than 10% of NAV.

The foregoing investment guidelines will not apply during the first 12 months following commencement of operations in respect of the ILS Strategy. Due to market factors, changes in the value of the ILS Strategy's assets, subscriptions from and withdrawals by investors as well as changes in the characterization of particular investments, from to time, the ILS Strategy may not comply with its investment guidelines or principles with respect to existing Portfolio Investments. In those cases, Portfolio Investments that fall outside of these guidelines will not be required to be liquidated.

All investment decisions will be made by the Manager in its sole discretion, and the above guidelines or principles reflect the Manager's current expectations regarding portfolio construction, risk profiles and related portfolio management, generally under normal market conditions. From time to time, the Manager's management of the ILS Strategy may diverge from the above guidelines or principles due to market conditions or other factors.

In addition to investing in the asset classes described above, the ILS Strategy has the ability to supplement or change its principal investment strategy by making investments in any other securities or assets that the Manager believes may offer attractive trading or investment opportunities, including investments in fixed income, derivatives or other assets.

In implementing the ILS Strategy's investment program, the Manager may utilize whatever investment, hedging, arbitrage or financing techniques it deems to be advisable, regardless of whether any such technique is specifically described herein, is currently in existence or is hereafter created. Such techniques may include long and short positions, warrants, convertible securities, contingent convertible securities, interest rate derivatives, credit derivatives, credit default swaps, total return swaps, short sales, futures contracts, options, swaptions, forward contracts, repurchase agreements and reverse repurchase agreements, as well as other techniques involving currency and interest rate hedging and security hedging, techniques to manage risk relating to, or for the purpose of, leveraging investments and other techniques designed to permit the Fund to gain economic exposure to the subject assets.

Pending the deployment of the ILS Strategy's capital, Limited Partner subscriptions may also be invested in cash and cash equivalents (*e.g.*, money market instruments and commercial paper) or similar short-term instruments, as determined in the sole discretion of the Manager.

Risk Management

In addition to the foregoing Investment Guidelines and Principles, the Manager implements a disciplined risk management framework to reduce the drawdown potential of the portfolio and shorten the duration of drawdown periods.

To help assess the risks within the ILS Strategy, the General Partner Entity has retained the services of an independent risk management consultant, which provides the Manager with a daily snapshot of a wide variety of risk variables, including factor exposures, portfolio liquidity, Value at Risk calculations, volatility calculations, Upside and Downside Capture ratios, and more. The Manager uses the independent risk management consultant analyses to evaluate the effectiveness of security selection, position sizing, shorts, and hedges over time in the pursuit of mitigating overall portfolio risk.

Additionally, the Manager will utilize a disciplined process for position sizing and for selling to manage risk. If, in its opinion, any of the following occur, it plans to exit a position: (*i)* if the quality of a company deteriorates; (*ii*) if the risk/reward profile becomes unattractive; (*iii*) to fund a more attractive opportunity; or (*iv*) if a stock or hedge loses its effectiveness as a portfolio diversifier.

Performance

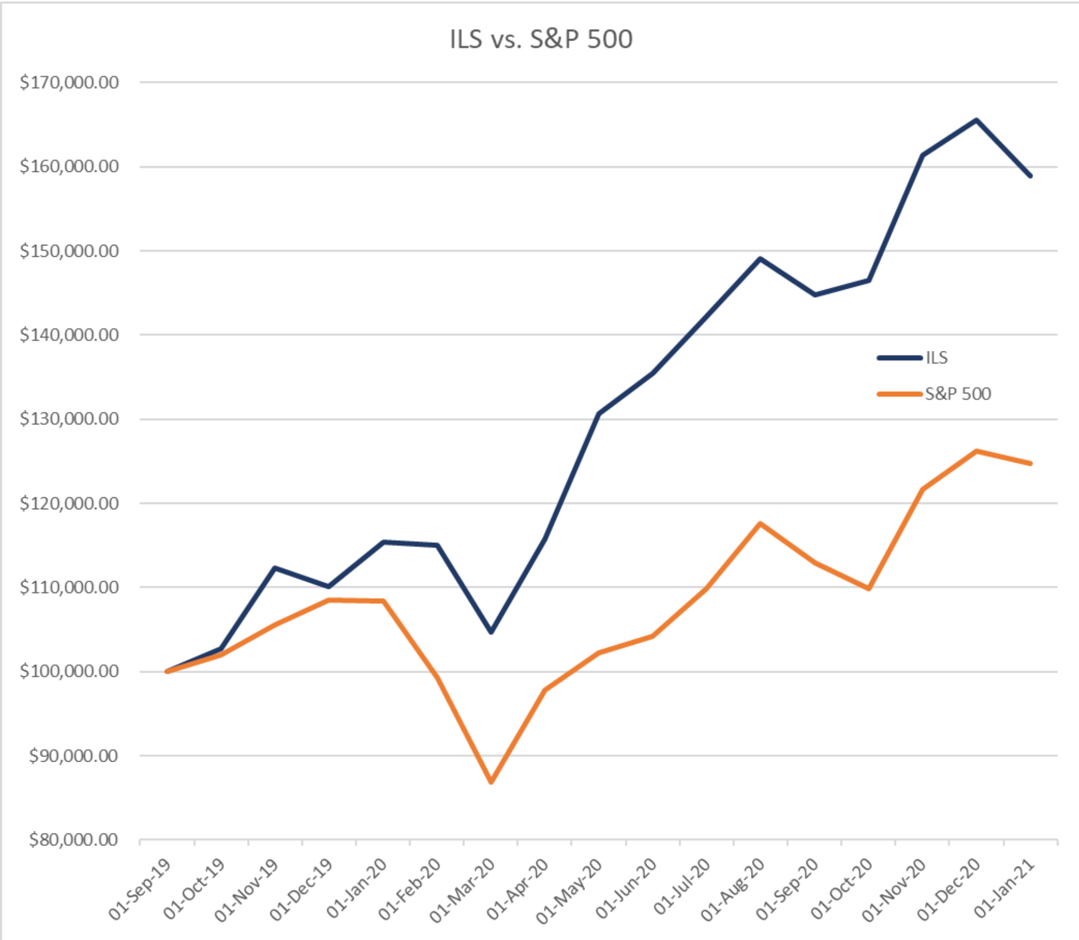
Investment History. The ILS Strategy is the result of a strategy originally developed by Charles Travers Jr. and David Meier (the "**Portfolio Managers**") in 2019. The Portfolio Managers developed a strategy focused on managing long equity portfolios focused on growth companies. The quality of their investment process led an affiliate of the Manager to invest its own proprietary capital to incubate the ILS Strategy as a discrete portfolio beginning in October 2019 (the "**Proprietary Account**"). The Proprietary Account was seeded with an initial investment of $1,000,000 and began trading in October 2019. After this initial contribution of capital, there were no additional investments, nor any redemptions of funds from the Proprietary Account. Performance information for the Proprietary Account is presented below.

Seed Portfolio. This Proprietary Account was transferred to the Fund by an affiliate of the Manager (the "**Seed Investor**") at the acceptance of capital by the Fund from third party investors. The Seed Investor contributed investments comprising the Proprietary Account to the Fund in respect of the Class A Interests, at the then current market value of such investments as of the time of the contribution (the "**Seed Portfolio**"). The Seed Portfolio represents the ILS Strategy investment program, as implemented by the Portfolio Managers since October 2019, using substantially the same investment techniques contemplated for the ILS Strategy.

The Fund expects that the Portfolio Managers will continue to manage the Seed Portfolio consistent with the ILS Strategy's investment program for the Class A Interests. In connection with its admission to the Fund as a Class A Limited Partner, each such Limited Partner will be required to ratify and consent to Fund's acquisition of the Seed Portfolio with respect to the Class A Interests. A Limited Partner's Capital Account will share in all distributions and allocations of profits, losses, income and expenses of the Class A Interests associated with the Seed Portfolio; *provided, however*, that any capital gains accrued on the Seed Portfolio prior to the Seed Investor's in-kind contribution to the Fund will be allocated solely to the Seed Investor.

Because the Seed Investor has an affiliation with the General Partner Entity, the Fund's acquisition of the Seed Portfolio with respect to the Class A Interests could be considered a conflict of interest. Although the General Partner Entity believes that the terms on which the Seed Portfolio were acquired from the Seed Investor were fair, there can be no assurances that such terms would have resulted from negotiations on an arm's-length basis. The Seed Investor is not subject to any fees in connection with its investment in the Fund, including the Seed Portfolio.

For convenience, the following chart illustrates the performance (net of fees) of a hypothetical $100,000 investment (the Strategy's investment minimum) in the Proprietary Account. This example assumes that the investment is made on October 1, 2019 (the Proprietary Account's inception date) and held through January 31, 2021. At the conclusion of that period, the value of the investment would have been $158,929. Over that same period, the General Partner Entity would have received $22,079 in Management Fees and Incentive Allocations. This presentation is intended to show the impact of the Manager's fees on an investment. For a discussion of performance from launch of the Fund through June 30, 2021, see below.



**Net of hypothetical 1.5% Management Fee and 20% Incentive Allocation, subject to a high-water mark.*

During the period highlighted, the ILS Strategy gained +58.9%, net of fees.

Please note that historical returns reflect actual returns from historical trading (not simulated results). All historical return figures presented in this document have been computed by the Manager. Performance information is based on unaudited monthly performance results and the information presented in this Supplement is unaudited. The net performance information presented reflects the total return on capital, including the reinvestment of interest, dividends, and other earnings. All such net returns are computed after deduction of all execution, clearing, and other operating expenses borne by the Proprietary Account during the performance period in question, and after deduction of asset-based fees (equal to 1/12 of 1.5%, deducted monthly in arrears) and any applicable profit-based fees or allocations (equal to 20% of net profits, paid annually, with a high-water mark). The ILS Strategy will be subject to different, and likely higher, operating expenses than the Proprietary Account, which (if currently known and applied to the Proprietary Account) could have lowered the performance results provided above. Net performance information reflects the value of unrealized investments (based on most recently available market data and valuations) and the use of leverage. In addition, leveraging may have an impact on the achievement of returns. The ILS Strategy anticipates maintaining leverage to asset levels consistent with the strategic range. However, the actual overall level of leverage may differ depending on the mix of assets eventually acquired.

Performance Since Fund Launch. The ILS Strategy began accepting third-party contributions on February 1, 2021 in the Onshore Fund. The Offshore Fund began accepting investors on March 1, 2021.

From launch on February 1, 2021 through June 30, 2021, the ILS Strategy fell -8.9% net of fees, compared with +15.7% for the S&P 500. From March 1, 2021—the first date on which the Offshore Fund accepted third-party investors, the ILS Strategy fell -4.8%, compared with +12.8% for the S&P 500.

Month	ILS Strategy	S&P 500
February 2021	-5.9%	+2.6%
March 2021	-6.3%	+4.2%
April 2021	+1.5%	+5.2%
May 2021	-6.9%	+0.6%
June 2021	+9.4%	+2.2%

Looking at the performance of the ILS Strategy spanning both the Predecessor Account time frame and the acceptance of third-party capital in 2021, the ILS Strategy gained +44.9% from October 1, 2019 through June 30, 2021, compared with +44.4% for the S&P 500.

The net performance information presented is based on unaudited monthly performance results and reflects the total return on capital, including the reinvestment of interest, dividends, and other earnings. All such net returns are computed after deduction of all execution, clearing, and other operating expenses, including underlying fund fees and expenses (associated with investment in exchange traded funds). All performance figures are shown after deduction of an asset-based fee equal to 1.5% (deducted monthly in arrears) and, if applicable, a performance-based fee equal to 20% of net profits, paid annually (including the effect of the high-watermark). Net performance information reflects the value of unrealized investments (based on most recently available market data and valuations) and the use of leverage.

Due to the format of data available for the time periods indicated, net returns are difficult to calculate precisely. Accordingly, calculations may have been made based on limited available data and a number of assumptions. Because of these limitations, **the performance information should not be relied upon as a precise reporting of net performance, but rather merely a general indication of past performance. An investor's actual returns may differ from the returns presented due to several factors, including the timing of each partner's capital activity.**

Index performance is discussed for illustrative purposes only as a benchmark for ILS Strategy's performance and does not predict or depict performance of the ILS Strategy. An investor is not able to acquire an index directly; indices are not actively managed and instead provide a benchmark against which other assets can be measured.

Note that, all else being equal, the returns experienced by investors in the Offshore Fund are generally expected to be lower than those returns experienced by investors in the Onshore Fund as a consequence of certain investments that are subject to different taxes, including withholding obligations, whether imposed by U.S. or other tax authorities.

Investors must be aware that past performance is not indicative of future performance, and there is no assurance that ILS Strategy will achieve comparable results or will be able to implement its investment strategy or achieve its investment objectives. In addition, the ILS Strategy has a limited track record. Generally, shorter track records (e.g., fewer than 36 months) make it more difficult for investors to assess performance, and therefore the risks associated with investing in the strategy. An investment in any investment vehicle outlined in this Supplement should be regarded as highly speculative in nature and appropriate only for sophisticated investors that can afford a loss of all of their investment and that are able to invest for an indefinite period. **The performance information presented herein was generated during a period of extraordinary market volatility. The Manager does not represent and it cannot be assumed that the performance of the ILS Strategy will be subject to the same economic risk factors that contributed to the above returns.**

Portfolio Management

Since joining The Motley Fool in 2005, Charles Travers Jr. and David Meier have been helping investors take advantage of innovation and disruption in healthcare and technology, respectively.

Charles Travers Jr., Portfolio Manager, has worked in a similar capacity at Motley Fool Asset Management and Motley Fool Wealth Management since 2014. Mr. Travers focuses on identifying, analyzing, and investing in innovative healthcare and biotechnology companies. Mr. Travers was a co-portfolio manager of the MFAM Global Opportunities Fund (FOOLX) and co-lead portfolio manager of the MFAM Mid-Cap Growth Fund (TMFGX). In 2018, he founded and was the lead portfolio manager of the MFAM Small Cap Growth Exchange-Traded Fund (MFMS), an actively managed ETF that emphasized investing in innovative, high-growth companies.

Prior to his role as a portfolio manager, Mr. Travers contributed research on biotechnology companies to Motley Fool Rule Breakers, a newsletter publication of The Motley Fool LLC, an affiliate of the Manager. He subsequently became an advisor for Motley Fool Million Dollar Portfolio, a real-money portfolio service, and was one of the founding advisors on Motley Fool Share Advisor, a newsletter product for the U.K. market. He earned his Bachelor of Arts Degree in Psychology from Illinois Wesleyan University and holds a Master of Science Degree in Pharmacological and Physiological Sciences from St. Louis University.

David Meier, Portfolio Manager, has worked in a similar capacity at Motley Fool Asset Management and Motley Fool Wealth Management since 2014. Mr. Meier focuses on identifying, analyzing, and investing in innovative, high-growth technology companies. Mr. Meier was a co-portfolio manager of the MFAM Global Opportunities Fund (FOOLX) and the MFAM Mid-Cap Growth Fund (TMFGX). In addition, he was the lead portfolio manager for the U.S. Large Cap Aggressive Growth strategy, a separately managed account strategy managed for clients of Motley Fool Wealth Management.

Prior to being named a portfolio manager, Mr. Meier started as a writer, editor, and analyst serving The Motley Fool LLC's flagship website, Fool.com, as well as its newsletters. In 2007, he helped launch Motley Fool Million Dollar Portfolio, the company's first real-money portfolio newsletter, and served as its associate advisor. He was also a contributor to the Motley Fool Rule Breakers newsletter. Mr. Meier earned his Bachelor of Science and Master of Science Degrees in mechanical engineering from Virginia Tech University and held various technical and business roles of increasing responsibility at Rolls Royce Allison and General Electric. Mr. Meier earned his Master of Business Administration from Wake Forest University in 2002.

Additional Risk Factors and Conflicts of Interest

Note: References below to the "Fund" refer to the Fund taking certain actions (such as acquiring or disposing of investments) in respect of the ILS Strategy.

Risks Related to the Investment Strategy

Broad Discretion in Investments

The ILS Strategy is generally opportunistic in nature and covers a broad range of equity and equity-related investments across a broad range of geographic regions, and as a result, may be exposed to a wide range of risks. All investment decisions will be made by the Manager in its sole discretion, and the investment guidelines for the ILS Strategy reflect the Manager's current expectations regarding portfolio construction, risk profiles and related portfolio management, generally under normal market conditions. Investors participating in the ILS Strategy must rely upon the ability of the Manager to identify, structure and implement investments consistent with the ILS Strategy's overall investment objectives and policies at such times as it determines. Generally, there are no material limitations on the instruments, markets or countries in which the Fund may invest or the specific investment strategies that it may employ with respect to the ILS Strategy. From time to time, the Manager's management of the ILS Strategy may diverge from the ILS Strategy's investment guidelines due to market conditions or other factors. In addition, the investment guidelines will not apply during the ILS Strategy's first year of operation.

Innovation Risk

Companies that the Manager believes are capitalizing on disruptive innovation and developing technologies to displace older technologies or create new markets may not in fact do so. Companies that initially develop a novel technology may not be able to capitalize on the technology, and no assurance can be made that these innovations will result in the vigorous growth anticipated by the Manager or such growth may be significantly delayed. Companies that develop innovative technologies may face political or legal attacks from competitors, industry groups or local and national governments. These companies may also be exposed to risks applicable to sectors other than the disruptive innovation theme for which they are chosen, and the securities issued by these companies may underperform the securities of other companies that are primarily focused on a particular theme. The Fund may invest in a company that does not currently derive any revenue from disruptive innovations or technologies, and there is no assurance that a company will derive any revenue from disruptive innovations or technologies in the future. A disruptive innovation or technology may constitute a small portion of a company's overall business. As a result, the success of a disruptive innovation or technology may not affect the value of the equity securities issued by the company.

Health Care Sector Risk

Companies in the health care sector are subject to extensive government regulation and their profitability can be significantly affected by restrictions on government reimbursement for medical expenses, rising costs of medical products and services, pricing pressure (including price discounting), limited product lines and an increased emphasis on the delivery of healthcare through outpatient services. Companies in the health care sector are heavily dependent on obtaining and defending patents, which may be time consuming and costly, and the expiration of patents may also adversely affect the profitability of these companies. Health care companies are also subject to extensive litigation based on product liability and similar claims. In addition, their products can become obsolete due to industry innovation, changes in technologies or other market developments. Many new products in the health care sector require significant research and development and may be subject to regulatory approvals, all of which may be time consuming and costly with no guarantee that any product will come to market.

Information Technology Sector Risk

Market or economic factors impacting information technology companies and companies that rely heavily on technological advances could have a significant effect on the value of the ILS Strategy's investments. The value of stocks of information technology companies and companies that rely heavily on technology is particularly vulnerable to rapid changes in technology product cycles, rapid product obsolescence, government regulation and competition, both domestically and internationally, including competition from foreign competitors with lower production costs. Stocks of information technology companies and companies that rely heavily on technology, especially those of smaller, less-seasoned companies, tend to be more volatile than the overall market. Information technology companies are heavily dependent on patent and intellectual property rights, the loss or impairment of which may adversely affect profitability. Additionally, companies in the technology sector may face dramatic and often unpredictable changes in growth rates and competition for the services of qualified personnel.

Non-Diversification Risk

The ILS Strategy may be concentrated in a small number of issuers. As a consequence, the aggregate returns the ILS Strategy realizes may be adversely affected if a small number of portfolio investments perform poorly. There is no assurance that the sufficient diversification of investments can be properly achieved. To the extent that the Fund takes large positions in a small number of portfolio investments, the ILS Strategy's returns may fluctuate as a result of changes in the performance of such portfolio investments to a greater extent than that of a diversified investment fund.

Prior Investment Performance Not Indicative of Future Results

The performance of prior investments by the investment professionals of the Manager, in particular the Proprietary Account, is not necessarily indicative of the ILS Strategy's future results. While the Manager intends to make investments that have potential returns commensurate with the risks undertaken, there can be no assurance that those returns will be achieved. On any given investment, total loss of the investment is possible. In addition, the ILS Strategy has a limited track record. Generally, shorter track records (*e.g.*, fewer than 36 months) make it more difficult for investors to assess performance, and therefore the risks associated with investing in the strategy.

The ILS Strategy was seeded using assets in the Proprietary Account, but because the Seed Investor has an affiliation with the General Partner Entity, the Fund's acquisition of the Proprietary Account could be considered a conflict of Interest. Although the General Partner Entity believes that the terms on which the Proprietary Account were acquired from the Seed Investor were fair, there can be no assurances that such terms would have resulted from negotiations on an arm's-length basis.

Although the investment objective and strategy of the Proprietary Account are substantially the same as the investment program for the ILS Strategy, any performance information with respect to the Proprietary Account is limited to investments made on behalf of the affiliate of the Manager, and does not reflect an investment program through an investment fund in which third party investors have interests. The ILS Strategy pursued by the Proprietary Account was not managed as a collective investment fund owned by third party investors with terms and a structure typical of such funds (*e.g.,* the ability to add/withdraw capital, the imposition of fees for services by party service providers including portfolio management, administration and audit, the use of investment guidelines, and other matters). The past investment performance of the Proprietary Account, the Manager or the Portfolio Managers should not be construed as an indication or guarantee of the future results of the ILS Strategy.

Market Risk (Generally)

The trading prices of equity securities and other instruments fluctuate in response to a variety of factors. The NAV of the Class A Interests associated with the ILS Strategy may fluctuate significantly in response to these and other factors. As a result, an investor could lose money over short or long periods of time.

Equity Market Risk

The price of equity securities may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries selected for the ILS Strategy or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk" meaning that stock prices in general (or in particular, the types of securities in which the Fund invests with respect to the ILS Strategy) may decline over short or extended periods of time. When the value of the ILS Strategy's securities goes down, the value of the Class A Interests will also decrease. Common stocks are generally exposed to greater risk than other types of securities, such as preferred stock and debt obligations, because common stockholders generally have inferior rights to receive payment from issuers. Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. These investor perceptions are based on various and unpredictable factors including: expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; and global or regional political, economic, and banking crises.

Foreign Securities

The Fund may invest in U.S. exchange listed equity securities of foreign companies, including companies located in both developed and emerging-market countries. Investment in foreign securities may include the purchase of American Depositary Receipts ("**ADRs**") that represent indirect interests in securities of foreign issuers. A significant portion of the ILS Strategy's exposure to foreign investments may be composed of such investments. The Fund may also invest in foreign securities directly on foreign exchanges. Investments in foreign securities are affected by risk factors generally not associated with investments in the securities of U.S. companies in the U.S. With respect to such securities, there may be more limited information publicly available concerning the issuer than would be the case with respect to domestic securities, foreign issuers may use different accounting standards, and foreign trading markets may not be as liquid as are U.S. markets. Foreign securities also involve such risks as currency risks, possible imposition of withholding or confiscatory taxes, possible currency transfer restrictions, expropriation or other adverse political or economic developments, and the difficulty of enforcing obligations in other countries. These risks may be greater in emerging-market countries and in less developed countries.

The purchase of securities denominated in foreign currencies will subject the value of the ILS Strategy's investments in those securities to fluctuations caused by changes in foreign exchange rates. To hedge against the effects of changes in foreign exchange rates, the Fund may enter into forward foreign currency exchange contracts ("forward contracts"). These contracts represent agreements to exchange an amount of currency at an agreed-upon future date and rate. The ILS Strategy will generally use forward contracts only to "lock in" the price in U.S. dollars of a foreign security that the ILS Strategy plans to purchase or to sell, but in certain limited cases, they may use such contracts to hedge against an anticipated substantial decline in the price of a foreign currency against the U.S. dollar that would adversely affect the U.S. dollar value of foreign securities held by the Fund. Forward contracts will not be used in all cases and, in any event, cannot completely protect the ILS Strategy against all changes in the values of foreign securities resulting from fluctuations in foreign exchange rates. For hedging purposes, the Fund may also use options on foreign currencies, which exposes the ILS Strategy to certain risks.

Some foreign securities are traded in the U.S. in the form of ADRs. ADRs are receipts typically issued by a U.S. bank or trust company evidencing ownership of the underlying securities of foreign issuers. Generally, depositary receipts in registered form are designed for use in the U.S. and depositary receipts in bearer form are designed for use in securities markets outside the U.S. Depositary receipts may not necessarily have the same currency denomination as the underlying securities into which they may be converted. Depositary receipts generally involve the same risks as do other investments in foreign securities. However, holders of ADRs may not have all the legal rights of shareholders and may experience difficulty in receiving shareholder communications.

Emerging Markets Risk

Investing in emerging market countries involves risks in addition to and greater than those generally associated with investing in more developed foreign markets. In many less-developed markets, there is less governmental supervision and regulation of business and industry practices, stock exchanges, brokers, and listed companies than there is in more developed markets. The ILS Strategy may also be subject to emerging markets risk to the extent that it invests in companies that are not domiciled in an emerging market but have customers, products, or transactions associated with emerging markets.

Small or Midsized Companies Risk

Certain of the ILS Strategy's investments may be issued by, or otherwise related to, small or midsized companies. Such Portfolio Investments may involve greater risk than comparable Portfolio Investments issued by or related to large companies. Small or midsized companies may face intense competition for important resources, such as experienced management and personnel, capital, and financing. Such companies may be at a disadvantage relative to larger companies, including with respect to sales or distribution resources, operational and financial controls, or other economies of scale. Small and midsized companies may be more likely to experience financial, operational, legal, and/or other distress.

Portfolio Investments in or related to small and midsized companies may be less liquid or exhibit more price volatility than Portfolio Investments in large companies. The securities of small and midsized companies are often traded over-the-counter or on regional exchanges, which may have lower volumes than are typical on national exchanges, or may be privately held, with no secondary market for such securities.

Risks of Initial Public Offerings (IPOs)

While the ILS Strategy has no limit on the amount of its assets that can be invested in Initial Public Offerings ("**IPOs**"), seeking investments in IPOs is not part of the ILS Strategy's principal investment strategy. By definition, securities issued in IPOs have not traded publicly until the time of their offerings. Special risks associated with IPOs may include, among others, the fact that there may be only a limited number of shares available for trading. The market for those securities may be unseasoned. The issuer may have a limited operating history. These factors may contribute to price volatility. The limited number of shares available for trading in some IPOs may also make it more difficult for the Fund to buy or sell significant amounts of shares without an unfavorable impact on prevailing prices. In addition, some companies initially offering their shares publicly are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of the companies involved in new industries may be regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of them. Many IPOs are by small- or micro-cap companies that are undercapitalized.

Exchange-Traded Funds and Other Similar Instruments

The Fund may purchase shares of exchange-traded funds that are registered under the Investment Company Act ("**ETFs**") and shares of similar investment vehicles that are not registered under the Investment Company Act (together with the ETFs, "**Traded Funds**"). Typically, a Traded Fund holds a portfolio of common stocks designed to track the performance of a particular index or a "basket" of stocks of companies within a particular industry sector or group. Traded Funds sell and redeem their shares at NAV in large blocks (typically at least 25,000 shares) called "creation units." Shares representing fractional interests in these creation units are listed for trading on national securities exchanges and can be purchased and sold in the secondary market in lots of any size at any time during the trading day.

Investments in Traded Funds involve certain inherent risks generally associated with investments in a broadly based portfolio of stocks, including risks that the general level of stock prices may decline and thereby adversely affect the value of each unit of the Traded Fund. In addition, a Traded Fund may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the Traded Fund and the index with respect to the weighting of securities or number of stocks held.

Because Traded Funds bear various fees and expenses, the ILS Strategy's investment in these instruments will involve certain indirect costs, as well as transaction costs, such as brokerage commissions. The Manager will consider the expenses associated with an investment in determining whether to invest in a Traded Fund.

Securities of Investment Companies

The Fund may invest in securities of investment companies, including ETF shares and shares of money market funds. The ILS Strategy's investment in these securities (other than shares of money market funds and of certain ETFs) may be subject to certain limitations imposed by the Investment Company Act — generally, a prohibition on acquiring more than 3 percent of the outstanding voting stock of another investment company. Investment companies such as ETFs and money market funds pay investment advisory and other fees and incur various expenses in connection with their operations. When the Fund invests in an investment company, Limited Partners of the ILS Strategy will indirectly bear these fees and expenses, which will be in addition to the fees and expenses of the Class A Interests.

Illiquid Securities

The Fund may invest in illiquid securities. Illiquid securities are securities that the Fund cannot sell or dispose of in the ordinary course of business within seven days at approximately the value at which the Fund carries the securities for the ILS Strategy. These securities include restricted securities and repurchase agreements maturing in more than seven days. Restricted securities are securities that may not be sold to the public without an effective registration statement under the Securities Act and thus may be sold only in privately negotiated transactions or pursuant to an exemption from registration. Subject to the adoption of guidelines by the Manager, certain restricted securities that may be sold to institutional investors pursuant to Rule 144A under the Securities Act and non-exempt commercial paper may be determined to be liquid by the Manager. Illiquid securities involve the risk that the securities will not be able to be sold at the time the Manager desires or at prices approximating the value at which the Fund is carrying the securities for the ILS Strategy. There is no guarantee on the timing of disposition of, or profitable realization of, any illiquid investments.

Unidentified Investments

The Manager has not yet identified all of the Portfolio Investments in which the Fund will invest for the ILS Strategy, and to the extent the Manager has identified proposed investment opportunities for the ILS Strategy, there is no assurance that the Fund will actually make such investments. As a result, there are risks and uncertainties to the Limited Partners with respect to the availability and selection of investments. Investors will be relying on the ability of the Manager to find and access suitable future investments using the proceeds of this offering. No assurance can be given that the Fund will be successful in obtaining suitable investments for the ILS Strategy.

Temporary Investments

During periods of adverse market or economic conditions, the Fund may temporarily invest all or a substantial portion of its assets in high-quality, fixed-income securities, money market instruments, and shares of money market mutual funds, or it may hold cash. At such times, the ILS Strategy would not be pursuing its stated investment objective with its usual investment strategies. The Fund may also hold these investments for liquidity purposes. Fixed-income securities will be deemed to be of high quality if they are rated "A" or better by S&P or Moody's or, if unrated, are determined to be of comparable quality by the Manager. Money market instruments are high-quality, short-term fixed-income obligations (which generally have remaining maturities of one year or less) and may include U.S. Government Securities, commercial paper, certificates of deposit and banker's acceptances issued by domestic branches of U.S. banks that are members of the Federal Deposit Insurance Corporation, and repurchase agreements for U.S. Government Securities. In lieu of purchasing money market instruments, the Fund may purchase shares of money market mutual funds that invest primarily in U.S. Government Securities and repurchase agreements involving those securities, subject to certain limitations imposed by the Investment Company Act. The Fund, as an investor in a money market fund, will indirectly bear that fund's fees and expenses, which will be in addition to the fees and expenses of the ILS Strategy. Repurchase agreements involve certain risks not associated with direct investments in debt securities.

Availability of Investment Opportunities

The market for the kinds of investments contemplated by the ILS Strategy is limited and competitive, and may become even more competitive in the future. Identifying attractive investment opportunities is difficult and involves a high degree of uncertainty. Moreover, certain investments may from time to time be oversubscribed, and it may not be possible to make investments that have been identified as attractive opportunities.

Dependence on Public Offering Market

The ILS Strategy is based in large part upon the state of the securities markets in general and the market for initial public offerings in particular. Changes in the securities markets and general economic conditions, including economic downturns, fluctuations in interest rates, the availability of credit, inflation, and other factors may affect the value of investments of the ILS Strategy. The market for public offerings is cyclical in nature and, accordingly, there can be no assurance that the securities markets will, at any point in time, be receptive to public offerings, particularly those of social media, digital media, life science and clean energy technology companies. Any adverse change in the market for public offerings could have a material adverse effect on the ILS Strategy and could severely limit the ILS Strategy's ability to realize its investment objective.

Uncertain Exit Strategies

Due to the illiquid nature of some of the investments the Fund expects to make with respect to the ILS Strategy, the Manager is unable to predict with confidence what, if any, exit strategy will ultimately be available for any given investment. Exit strategies that appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors. For example, there may not be an active market for initial public offerings of securities, so the ILS Strategy may not be able to realize an exit through the public markets.

Investments in Publicly-Traded Companies

The Fund will invest primarily in publicly-traded companies. Investments in publicly-traded companies may subject the ILS Strategy to risks that differ in type or degree from those involved with investments in privately-held companies. Such risks include, without limitation, movements in the stock market and trends in the overall economy, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities at certain times (including due to the possession by the Fund of material nonpublic information), increased likelihood of shareholder litigation against such companies' board members, which may include the Manager's personnel, regulatory action by U.S. and non-U.S. regulators and increased costs associated with each of the aforementioned risks.

Minority Investments

The Fund may hold a minority or non-controlling interest in one or more portfolio companies. Such investments may not give the Fund the ability to influence the management of the company or to elect a representative to the company's board of directors. In addition, the management of the company or its shareholders may have economic or business interests which are inconsistent with those of the ILS Strategy, and they may be in a position to take action contrary to the ILS Strategy's objectives. A minority or non-controlling interest may be especially adverse to the ILS Strategy in circumstances, such as certain stressed or distressed situations, where an element of control or influence might be beneficial to the subject investment.

Options

The Fund may purchase and sell put and call options of any type, including options on securities, indices (both narrow- and broad-based), currencies, swaps, futures and forwards contracts, U.S. government securities, commodities, realized volatility and realized variance. The Fund may also invest in auto-hedged options. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks.

The Fund may purchase and sell both put and call options in standardized contracts traded on U.S. or non-U.S. securities exchanges, boards of trade, or similar entities, or quoted on NASDAQ or on an over-the-counter market, and agreements, sometimes called cash puts, which may accompany the purchase of a new issue of bonds from a dealer. The Fund may purchase put and call options on global equity, commodity and fixed income indices and securities to hedge against risks of market-wide price movements affecting its assets. An index measures the movement of a certain group of assets by assigning relative values to the assets included in the index. The Fund will generally maintain sufficient liquid assets to cover its forward obligations with respect to the ILS Strategy. The Fund may write straddles and strangles consisting of a combination of a call and a put written on the same underlying security, or use option spreads, diagonals, butterflies, and other common strategies.

Although an option buyer's risk is limited to the amount of the original investment for the purchase of the option, an investment in an option may be subject to greater fluctuation than is an investment in the underlying securities. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying securities may fall below the exercise price. The ability to trade in or exercise options may be restricted in the event that trading in the underlying securities interest becomes restricted.

An option on a security or index is a contract that gives the holder of the option, in return for a premium, the right (but not the obligation) to buy from (in the case of a call) or sell to (in the case of a put) the writer of the option the security underlying the option (or the cash value of the index underlying the option) at a specified price. Upon exercise, the writer of an option on a security has the obligation to deliver the underlying security upon payment of the exercise price or to pay the exercise price upon delivery of the underlying security. Upon exercise, the writer of an option on an index is required to pay the difference between the cash value of the index and the exercise price multiplied by the specified multiplier for the index option.

Call options may be purchased for speculative purposes (to increase the ILS Strategy's return), to provide exposure to increases in the market (*e.g.*, with respect to temporary cash positions) or to hedge against an increase in the price of securities, currencies, commodities, or other investments that the Fund intends to purchase or (in the future) has sold short for the ILS Strategy. Similarly, put options may be purchased for speculative purposes (to increase the ILS Strategy's return) or to hedge against a decrease in the market generally or in the price of securities or other investments held by the Fund. Buying options may reduce the ILS Strategy's returns, but by no more than the amount of the premiums paid for the options.

There are several risks associated with transactions in options on securities and on indexes. Options on an index are similar to options on securities. The advisability of using stock or bond index options to hedge against the risk of market-wide movements will depend on the extent of diversification of the ILS Strategy's investments and the sensitivity of its investments to factors influencing the underlying index. The effectiveness of purchasing or writing index options as a hedging technique will depend upon the extent to which price movements in the ILS Strategy's investments correlate with price movements in the index selected. In addition, successful use by the Fund of options on indices will be subject to the ability of the Manager to predict correctly changes in the relationship of the underlying index to the ILS Strategy's portfolio holdings. No assurance can be given that the Manager's judgment in this respect will be correct. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events.

The value of options written by the Fund will be affected by, among other factors, changes in the value of the underlying securities (including those comprising an index), changes in the dividend rates of underlying securities (including those comprising an index), changes in interest rates, changes in the actual or perceived volatility of the stock market and underlying securities, and the remaining time to an option's expiration. The value of an option may be adversely affected if the market for the option is reduced or becomes less liquid.

In addition, since an American style option allows the holder to exercise its rights any time prior to expiration of the option, the writer of an American style option has no control over the time when it may be required to fulfill its obligations as a writer of the option. This risk is not present when writing a European style option since the holder may only exercise the option on its expiration date.

The hours of trading for options on a national securities exchange ("**Exchange**") may not conform to the hours during which the underlying securities are traded. To the extent that the options markets close before the markets for the underlying securities, significant price and rate movements can take place in the underlying markets that may not be reflected in the options markets.

An exchange-traded option may be closed out by means of an offsetting transaction only on an Exchange, which generally provides a liquid secondary market for an option of the same series. If a liquid secondary market for an exchange-traded option does not exist, the Fund might not be able to effect an offsetting closing transaction for a particular option as described above with respect to the ILS Strategy.

The Exchanges have established limits on the maximum number of options an investor or group of investors acting in concert may write. The Fund, the General Partner Entities, the Manager, and other clients of the Manager constitute such a group.

The terms of over-the-counter options (options not traded on exchanges) are generally established through negotiation with the other party to the option contract. While this type of arrangement allows the Fund greater flexibility to tailor an option to its needs with respect to the ILS Strategy, over-the-counter options generally involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded.

Swaptions

An option on a swap agreement, also called a "swaption," is an over-the-counter option that gives the buyer the right, but not the obligation, to enter into a swap on a specified future date in exchange for paying a market-based premium. A receiver swaption gives the owner the right to receive the total return of a specified asset, reference rate, or index. A payer swaption gives the owner the right to pay the total return of a specified asset, reference rate, or index. Swaptions also include options that allow one of the counterparties to terminate or extend an existing swap.

Short Sales

The Fund may engage in short sales. A short sale involves the sale of a security that the Fund does not own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. A short sale involves a theoretically unlimited risk of an increase in the market price of the security sold short, increasing the cost of buying those securities to cover the short position, and thus a possible unlimited loss to the Fund with respect to the ILS Strategy. There can be no assurance that the security necessary to cover a short position will be available for purchase or to be borrowed. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Securities borrowed to be sold short are generally required to be returned to the lender on short notice. Under adverse market conditions, the Fund may have difficulty purchasing securities or currencies to meet its short sale delivery obligations, and may have to sell portfolio securities or currencies to raise the capital necessary to meet its short sale obligations at a time when it would be unfavorable to do so. If a request for return of borrowed securities and/or currencies occurs at a time when other short sellers of the securities and/or currencies are receiving similar requests, a "short squeeze" can occur, and the Fund may be compelled to replace borrowed securities and/or currencies previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities and/or currencies short. This may result in losses to the ILS Strategy, which losses are (at least in theory) unlimited. In addition, the Fund may have difficulty purchasing securities and/or currencies to meet its delivery obligations in the case of less liquid securities and/or currencies sold short by the Fund such as certain emerging market country securities or securities of companies with smaller market capitalizations.

Securities may be sold short by the Fund in a long/short strategy to hedge a long position, or to enable the Fund with respect to the ILS Strategy to express a view as to the relative value between the long and short positions. There is no assurance that the objective of this strategy will be achieved, or specifically that the long positions will not decrease in value and the short positions will not increase in value, causing the ILS Strategy losses on both components of the transaction. In addition, when the Fund effects a short sale, it may be obligated to leave the proceeds thereof with the broker and also deposit with the broker an amount of cash or other securities (subject to requirements of applicable law) that is sufficient under any applicable margin or similar regulations to collateralize its obligation to replace the borrowed securities that have been sold. The Fund with respect to the ILS Strategy may gain similar economic exposure and be subject to similar risks through other investments (*e.g.*, derivatives) that allow it to take a short position.

Additionally, regulators around the world may take regulatory or legislative action restricting short sales, and the levels of restriction vary across different jurisdictions and could be subject to change over time. These restrictions may vary from outright prohibition, disclosure to local regulators and disclosure to the public markets.

In many jurisdictions, the practice of "naked" short selling is prohibited. "Naked" short selling is the practice of selling securities short without first having secured appropriate cover (for example by borrowing or agreeing to borrow securities or locating securities that are available to borrow in the relevant quantity in time for settlement of the short sale transaction). In jurisdictions where naked short sales are prohibited, if the Fund with respect to the ILS Strategy is unable to secure appropriate cover, the Fund may not be able to enter into short sales and may therefore not be able to express fully its negative views in relation to the relevant securities. In jurisdictions where naked short selling is permitted, the entry by the Fund into naked short sales may expose the ILS Strategy to increased risk of liability for costs or losses suffered by the transaction counterparty or other relevant parties as a result of a settlement failure (if it transpires, after entering into the short sale, that the Fund is unable to borrow the requisite amount of securities in time for the settlement date), including, without limitation, as the result of the exercise by the transaction counterparty, an exchange or a central counterparty of a "buy-in" and the imposition by an exchange or central counterparty of penalties or fines for the settlement failure.

Hedging Transactions

The Fund with respect to the ILS Strategy may utilize various financial instruments both for investment purposes and for risk management purposes in order to: (*i*) protect against possible changes in the market value of the ILS Strategy's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates, (*ii*) protect the ILS Strategy's unrealized gains in the value of the ILS Strategy's investment portfolio, (*iii*) facilitate the sale of any such investments, (*iv*) enhance or preserve returns, spreads or gains on any investment in the ILS Strategy's portfolio, (*v*) hedge the interest rate or currency exchange rate on any of the ILS Strategy's liabilities or assets, (*vi*) protect against any increase in the price of any securities the Fund anticipates purchasing at a later date, or (*vii*) for any other reason that the Manager deems appropriate.

The success of the ILS Strategy's hedging strategy will be subject to the Manager's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the ILS Strategy's hedging strategy will also be subject to the Manager's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner.

While the Fund may enter into hedging transactions to seek to reduce risk, certain factors such as unanticipated changes in interest rates, securities prices, and currency exchange rates may result in such hedging transactions detracting from the overall performance of the ILS Strategy. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of those portfolio positions or prevent losses if the values of those positions decline. Rather, it establishes other positions designed to gain from those same declines, thus seeking to moderate the decline in the portfolio position's value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. For a variety of reasons, the Manager may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the ILS Strategy from achieving the intended hedge or expose the ILS Strategy to risk of loss. In addition, it is not possible to hedge fully or perfectly against any risk, and hedging entails its own costs. The Manager may determine, in its sole discretion, not to hedge against certain risks and certain risks may exist that cannot be hedged. Furthermore, the Manager may not anticipate a particular risk so as to hedge against it effectively. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the ILS Strategy's portfolio holdings. The use of such hedging techniques may also increase the ILS Strategy's overall costs and expenses, and may affect the ILS Strategy's performance.

The Fund with respect to the ILS Strategy may seek to hedge currency risks by investing in currencies, currency exchange forward or futures contracts, swaps, swaptions or any combination thereof (whether or not exchange traded), but these or other instruments necessary to hedge such currency risks may not generally be available, may not provide a perfect hedge or may not be, in the Manager's judgment, economically priced. There can be no assurance that these strategies will be effective, and such techniques entail costs and additional risks.

Additional Risks of Derivative Instruments

The Fund may engage in a variety of derivative transactions with respect to the ILS Strategy. A derivative is a financial contract the value of which depends upon, or is derived from, the value of underlying assets, reference rates or indices. Derivatives may relate to securities, interest rates, currencies or currency exchange rates, inflation rates, commodities and related indices, and include foreign currency contracts, swap contracts, options, forward and futures contracts, repurchase or reverse repurchase agreements or other over-the-counter contracts. The Fund may use derivatives for many purposes, including as a substitute for direct investment, as a way to adjust its exposure to various securities, markets and currencies without actually having to sell existing investments and/or make new investments, and as a means to hedge other investments and to manage liquidity and excess cash. The Fund's use of derivatives with respect to the ILS Strategy may result in losses, reduce the ILS Strategy's return, and/or increase the volatility of the ILS Strategy, especially in unusual or extreme market conditions.

All derivative instruments involve risks different from, and potentially greater than, the risks associated with investing directly in securities and other more traditional assets, including:

Market Risk. This is the general risk attendant to all investments that the value of a particular investment will change in a way detrimental to the ILS Strategy's interests.

Management Risk. Derivative products are specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into and the ability to assess the risk that a derivative adds to the ILS Strategy's investment portfolio.

Counterparty Credit Risk. This is the risk that a loss may be sustained by the ILS Strategy as a result of the failure of the other party to a derivative (usually referred to as a "counterparty") to comply with the terms of the derivative contract.

The credit risk arising from futures and cleared derivatives is generally different from the credit risk arising from over-the-counter derivatives, because a party to a futures contract or a cleared derivatives transaction is subject to the credit risk of the clearing house and the futures commission merchant or clearing member through which it holds its cleared position, rather than the credit risk of a market "counterparty." The Fund may post or receive collateral related to changes in the market value of a derivative. The Fund also may invest in derivatives that (*i*) do not require the counterparty to post collateral, (*ii*) require collateral but that do not provide for the ILS Strategy's security interest in it to be perfected, (*iii*) require significant upfront deposits unrelated to the derivatives' intrinsic value, or (*iv*) do not require that collateral be regularly marked-to-market. When a counterparty's obligations are not fully secured by collateral, the Fund runs the risk of having limited recourse if the counterparty defaults. Even when obligations are required by contract to be collateralized, the Fund may not receive the collateral the day the collateral is called, leaving the Fund (with respect to the ILS Strategy) subject to counterparty risk until it receives the collateral.

Documentation Risk. Many derivative instruments also have documentation risk. Because the contract for each over-the-counter derivative transaction is individually negotiated with a specific counterparty, there exists the risk that the parties may interpret contractual terms (*e.g.*, the definition of default) differently than the Fund. If that occurs, the cost and unpredictability of the legal proceedings required for the Fund to enforce its contractual rights may lead the Fund to decide not to pursue its claims against the counterparty. The Fund, therefore, assumes the risk that it may be unable to obtain payments the Manager believes are owed to it under derivatives instruments or those payments may be delayed or made only after the Fund has incurred the costs of litigation. Also, payment amounts calculated in connection with standard industry conventions for resolving contractual issues (*e.g.*, ISDA Protocols and auction processes) may be different than would be realized if a counterparty were required to comply with the literal terms of the derivatives contract (*e.g.*, physical delivery). There is little case law interpreting the terms of most derivatives or characterizing their tax treatment. In addition, the literal terms of an over-the-counter contract may be applied in ways that are at odds with the investment thesis behind the decision to enter into the contract.

Liquidity Risk. Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many over-the-counter derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous price. Less liquid derivatives may also fall more in price than other securities during market falls. During periods of market disruption, the Fund with respect to the ILS Strategy may have a greater need for cash to provide collateral for large swings in the mark-to-market obligations arising under the derivative instruments used by the Fund with respect to the ILS Strategy or to provide additional initial margin if required by a clearing house or clearing member.

Leverage Risk. Since many derivatives have a leverage component (*i.e.*, a notional value in excess of the assets needed to establish and/or maintain the derivative position), adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain derivatives have the potential to expose the Fund with respect to the ILS Strategy to unlimited loss, regardless of the size of the initial investment in the derivative.

OTC Derivative Instrument Transactions Risk. The Fund may invest in derivative instruments which are not traded on organized exchanges and as such are not standardized. Such transactions are known as over-the-counter transactions. While some over-the-counter markets are often highly liquid, transactions in over-the-counter derivatives may involve greater risk than investing in exchange traded instruments because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted and, even where they are, they will be established by a dealer in these instruments and, consequently, it may be difficult to establish what is a fair price. In respect of such trading, the Fund is subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to the ILS Strategy.

Regulatory Risk. The derivatives market is subject to various risks related to existing as well as new and evolving regulation both within and outside the United States. Additional regulation of the derivatives markets may make derivatives more costly, may limit the availability of derivatives, or may otherwise adversely affect the value or performance of derivatives. Any such adverse future developments could impair the effectiveness of the Fund's derivatives transactions and cause the ILS Strategy to lose value. They may also render certain strategies in which the ILS Strategy might otherwise engage impossible or so costly that they will no longer be economical to implement.

Other Risks. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives. Many derivatives, in particular over-the-counter derivatives, are complex and their valuation often requires modeling and judgment, which increases the risk of mispricing or improper valuation, and there can be no assurance that the pricing models employed by the Manager will produce valuations that are consistent with the values realized when over-the-counter derivatives are actually closed out or sold. This valuation risk is more pronounced when the Fund with respect to the ILS Strategy enters into over-the-counter derivatives with specialized terms because the value of those derivatives in some cases is determined in part by reference to similar derivatives with more standardized terms. Improper valuations may result in increased cash payment in the market which may exceed the amounts of the referenced assets. Derivatives are also subject to currency and other risks. Suitable derivatives are not available in all circumstances. For example, the economic costs of taking some derivatives positions may be prohibitive. Under the terms of certain contracts governing derivative transactions, the occurrence of certain events with respect to the ILS Strategy (such as a decline in the ILS Strategy's NAV) may cause the Fund's derivatives transactions with respect to the ILS Strategy to be terminated early, including at an inopportune time or at an unfavorable price.

Climate Change Risk

Climate change and regulations intended to control its impact may affect the value of the ILS Strategy's investments. Depending upon the mix of investments of the ILS Strategy, the near-term effects of climate change and climate change regulation on the ILS Strategy's investments may be material. The Manager cannot predict the long-term impacts on the ILS Strategy's investments from climate change or related regulations. The ongoing political focus on climate change has resulted in various treaties, laws and regulations which are intended to limit carbon emissions. The Manager believes these laws being enacted or proposed may cause energy costs at properties owned by the real estate investment trusts ("**REITs**") or other real estate companies in which the Fund may invest with respect to the ILS Strategy to increase. There can be no assurance that climate change will not have a material adverse effect on the ILS Strategy's investments.

Types of Equity Securities

In addition to common stock, the equity securities that the Fund may purchase include preferred and convertible preferred stocks, and securities having equity characteristics, such as rights, warrants, and convertible debt securities. Preferred stocks represent equity ownership interests in a corporation and participate in the corporation's earnings through dividends that the corporation may declare. Unlike common stocks, preferred stocks are entitled to stated dividends payable from the corporation's earnings, which in some cases may be "cumulative" if previous stated dividends have not been paid. Dividends payable on preferred stock have priority over distributions to holders of common stock, and preferred stocks generally have preferences on the distribution of assets in the event of the corporation's liquidation. Preferred stocks may be "participating," which means that they may be entitled to dividends in excess of the stated dividend, in certain cases. The rights of preferred stocks are generally subordinate to rights associated with a corporation's debt securities.

Convertible Securities

The Fund may purchase convertible securities. These securities include convertible debt obligations and convertible preferred stock. A convertible security entitles the holder to exchange it for a fixed number of shares of common stock (or other equity security), usually at a fixed price within a specified period of time. Until conversion, the holder receives the interest paid on a convertible bond or the dividend preference of a preferred stock.

Convertible securities have an "investment value," which is the theoretical value determined by the yield it provides in comparison with similar securities without the conversion feature. The investment value changes are based on prevailing interest rates and other factors. They also have a "conversion value," which is the worth in market value if the security were exchanged for the underlying equity security. Conversion value fluctuates directly with the price of the underlying security. If conversion value is substantially below investment value, the price of the convertible security is governed principally by its investment value. If the conversion value is near or above investment value, the price of the convertible security generally will rise above investment value and may represent a premium over conversion value because of the combination of the convertible security's right to interest (or dividend preference) and the possibility of capital appreciation from the conversion feature. A convertible security's price, when price is influenced primarily by its conversion value, will generally yield less than a senior non-convertible security of comparable investment value. Convertible securities may be purchased at varying price levels above their investment values or conversion values. However, there is no assurance that any premium above investment value or conversion value will be recovered, because prices change, and, as a result, the ability to achieve capital appreciation through conversion may never occur.

Special Corporate Situation Investments

The Fund may invest a portion of its total assets in securities of companies that may be involved in special corporate situations, the occurrence of which would favorably affect the values of the companies' equity securities. Such situations could include, among other developments, a change in management or management policies; the acquisition of a significant equity position in the company by an investor or investor group; a merger, a reorganization, or the sale of a division; the spinoff of a subsidiary, division, or other substantial assets; or a third-party or issuer tender offer. The primary risk of this type of investing is that if the contemplated event does not occur or if a proposed transaction is abandoned, revised, or delayed or becomes subject to unanticipated uncertainties, the market price of the securities may decline below the purchase price the Fund paid with respect to the ILS Strategy.

In general, securities that are the subject of a special corporate situation sell at a premium to their market prices immediately following the announcement of the situation. However, the increased market price of these securities may nonetheless represent a discount from what the stated or appraised value of the security would be if the contemplated transaction were approved or consummated. These investments may be advantageous when the following occur: (1) the discount significantly overstates the risk of the contingencies involved; (2) the discount significantly undervalues the securities, assets, or cash to be received by shareholders of the prospective portfolio company as a result of the contemplated transactions; or (3) the discount fails adequately to recognize the possibility that the offer or proposal may be replaced or superseded by an offer or proposal of greater value. The evaluation of these contingencies requires unusually broad knowledge and experience on the part of the Manager, which must appraise not only the value of the issuer and its component businesses as well as the assets or securities to be received as a result of the contemplated transaction, but also the financial resources and business motivation of the offeror, as well as the dynamics of the business climate when the offer or proposal is in progress.

The ILS Strategy's special corporate situation investments may tend to increase its portfolio turnover ratio and thereby increase brokerage commissions and other transaction expenses. However, the Manager attempts to select investments of the type described that, in its view, also have a reasonable prospect of significant capital appreciation over the long term.

Fixed Income Securities Risk

The Fund may invest in fixed income securities. A bond's market value is affected significantly by changes in interest rates generally, when interest rates rise, the bond's market value declines and when interest rates decline, its market value rises. Generally, a bond with a longer maturity will entail greater interest rate risk but have a higher yield. Conversely, a bond with a shorter maturity will entail less interest rate risk but have a lower yield. A bond's value may also be affected by changes in its credit quality rating or the issuer's financial condition.

High Yield or Non-Investment Grade Bonds Risk

The Fund may invest in high yield or non-investment grade bonds. Non-investment grade bonds, while generally offering higher yields than investment grade securities with similar maturities, involve greater risk, including the possibility of default or bankruptcy. Non-investment grade bonds have speculative characteristics and the issuers of them have weakened capacity to make principal and interest payments due to changes in economic conditions, unanticipated financial problems and other adverse circumstances. Non-investment grade bonds tend to be more sensitive to economic conditions and therefore credit risk than higher-rated debt securities. The secondary trading market for non-investment grade debt securities is generally not as liquid as the secondary trading market for higher-rated securities. Periods of economic uncertainty generally result in increased volatility in the market prices of these securities. Distressed or default securities are speculative and involve significant risk of non-payment and total loss.

Lending Portfolio Securities

The Fund (with respect to the ILS Strategy) may lend its portfolio securities to brokers, dealers, and financial institutions. These loans will be secured by collateral (consisting of cash, U.S. Government Securities, or irrevocable letters of credit) maintained in an amount equal to at least 100% of the market value, determined daily, of the loaned securities. The Fund (with respect to the ILS Strategy) may, subject to certain notice requirements, at any time call the loan and obtain the return of the securities loaned. The Fund (with respect to the ILS Strategy) will be entitled to payments equal to the interest and dividends on the loaned securities and may receive a premium for lending the securities. The advantage of such loans is that the ILS Strategy continues to receive the income on the loaned securities while earning interest on the cash amounts deposited as collateral, which will be invested in short-term investments.

A loan may be terminated by the borrower on one business day's notice, or by the Fund on two business days' notice. If the borrower fails to deliver the loaned securities within four days after receipt of notice, the Fund (with respect to the ILS Strategy) may use the collateral to replace the securities while holding the borrower liable for any excess of replacement cost exceeding the collateral. As with any extensions of credit, there are risks of delay in recovery and, in some cases, even loss of rights in the collateral, should the borrower of the securities fail financially. In addition, securities lending involves a form of leverage, and the Fund (with respect to the ILS Strategy) may incur a loss if securities purchased with the collateral from securities loans decline in value or if the income earned does not cover the ILS Strategy's transaction costs. However, loans of securities will be made only to companies the Manager deems to be creditworthy (such creditworthiness will be monitored on an ongoing basis) and when the income that can be earned from such loans justifies the attendant risks. Upon termination of the loan, the borrower is required to return the securities. Any gain or loss in the market price during the loan period would inure to the ILS Strategy.

When voting or consent rights that accompany loaned securities pass to the borrower, the Fund (with respect to the ILS Strategy) will follow the policy of calling the loaned securities, to be delivered within one day after notice, to permit the exercise of such rights if the matters involved would have a material effect on the investment in such loaned securities. The Fund (with respect to the ILS Strategy) will pay reasonable finder's, administrative, and custodial fees in connection with loans of securities. The Fund (with respect to the ILS Strategy) may lend foreign securities consistent with the foregoing requirements.

Commodity Pool Operator – "De Minimis Exemption"

While the Fund may trade commodity interests (commodity futures contracts, commodity options contracts and/or swaps), including security futures products, the General Partner Entity is exempt from registration with the CFTC as a CPO, with respect to the Fund pursuant to CFTC Rule 4.13(a)(3) (which exemption is granted with respect to pools whose participants are limited to certain categories of eligible participants, including "qualified eligible persons" and which are subject to certain commodity interest trading limitations) or may claim such other exemption available to the General Partner Entity. As a result of the General Partner Entity's reliance on the CFTC Rule 4.13(a)(3) exemption from registration as a CPO, the General Partner Entity will not be required to deliver a CFTC disclosure document to prospective investors, nor will it be required to provide the Limited Partners in the Fund with certified annual reports that satisfy the requirements of CFTC rules applicable to registered CPOs. In addition, by virtue of its reliance on CFTC Rule 4.13(a)(3), the General Partner Entity will be exempt pursuant to CFTC Rule 4.14(a)(5) from registration with the CFTC as a CTA with respect to advice that it provides to the Fund, and as such it will not be required to satisfy certain disclosure and other requirements under CFTC Rules. The CFTC does not pass upon the merits of participating in a pool or upon the adequacy or accuracy of an offering memorandum. Consequently, the CFTC has not reviewed or approved this offering, the Memorandum, or this Supplement.

The potential consequence of this exemption, the so-called "de minimis exemption," includes a limitation on the Fund's exposure to the commodity markets. CFTC Rule 4.13(a)(3) requires that a pool for which such exemption is filed must meet one or the other of the following tests with respect to its commodity interest positions, including positions in security futures products, whether entered into for bona fide hedging purposes or otherwise: (a) the aggregate initial margin, premiums, and required minimum security deposit for retail forex transactions, will not exceed five percent (5%) of the liquidation value of the pool's portfolio, after taking into account unrealized profits and unrealized losses on any such positions it has entered into; or (b) the aggregate net notional value of such positions does not exceed one hundred percent (100%) of the liquidation value of the pool's portfolio, after taking into account unrealized profits and unrealized losses on any such positions it has entered into.

Counterparty and Settlement Risk

To the extent the Fund invests in debt and certain equity securities and financial instruments, repurchase agreements, options, swaps, warrants, derivative or synthetic instruments, forward contracts, or other over-the-counter transactions, the Fund may be exposed to the credit risk of brokerage firms and counterparties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from the risks inherent in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. Under certain conditions, the ILS Strategy could suffer losses if a counterparty to a transaction was to default or if the market for certain securities and/or financial instruments were to become illiquid, which losses could be material.

In addition, a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, whether or not a counterparty of the Fund, may cause a series of defaults by the other institutions, some of which may be counterparties of the Fund (with respect to the ILS Strategy). Such a circumstance also may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Fund interacts on a daily basis. Misconduct by counterparties could cause significant losses to the Fund (with respect to the ILS Strategy). The Fund's counterparty relationships may be concentrated in or across a small number of counterparties, and this lack of counterparty diversification could magnify the adverse impact to the ILS Strategy of a default by any single counterparty.

Expedited Transactions

Investment analyses and decisions by the Manager may be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the Manager at the time an investment decision is made may be limited, and such parties may not have access to detailed information regarding the investment opportunity. Therefore, no assurance can be given that the Manager will have knowledge of all circumstances that may adversely affect an investment.

Portfolio Turnover

Although the Fund (with respect to the ILS Strategy) generally does not intend to engage in short-term trading, portfolio securities may be sold without regard to the time they have been held when investment considerations warrant such action. A higher portfolio turnover rate would result in higher brokerage costs to the ILS Strategy and could also result in the realization of larger amounts of capital gains, including short-term capital gains.