

# *Limited Partnership Agreement*



**UNICORN PAIRS FUND, LP**

*Delaware Limited Partnership*

**UNICORN CAPITAL PARTNERS, LLC**

*General Partner, Investment Manager*

*January 1, 2017*

DISCLAIMER

THE LIMITED PARTNERSHIP INTERESTS OF **UNICORN PAIRS FUND, LP** (THE "FUND") HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE. THE FUND IS NOT REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940 OR THE SECURITIES LAWS OF ANY STATE. *(See PPM "Exemptions" § 9.1 & § 9.2)*

THE FUND OPERATES PURSUANT TO SEC RULE 506(c) OF REGULATION D WHICH PROVIDES EXEMPTIVE RELIEF TO BROADLY SOLICIT AND GENERALLY ADVERTISE THE OFFERING BUT STILL BE DEEMED TO BE UNDERTAKING A PRIVATE OFFERING. *(See PPM "Exemptions" § 9.3)*

THESE SECURITIES MAY NOT BE TRANSFERRED EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO REGISTRATION THEREUNDER OR EXEMPTION THEREFROM, AND MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE LIMITED PARTNERSHIP AGREEMENT. *(See PPM "Assignment" § 8.1)*

AN INVESTMENT IN THE FUND INVOLVES A SIGNIFICANT RISK OF LOSS.  
*(See PPM "Certain Risk Factors" Article 2)*

THE DELIVERY OF OFFERING DOCUMENTS SHALL NOT CONSTITUTE AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO BUY, INTERESTS IN THE FUND IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, TO ANY PERSON WHO HAS NOT EXECUTED AND RETURNED A SUBSCRIPTION AGREEMENT IN FORM AND SUBSTANCE SATISFACTORY TO THE GENERAL PARTNER, AND WHOSE PURCHASER REPRESENTATIVE, IF ANY, HAS NOT COMPLETED AND RETURNED A PURCHASER REPRESENTATIVE QUESTIONNAIRE IN FORM AND SUBSTANCE SATISFACTORY TO THE GENERAL PARTNER. THIS OFFERING IS MADE ONLY TO A LIMITED NUMBER OF ACCREDITED INVESTORS, AS THAT TERM IS DEFINED IN REGULATION D UNDER THE ACT.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION ("SEC") NOR ANY STATE SECURITIES COMMISSION HAS PASSED UPON THE MERITS OF PARTICIPATING IN

THE FUND, NOR HAS ANY COMMISSION PASSED UPON THE ADEQUACY OR ACCURACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS INVESTMENT, TAX OR LEGAL ADVICE. THIS MEMORANDUM AND THE OTHER DOCUMENTS DELIVERED IN CONNECTION HEREWITH SHOULD BE REVIEWED BY EACH PROSPECTIVE INVESTOR OR SUCH INVESTOR'S PURCHASER REPRESENTATIVE, IF ANY, AND SUCH INVESTOR'S FINANCIAL, TAX OR LEGAL COUNSEL.

THE INFORMATION CONTAINED HEREIN IS ACCURATE ONLY AS OF THE DATE OF THIS MEMORANDUM. THE INFORMATION IS SUBJECT TO CHANGE AT ANY TIME.

ADDITIONAL INFORMATION IS AVAILABLE FROM UNICORN CAPITAL PARTNERS, LLC, WHOSE ADDRESS AND TELEPHONE NUMBER IS SET FORTH IN THE DIRECTORY.

THE OFFERING IS MADE BY DELIVERY OF A COPY OF THIS MEMORANDUM TO THE PERSON WHOSE NAME APPEARS HEREON AND MEETS THE SUITABILITY INVESTOR QUALIFICATION STANDARDS (PPM, §3.1) SET FORTH IN THIS MEMORANDUM.

ACCORDINGLY, IF YOU PURCHASE AN INTEREST, YOU WILL BE REQUIRED TO REPRESENT AND WARRANT THAT YOU HAVE READ THIS MEMORANDUM AND ARE AWARE OF AND CAN AFFORD THE RISKS OF AN INVESTMENT IN THE FUND. YOU WILL ALSO BE REQUIRED TO REPRESENT THAT YOU ARE ACQUIRING THE INTEREST FOR YOUR OWN ACCOUNT, FOR INVESTMENT PURPOSES ONLY, AND NOT WITH ANY INTENTION TO RESELL OR TRANSFER ALL OR ANY PART OF THE INTEREST. THIS INVESTMENT IS SUITABLE FOR YOU ONLY IF YOU HAVE ADEQUATE MEANS OF PROVIDING FOR YOUR CURRENT AND FUTURE NEEDS AND CAN AFFORD TO LOSE THE ENTIRE AMOUNT OF YOUR INVESTMENT.

ALTHOUGH THIS MEMORANDUM CONTAINS SUMMARIES OF CERTAIN TERMS OF CERTAIN DOCUMENTS, YOU SHOULD REFER TO THE ACTUAL DOCUMENTS (COPIES OF WHICH ARE ATTACHED HERETO OR ARE AVAILABLE FROM THE GENERAL PARTNER) FOR COMPLETE INFORMATION CONCERNING THE RIGHTS AND OBLIGATIONS OF THE PARTIES THERETO. ALL SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY THE TERMS OF THE ACTUAL DOCUMENTS. NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS OR FURNISH ANY INFORMATION WITH RESPECT TO THE FUND OR THE INTERESTS, OTHER

THAN THE REPRESENTATIONS AND INFORMATION SET FORTH IN THIS MEMORANDUM OR OTHER DOCUMENTS OR INFORMATION FURNISHED BY THE GENERAL PARTNER UPON REQUEST, AS DESCRIBED ABOVE.

NO RULINGS HAVE BEEN SOUGHT FROM THE INTERNAL REVENUE SERVICE ("IRS") WITH RESPECT TO ANY TAX MATTERS DISCUSSED IN THIS MEMORANDUM. YOU ARE CAUTIONED THAT THE VIEWS CONTAINED HEREIN ARE SUBJECT TO MATERIAL QUALIFICATIONS AND SUBJECT TO POSSIBLE CHANGES IN REGULATIONS BY THE IRS OR BY CONGRESS IN EXISTING TAX STATUTES OR IN THE INTERPRETATION OF EXISTING STATUTES AND REGULATIONS.

EXCEPT WHERE OTHERWISE INDICATED, THIS MEMORANDUM SPEAKS AS OF THE DATE HEREOF. NEITHER THE DELIVERY OF THE MEMORANDUM NOR ANY SALE OF THE SECURITIES DESCRIBED HEREIN SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE FUND OR THE GENERAL PARTNER SINCE THE DATE HEREOF.

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**1.1 Formation of Limited Partnership**

The Fund was formed upon the filing of its certificate of limited partnership (the "Certificate of Limited Partnership") with the Delaware Secretary of State on MONTH, DAY YEAR. The Partners (§ 1.3) agree to continue the Fund (§ 2.1) as a limited partnership subject to the Delaware Limited Partnership Act (the "Act"). The General Partner (§ 3.1) is the general partner of the Fund. The Limited Partners (§ 4.1) shall be those persons that have agreed or hereafter agree to become Limited Partners of the Fund by accepting the terms of the private placement memorandum between the Fund and such person (a "**Private Placement Memorandum**"), by executing a subscription agreement (a "**Subscription Agreement**"), under which the person requests, and the General Partner in its sole discretion approves, the person's admission to the Fund as a Limited Partner, until such time, if ever, as such a person ceases to be a Limited Partner as provided herein.

**1.2 Name**

This Delaware Limited Partnership operates under the name of "Unicorn Pairs Fund, LP" (also called the "**Fund**").

**1.3 Partners**

The Partners of the Fund are Unicorn Capital Partners, LLC, the General Partner (§ 3.1) and the Limited Partner(s) (§ 4.1).

**1.4 Principal Place of Business**

The principal place of business of the Fund shall be 2323 Hurley Mountain Road, Kingston, NY 12401, or such other place or places as may be approved by the General Partner (§ 3.1). The General Partner shall be responsible for maintaining at the Fund's principal place of business those records required by the Act to be maintained thereat.

**1.5 Registered Agent and Office**

The registered agent and the address of the registered office of the Fund in the State of Delaware shall be:

Harvard Business Service, Inc.  
16192 Coastal Highway,  
Lewes, Delaware 19958,  
USA

**1.6 Documents**

The General Partner (§ 3.1), or anyone designated by the General Partner, is hereby authorized to execute any amendment to the Certificate of Limited Partnership in accordance with the Act and

to cause it to be filed with the Delaware Secretary of State in accordance with the Act. The Fund shall promptly execute and duly file, with the proper offices in each state in which the Fund may conduct its activities, one or more certificates or similar documents as required by the laws of each such state, and shall take any other action necessary so that the Fund may lawfully conduct its authorized activities in each such state.

### **1.7 Fiscal Year**

The Fiscal Year for Unicorn Pairs Fund, LP begins on January 1st and ends December 31st of each calendar year.

### **1.8 Purpose of the Fund**

The Unicorn Pairs Fund, LP is a private offering organized for the purpose of passing through to the Limited Partners (§ 4.1) the gains, losses, Taxes (§ 7.0) and Fees (§ 3.3) of trading the Fund's Methodology (§ 5.1).

### **1.9 SEC Rule 506(c)**

The Unicorn Pairs Fund, LP operates under SEC Rule 506(c). The United States Securities Exchange Commission rule 506 of Regulation D is considered a "safe harbor" for the private offering exemption of Section 4(a)(2) of the Securities Act. Under Rule 506(c), a company can broadly solicit and generally advertise the offering, but still be deemed to be undertaking a private offering within Section 4(a)(2) if:

- The investors in the offering are all Accredited Investors (§ 4.2); and
- The Fund has taken reasonable steps to verify that its investors are accredited investors, which could include reviewing documentation, such as W-2s, tax returns, bank and brokerage statements, credit reports and the like.

**2.1 The Fund**

The Fund (LPA, § 2.1) is a Delaware Limited Partnership operating under the name of “Unicorn Pairs Fund, LP.” The Fund is a pass-through vehicle so all taxes are pass-through (§ 7.1) to the Partners (§ 1.3).

**2.2 Non-Interest-Bearing Account**

Before being invested in the next Main Trade (§ 5.6), funds of the Fund shall be deposited in a non-interest-bearing account in banks and/or brokerage firms selected by the General Partner (§ 3.1) and designated to Unicorn Pairs Fund, LP. Withdrawals from such accounts shall be made only by the General Partner or such other parties as may be approved by the General Partner.

**2.3 Capital Contributions**

Upon admission to the Fund, each Partner shall make a cash contribution (a "Capital Contribution") to the Fund in the amount specified as the "Initial Capital Contribution" in the Partner's Subscription Agreement (the Partner's "Initial Capital Contribution"). The minimum Initial Capital Contribution of a Limited Partner (§ 4.1) shall be \$10,000, and the minimum additional Capital Contribution of a Limited Partner shall be \$10,000, subject in each case to the discretion of the General Partner (§ 3.1) to establish a higher or lower minimum for any or all Limited Partners. Unless otherwise agreed by a Partner and the General Partner, no Partner shall have any obligation to make any additional Capital Contribution at any time. Any Capital Contribution from a Partner that is not to be invested in the Main Trade (§ 5.6) on the date on which it is received by the Fund (or on the next business day) shall be placed by the General Partner in a non-interest-bearing holding account for the benefit of the contributing Partner until the date on which such Capital Contribution is to be invested in the next Main Trade, and on such date the Capital Contribution shall be invested in the Main Trade and credited to the contributing Partner's Capital Account (as that term is defined in Section 3.4(a) below). Unless otherwise agreed between the contributing Partner and the General Partner in connection with such a Capital Contribution, the contributing Partner shall have no right to the return of any portion of such Capital Contribution after it has been received by the Fund and prior to its investment in the Main Trade.

**2.4 Ownership Percentages**

The Capital Accounts (§ 6.4) of each Limited Partner (§ 4.1) represents their equity in the Fund. The Ownership Percentage of a Limited Partner is the summation of all Capital Accounts of the Limited Partner (§ 6.11) divided by the Net Asset Value (NAV) of the Fund (§ 6.9).

**2.5 Termination of the Fund**

Upon the termination of the Fund, all assets of the Fund will be applied and distributed in proportion to the respective Capital Accounts (§ 6.4) of the Partners.

The Fund shall be terminated as rapidly as business circumstances will permit. At the direction of the General Partner (§ 3.1) (the "Terminating Partner"), a full accounting of the assets and liabilities of the Fund shall be taken and a statement of the Fund Assets and a statement of each Partner's Capital Account shall be furnished to all Partners as soon as reasonably practicable. The Terminating Partner shall take such action as is necessary so that the Fund's business shall be terminated, its liabilities discharged and its assets distributed as hereinafter described. The Terminating Partner may sell all of the Fund Assets or distribute the Fund Assets in kind; provided, however, that the Terminating Partner shall ascertain the fair market value by appraisal or other reasonable means of all Fund Assets remaining unsold and each Partner's Capital Account shall be charged or credited, as the case may be, as if such Fund Assets had been sold at such fair market value and the income, gains, losses, deductions and credits realized thereby had been allocated to the Partners in accordance with Article 6 "Accounting". A reasonable period of time shall be allowed for the orderly termination of the Fund to minimize the normal losses of a liquidation process. In the event that the Fund is terminated on a date other than the last day of the month, the date of such termination shall be deemed to be the last day of the month for purposes of adjusting the Capital Accounts of the Partners pursuant to Section § 6.4.

After the payment of all expenses of liquidation and of all debts and liabilities of the Fund in such order or priority as is required by law (including any debts or liabilities to Partners, who shall be treated as secured or unsecured creditors, as the case may be, to the extent permitted by law, for sums loaned to the Fund, if any, as distinguished from Capital Contributions (§ 2.3) and after all resulting items of Fund income, gain, credit, loss, or deduction are credited or debited to the Capital Accounts of the Partners, all remaining Fund Assets shall then be distributed among the Partners in accordance with the positive balances of their respective Capital Accounts. Upon termination, a Partner may not demand and receive cash in return for such Partner's Capital Contributions and no Partner shall have any obligation to restore any deficit that may then exist in that Partner's Capital Account. Distribution on termination may be made by the distribution to each Partner of an undivided interest in any asset of the Fund that has not been sold at the time of termination of the Fund.

**3.1 General Partner**

The General Partner of the Fund is a Delaware Limited Liability Company operating under the name of “Unicorn Capital Partners, LLC.” As a General Partner, Unicorn Capital Partners, LLC is responsible for the management of the Fund and is liable for the partnership obligations and administrative costs, as more specifically set forth in Expenses (§ 3.14).

**3.2 Affiliates of General Partner**

Affiliates of General Partner (§ 3.1) is defined any members, managers, partners, directors, officers, employees, agents or owners of the General Partner (§ 3.1).

**3.3 Activity of the General Partner.**

The General Partner (§ 3.1) shall be required to devote such time as it reasonably deems necessary for the proper conduct of the Fund's affairs. Neither the General Partner nor Affiliates of the General Partner (§ 3.2) shall be obligated to perform any act in connection with the business of the Fund not expressly set forth herein. Nothing contained in this shall preclude the General Partner or any of its Affiliates from, directly or indirectly, engaging in any other business or from purchasing, selling, holding or otherwise dealing with any Securities for, or from exercising any other investment responsibility over or providing investment advice to, an account of such person, a family member of such person, or any other person or entity. No Limited Partner (§ 4.1) shall, by reason of being a Partner, have any right to participate in any manner in any profits or income earned by the General Partner or any of its Affiliates from the conduct of any business other than the Fund business, or from any transaction in Securities effected by the General Partner or any of its Affiliates for any account other than a Fund account.

**3.4 Liability of the General Partner**

The General Partner (§ 3.1) nor any Affiliates of the General Partner (§ 3.2) shall be personally liable for the return of the Capital Contributions (§ 2.3) of any Partner, and such return shall be made solely from available Fund Assets, if any, and each Limited Partner (§ 4.1) hereby waives any and all claims it may have against any General Partner or any such Affiliate in such regard.

**3.5 General Partner Investments**

The General Partner (§ 3.1) may make investments alongside the Limited Partners (§ 4.1) in the Fund in such amounts as it may determine; provided that the General Partner will not be charged a Management Fee (§ 3.11) or a Performance Allocation (§ 3.12) with respect to any of its Capital Account.

**3.6 Investment Manager**

The Investment Manager is Unicorn Capital Partners, LLC, the General Partner (§ 3.1) of the Fund.

### **3.7 Investment Adviser**

Yue Wang (aka. George Wang) is the Investment Adviser selected by the Investment Manager (§ 3.6) to act as the Investment Adviser of Unicorn Pairs Fund, LP. The Investment Adviser shall be duly registered under federal or state law during all periods when such registration is required.

The Investment Adviser solely advises the Unicorn Pairs Fund, LP and is exempt from federal and state registration. The Investment Adviser is exempt from federal registration under Section 203(m) of the Investment Advisers Act of 1940 which directs the Securities and Exchange Commission to exempt the registration for all investment advisers solely advising private funds with an aggregate value of assets which are less than \$150 million. The state Investment Advisory registration is determined by each state's investment adviser statute. None of the states require registration for Investment Advisors as long as aggregate assets are less than \$25 million and has no more than 5 clients.

### **3.8 Authority over the Fund**

Provided that the General Partner (§ 3.1), Unicorn Capital Partners, LLC, has selected the Investment Adviser (§ 3.7), George Wang, in good faith, the General Partner shall in no event be responsible to the Fund, any Limited Partner (§ 4.1) or any other person for any act or omission of the Investment Adviser in carrying out its advisory duties to the Fund.

The General Partner shall act on behalf of and in the name of the Unicorn Pairs Fund, LP and without notice to the Limited Partners;

- a. open, maintain and close accounts with brokers, which power shall include the authority to issue all instructions and authorizations to brokers regarding securities and money therein and to pay, or authorize the payment and reimbursement of, brokerage commissions;
- b. open, maintain and close bank accounts and authorize the drawing of checks or other orders for the payment of monies;
- c. bring or defend, pay, collect, compromise, arbitrate, resort to legal action, or otherwise adjust claims or demands of or against the Unicorn Pairs Fund, LP;
- d. deposit, withdraw, invest, pay, retain and distribute the Unicorn Pairs Fund, LP's funds in a manner consistent with the provisions of this Agreement;
- e. engage one or more custodians, attorneys, independent accountants, consultants and any other persons that the Investment Manager deems necessary or advisable;
- f. accept or refuse new Subscriptions and/or Additions of capital to the Fund;
- g. terminate the Fund and return its capital to the Limited Partner(s).

The Investment Adviser is solely responsible for any investing decisions of the Fund and shall act on behalf of and in the name of the Unicorn Pairs Fund, LP and without notice to the Limited Partners;

- a. act as Investment Advisor of the Fund and direct the formulation of investment and trading policies and strategies for the Fund;
- b. return capital to the Limited Partner(s) in order to rebalance the Assets Under Management of the Fund.

### **3.9 High Water Mark**

The High Water Mark is the highest Net Asset Value (§ 6.9) obtained at the end of a previous Fiscal Year (§ 1.7), which becomes the beginning balance of the following year, after any Additions and Subscriptions (§ 6.13) and Withdrawals and Redemptions (§ 6.14). Specifically, the High Water Mark is the highest beginning balance among previous fiscal years. The High Water Mark is used to determine Performance (§ 6.12) and ensures that the Investment Manager (§ 3.6) only charges fees on actual profits. Any losses experienced in one or more prior years must be recouped before any additional Management Fees (§ 3.11) and Performance Allocation (§ 3.12) (aka. 2/20 fee structure) are charged.

### **3.10 Graduated 10% Hurdle Rate**

The Graduated 10% Hurdle Rate is a variable scale the Fund (§ 2.1) uses to determine the amount of Management Fee (§ 3.11) and Performance Allocation (§ 3.12) to charge to the Limited Partners (§ 4.1) based on the Fund's Performance (§ 6.12).

To determine the Graduated 10% Hurdle Rate the annualized Performance in percentage is multiplied by 10.

$$\text{Graduate 10\% Hurdle Rate} = \lim_{0\% \rightarrow 10\%} \text{Performance} \times 10$$

The Graduate 10% Hurdle Rate is only applicable when the Fund's annualized performance is between 0% and 10%. When the annualized performance is below 0%, the Fund does not charge Management Fee or Performance Allocation. When the annualized performance is above 10%, the Fund charges the full 2% Management Fee and 20% Performance Fee.

### **3.11 Management Fee**

On the last day of the Fiscal Year (§ 1.7), or on a Withdrawal or Redemption (§ 6.14), the Management Fee is based upon the Graduated 10% Hurdle Rate (§ 3.10) which is applied to 2% of the current NAV (§ 6.9).

$$\text{Management Fee} = \text{Graduated 10\% Hurdle Rate} \times 2\% \times \text{NAV}_{\text{end of the period}}$$

During the year, on the last day of the month, Unicorn Capital Partners, LLC will charge the Limited Partner (§ 4.1) an annualized 0.5% Management Fee on the Fund's end of the month Net Asset Value (§ 6.9).

$$\text{Monthly Management Fee} = \frac{0.5\%}{12} \times \text{NAV}_{\text{end of the month}}$$

On the last day of the Fiscal Year, or on a Withdrawal or Redemption, the Management Fee charged and transferred from profits is Management Fee less the Monthly Management Fees already charged. If the Management Fee is less than the Monthly Management Fees already charged then the General Partner will return the difference.

$$\text{Charged Management Fee} = \text{Management Fee} - \text{Monthly Management Fee}$$

### **3.12 Performance Allocation**

Unicorn Capital Partners, LLC will share the profits of the Fund through a Performance Allocation at the end of the Fiscal Year (§ 1.7) or upon a Withdrawal (§ 4.4) or Redemption (§ 4.3). The Performance Allocation is determined by the performance (§ 6.12) attributed to the Limited Partner (§ 4.1) minus High Water Mark (§ 3.9) and Management Fee (§ 3.11) and determined by the Graduated 10% Hurdle Rate (§ 3.10). On the last day of the Fiscal Year (§ 1.7), or on a Withdrawal or Redemption, the Graduated 10% Hurdle Rate (§ 3.10) is applied to the annualized Performance of the Limited Partner (§ 6.13) minus the High Water Mark and Management Fee. The Performance Allocation charged and transferred is:

$$\text{Graduated 10\% Hurdle Rate} \times 20\% \times (\text{Performance} - \text{High Water Mark} - \text{Management Fee})$$

### **3.13 Indemnification of Investment Manager**

In the absence of willful misfeasance, bad faith or gross negligence on the part of the Investment Manager (§ 3.6), or reckless disregard of its obligations and duties hereunder, the Investment Manager shall not be subject to any liability to the Fund or to any member of the Fund, for any act or omission in the course of, or connected with, rendering services hereunder.

The Fund shall, to the fullest extent permitted by law, indemnify and save harmless the Investment Manager, its affiliates and any of their respective partners, members, directors, officers, employees or shareholders (the "Indemnitees") from and against any and all claims, liabilities, damages, losses, costs and expenses, that are incurred by any Indemnatee and that arise out of or in connection with the performance or nonperformance of or by the Indemnatee of any of the Investment Manager's responsibilities hereunder. An Indemnatee shall be entitled to indemnification hereunder only if the Indemnatee acted in good faith and in a manner the Indemnatee reasonably believed to be in or not opposed to the best interests of the Fund.

### **3.14 Expenses**



The General Partner (§ 3.1) shall be responsible for all expenses relating to its own operations (“Partnership Expenses”), excluding fees, costs and expenses directly related to the purchase and sale of securities, but including expenses of custodians, counsel and accountants, any insurance, indemnity or litigation expenses, all costs of the Partnership’s administration, including preparation of its financial statements and reports to Limited Partners (§ 4.1), costs of holding any meetings of Partners, and any taxes, fees or other governmental charges levied against the Partnership. In addition, the General Partner shall be responsible for all fees and expenses due any legal, financial, accounting, consulting, or other advisors or any lenders, investment banks and other financing sources in connection with transactions which are not consummated (“Broken-Deal Expenses”). At last, the General Partner shall be responsible for all of their day-to-day operating expenses, including office overhead and compensation of employees.

In an event, aside from the Fund’s normal operational expenses:

- a. an individual Limited Partner causes any direct out-of-pocket expense incurred by the Fund, the individual Limited Partner shall be liable for all out-of-pocket expenses.
- b. an admission of a Substituted Partner (§ 8.3), the individual Limited Partner shall be liable for all fees and costs necessary to effect any such transfer and admission.

### **3.15 Year End Liquidation**

If the Performance (§ 6.12) of the Fund after Management Fee (§ 3.11) and Performance Allocation (§ 3.7) is greater than 20% on November 30th of that Fiscal year (§ 1.7), the Investment Manager (§ 3.6) will liquidate all Pairs (§ 5.5) for the month of December.

**4.1 Limited Partner**

A Limited Partner does not have any management responsibility or voting rights in the Unicorn Pairs Fund, LP. Limited Partners are not personally liable. Limited Partners are only liable to the extent of the amount of money that each partner has invested in the Fund. All the gains, losses and Taxes (§ 7.1) of the Fund are passed through to the Limited Partners at their respective Pairs Participation (§ 6.3) percentages.

The names of all of the Limited Partners and the amounts of their respective contributions to the Unicorn Pairs Fund, LP are set forth in the Schedule of Capital Contributions (§ 2.3) and in Ownership Percentages (§ 2.4) which shall be maintained confidentially with the records of the Fund at the principal place of business of Unicorn Capital Partners, LLC. Each Limited Partner shall only have access to records relating to their own Capital Accounts (§ 6.4).

**4.2 Accredited Investor**

Pursuant to SEC Rule 506(c) under Regulation D, all Limited Partners (§ 4.1) of the Fund must be Accredited Investors. An Accredited Investor is defined to include but is not limited to any natural person whose individual net worth, or joint net worth with that person's spouse, exceeds \$1 million, excluding the value of their primary residence; or who has an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year. An Accredited Investor can also be any trust, institution, endowment plan or business with total assets in excess of \$5 million. Refer to Securities Exchange Commission for more detailed information and/or current definitions of Accredited Investor.

To date, the SEC has released a non-exclusive list of steps that can be taken to prove that investors are accredited. These include but are not limited to:

- Receiving a written confirmation from a registered broker-dealer, SEC-registered investment adviser, licensed attorney, or certified public accountant that such entity or person has taken reasonable steps to verify the purchaser's accredited status;
- Reviewing copies of any IRS form that reports the income of the purchaser and obtaining a written representation that the purchaser will likely continue to earn the necessary income in the current year.

**4.3 Additions and Withdrawals**

Additions and Withdrawals by a Limited Partner (§ 4.1) can be made once a month. Additions must be approved by Unicorn Capital Partners, LLC. Additions are deposited in the Fund's Non-Interest-Bearing Account (§ 2.2) until the next Main Trade (§ 5.6). Withdrawal requests must be

in writing to Unicorn Capital Partners, LLC and upon receipt will be available within ten (10) business days barring any Catastrophic Events (PPM § 2.9). When the Assets Under Management (§ 6.8) of the Limited Partner is above \$10,000, the Limited Partner may withdraw the difference between that amount and \$10,000. If the amount is below \$10,000, the only Withdrawal allowed is a full Redemption (§ 4.4).

#### **4.4 Redemptions**

A Redemption is a Limited Partner's (§ 4.1) total liquidation of investment in the Unicorn Pairs Fund, LP. Upon the receipt of a written request of Redemption from the Limited Partner, Unicorn Capital Partners, LLC will liquidate the Limited Partner's investment in the Fund and will transfer the monies, net of Management Fee (§ 3.11) and net of Performance Allocation (§ 3.12), within five (5) business days, barring any Catastrophic Events (PPM § 2.9).

Pursuant to the Investment Act Section 3(c)(1) which excludes from regulation under the Act privately offered investment companies with 100 or fewer "beneficial owners", the General Partner (§ 3.1) reserves the right, with a 5 business-day notice, to redeem a Limited Partner's interest in the Fund to maintain Accredited Investor (§ 4.2) participation to no more than 100 investors.

#### **4.5 Reporting**

As soon as practicable after an audit as of the end of the Fiscal Year (§ 1.7) conducted pursuant to Independent Accountant (§ 6.2), and in no event later than 120 days after fiscal year-end, the Fund will prepare and mail to each Limited Partner (§ 4.1) and, to the extent required, to each former Partner (or such Partner's legal representatives) a copy of the audited financial statements prepared for the Fund.

- a.** Within 30 days after the end of each quarter (or at more frequent intervals, in the General Partner's discretion), the Fund (or its accountants) shall provide each Partner with a written performance summary. The Fund reserves the rights to make interim reports available solely in electronic form on the web site of the Fund or its administrator, and the Partners hereby agree to accept such electronic delivery in satisfaction of any regulatory requirements under any applicable law.
- b.** Each Partner shall have the right at all reasonable times during normal business hours to audit, examine and make copies of or extracts from the books of account of the Fund upon 10 business days' notice to the General Partner (§ 3.1). Such right may be exercised through any agent or employee of such Partner designated by him or it or by an independent certified public accountant designated by such Partner. Each Partner shall bear all expenses incurred in any examination made on behalf of such Partner. Notwithstanding any other provision of this Agreement, however, no Limited Partner or

the Limited Partner's representative shall at any time have the right to any information regarding specific Securities held in the Fund's portfolio.

- c. Unless prohibited by law or regulation, the General Partner may deliver any report required to be delivered to a Limited Partner by electronic mail addressed to the most recent email address provided by the Limited Partner to the General Partner for the purpose of communications on Fund matters.

#### **4.6 Privacy Policy**

Any and all nonpublic personal information received by the Unicorn Pairs Fund, LP and/or Unicorn Capital Partners, LLC in the course of business with respect to the Limited Partners (§ 4.1) including the information provided to the Fund by a Limited Partner in the subscription documents, shall not be shared with nonaffiliated third parties. Affiliated third parties such as service providers include but are not limited to the administrator, the auditors, the brokers and the legal advisors of the Fund. Notwithstanding the foregoing, the Fund and/or the Investment Manager (§ 3.6) may disclose such nonpublic personal information as required by law. Such policy shall also apply to former Limited Partners.

While the Fund and its representatives will use their best reasonable efforts to keep confidential information the Limited Partner provides to the Fund, (i) there may be circumstances in which a law or regulation relating to combating terrorism or money laundering may require the release of such information to law enforcement or regulatory officials; (ii) the Fund may present such information to regulatory bodies or other parties as may be appropriate to establish the availability of exemptions from certain securities and similar laws, or the compliance of the Fund and/or the Investment Manager with applicable laws; and (iii) the Fund may disclose such information relating to the Limited Partner's investment in the Fund when required by judicial process, to the extent permitted under privacy laws or to the extent the Fund considers the information relevant to any issue in any lawsuit or similar proceeding to which the Fund is a party or by which it is or may be bound. If the Limited Partner has instructed the Fund to send duplicate reports to third parties pursuant to this Agreement, the Limited Partner may revoke this instruction at any time by sending a written notice to the Fund indicating that a previously authorized third party is no longer authorized to receive the Limited Partner's reports.

#### **4.7 Benefits of Agreement**

Nothing in this Agreement is intended or shall be construed to give to any creditor of the Fund or of any Partner (§ 1.3) or of any other person or entity whatsoever, other than the Partners and the Fund, any legal or equitable right, remedy or claim under this Agreement, all provisions of which are for the exclusive benefit of the Partners and the Fund.

#### **4.8 Distribution**

Except for withdrawal distributions, the General Partner (LPA, § 3.1) does not expect to make distributions to the Partners. It nevertheless may do so at any time, in any amount, in cash or in kind, in proportion to the Limited Partners' Capital Accounts (§ 6.4) at the time of the distribution.

**5.1 Methodology**

All trades made by Unicorn Pairs Fund, LP range from a few days to a few months. The Fund does not participate in day trading or high-frequency trading and rarely will find the need to be in a trade for one day. All trades are quantified by the Proprietary Approach (§ 5.2) and the Investment Advisor (§ 3.7) determines which trades to initiate. Once a Trade is initiated, the Proprietary Approach (§ 5.2) determines the Counter Trades (§ 5.7) for reducing the pairs' (§ 5.5) exposure to the market, the Risk Management (§ 5.3) for exits and the Money Management (§ 5.4) for the size of each trade.

**5.2 Proprietary Approach**

The Proprietary Approach employs a proprietary pairing coefficient to pair bullish and bearish stocks across different industries and sectors. This approach neutralizes the Fund's (§ 2.1) exposure to the market, and profits from the price discrepancy between the two securities, also known as the pair or spread.

**5.3 Risk Management**

Risk Management is meant to both protect profits and mitigate losses. Each trade has a unique stop-loss determined by the mathematics of the Proprietary Approach (§ 5.2). The stop-loss price is meant to risk no more than 2% of the Net Asset Value of the Fund (§ 6.9) on each Pair (§ 5.5), barring any Catastrophic Events (PPM § 2.9).

**5.4 Money Management**

Money Management determines the quantity of Instruments (§ 5.9) needed for each Pair (§ 5.5) to risk no more than 2% of the Net Asset Value (§ 6.9). The net effect of Money Management is that it maximizes the Net Asset Value on an absolute dollar basis when the Fund is appreciating, while limiting risk when the Fund is depreciating.

**5.5 Pairs**

Given the funding requirements of the Instruments (§ 5.9) used for trading the Fund's Methodology (§ 5.1), the Fund (§ 2.1) rarely has more than five Pairs open at any one time. Each Pair rarely risks more than 2% of the Net Asset Value of the Fund (§ 6.9). Profits are protected by Counter Trades (§ 5.7) which reduce the risk and funding requirements of the Main Trade (§ 5.6) and provide an opportunity for an Extra Trade (§ 5.8).

**5.6 Main Trades**

A Main Trade is identified by the Proprietary Approach (§ 5.2) and is initiated by the Investment Advisor (§ 3.7). Once in a Main Trade, the only exit from the trade is determined by Risk Management (§ 5.3), the Investment Advisor's decision to replace it with a more advantageous

trade or through partial Withdrawals and/or Redemptions (§ 6.14). During a Main Trade, there are times when the market provides an opportunity for a Counter Trade (§ 5.7). This situation allows the Fund to take some profits and temporarily free up capital that can be used for an Extra Trade (§ 5.8).

### **5.7 Counter Trades**

A Counter Trade is created subsequent to and counter to an existing Main Trade (§ 5.6). It is used to protect profits in the Main Trade and free up capital. Any new money received via Additions and Subscriptions (§ 6.13) does not participate in a Counter Trade if not already in the Main Trade.

### **5.8 Extra Trades**

An Extra Trade is created when the capital is freed-up by a Counter Trade (§ 5.7) and invested in a new Pair (§ 5.5). An Extra Trade follows the Proprietary Approach (§ 5.2) as to entry points, Risk Management (§ 5.3) and Money Management (§ 5.4). Any new money received via Additions and Subscriptions (§ 6.13) does not participate in an Extra Trade if not already in the Main Trade (§ 5.6).

### **5.9 Instruments**

The Instruments used for trading the Methodology (§ 5.1) are limited to liquid markets that are traded in the U.S stock exchanges. The Fund (§ 2.1) trades US mega and large cap. stocks and American Depositary Receipts (ADRs).

**6.1 Accounting**

The Accounting practice of the Fund (§ 2.1) is based on (“FIFO”) first in, first out accounting method and Pairs Participation (§ 6.3). The Fund’s accounting optimizes Limited Partner’s (§ 4.1) return on investments by not diluting the ownership of existing Pairs (§ 5.5) with Additions and Subscriptions (§ 6.13). All Additions and Subscriptions are deposited in the Fund’s Non-Interest-Bearing Account (§ 2.2) until the next Main Trade (§ 5.6).

**6.2 Independent Accountants**

The books and records of the Fund shall be audited as of the end of each fiscal year of the Fund by an independent accounting firm selected by the General Partner (§ 3.1). If the Fund's first fiscal year is less than a full twelve months, and the Fund is not otherwise required by law or regulation to prepare audited financial statements for the short year, the Fund may postpone its first audit until the end of the following fiscal year, in which case the audit shall also cover the short first fiscal year of the Fund.

**6.3 Pairs Participation**

Pairs Participation is used to express percentage ownership of the Limited Partner’s (§ 4.1) interest in the Fund and is maintained in the Capital Accounts (§ 6.4). The Pairs Participation percentage for each of the Limited Partner’s is the balance of their Capital Accounts at the time of the Main Trade (§ 5.6) divided by the Assets Under Management (§ 6.8) of the Fund. The Pairs Participation of a Limited Partner (§ 4.1) for a Counter Trade (§ 5.7) and an Extra Trade (§ 5.8) is dependent on participation in a specific Main Trade. The distinction arises because a Main Trade employs all available capital in the Non-Interest-Bearing Account (§ 2.2) but a Counter Trade (§ 5.7) and an Extra Trade only employs the capital already participating in a Main Trade.

**6.4 Capital Accounts**

For bookkeeping purposes, Capital Accounts are kept for the Fund and for the partners. There are two classes of Capital Accounts for both the Fund and the partners; a Yearly Capital Account (§ 6.5) and an Annualized Capital Account (§ 6.6). The bookkeeping of the Capital Accounts of shall be kept and maintained at all times at the principal place of business of the Fund or at such other place or places approved by the General Partner. The Capital Accounts shall be maintained according to Generally Accepted Accounting Principles (“GAAP”), consistently applied, except as may be expressly provided elsewhere in this Agreement, and shall show all items of income and expense.

**6.5 Yearly Capital Account**

On the first day of a new Fiscal Year (§ 1.7) all of the Yearly and Annualized Capital Accounts (§ 6.6) from the prior Fiscal Year are combined into a new Yearly Capital Account. The



beginning balance of the new Yearly Capital Account will be the closing balances of all the Capital Accounts on the last day of the prior Fiscal Year, less all the Management Fees (§ 3.11) and Performance Allocation (§ 3.12).

Withdrawals and Redemptions (§ 6.14) affect the balance of the Yearly Capital Accounts. To accurately charge Management Fees and Performance Allocation on Withdrawals and Redemptions, a new Annualized Capital Account is created to record such transaction and the Yearly Capital Account is debited.

#### **6.6 Annualized Capital Account**

An Annualized Capital Account is created in the month in which Additions and Subscriptions (§ 6.13) or Withdrawals and Redemptions (§ 6.14) are made. For Additions and Subscriptions, the Annualized Capital Account begins in the month it was created. For Withdrawals and Redemptions, the account begins either the first day of the Fiscal Year, if it is debited from the Yearly Capital Account (§ 6.5), or the first day of the month of the earliest Annualized Capital Account if no Yearly Capital Account exists which is consistent with the “First In, First Out” (FIFO) accounting method.

In the case of Additions and Subscriptions, the beginning balance of the Annualized Capital Account is equal to the Additions and Subscriptions made that month. To accurately account for Performance (§ 6.12) in the case of Withdrawals and Redemptions, the beginning balance of the Annualized Capital Account is the Withdrawal and Redemption divided by NAV (§ 6.9) of the debited account and the ending balance is the Withdrawal and Redemption.

#### **6.7 Regulatory Assets Under Management**

Regulatory Assets under Management (“RAUM”) of the Fund is the summation of all “ending balances” of the Capital Accounts (§ 6.4) of that Fiscal Year (§ 4.1) plus all capital in the Fund’s Non-Interest-Bearing Account (§ 2.2).

#### **6.8 Assets Under Management**

Assets under Management (“AUM”) of the Fund is the summation of all “ending balances” of the Capital Accounts (§ 6.4) of that Fiscal Year (§ 1.8) plus all capital in the Fund’s Non-Interest-Bearing Account (§ 2.2).

#### **6.9 Net Asset Value**

The Securities and Exchange Commission (“SEC”) defines Net Asset Value (“NAV”) as the difference between a fund’s Total Assets (§ 6.10) and Total Liabilities (§ 6.11). As the Fund manages dividend income and obligations (PPM, § 1.12) separately, the Fund’s NAV equals Total Assets minus dividend surplus, which is Assets under Management (“AUM”) (§ 6.8). As the AUM of the Fund is equivalent to Regulatory Assets under Management (“RAUM”) (§ 6.7), the Fund’s NAV also equals RAUM.

### 6.10 Total Assets

The Total Assets of the Fund is the summation of all “ending balances” of the Capital Accounts (§ 6.4), which is the current market value of the Fund’s total holdings. The market value is determined by the closing price of the traded instrument (§ 5.9) on that specific market exchange.

### 6.11 Total Liabilities

The General Partner (§ 3.1) shall be responsible for all Expenses (§ 3.14) relating to the operation of the Fund, excluding trading commissions and cost of borrowing shares of stocks to sell short (PPM, § 2.20).

Dividend Income and Obligation (PPM, §1.12) of the Fund (§ 2.1) are not passed onto Limited Partners (§ 4.1). The Fund uses the dividend income to fulfill dividend obligation incurred through Short Sales (PPM, §2.20). When the dividend income exceeds dividend obligation, a dividend surplus, after fulfilling dividend obligation, remaining dividend income will be reserved within the Fund (§ 2.1) to fulfill the following quarter(s)’ dividend obligation. When the dividend obligation exceeds dividend income, a dividend deficit, the Fund liquidates some of the Pairs (§ 5.5) to fulfill its dividend obligation.

In an event, aside from the Fund’s normal operations, an individual Limited Partner (§ 4.1) causes any direct out-of-pocket expense incurred by the Tax Matters Partner (§ 7.2), the individual Limited Partner shall be liable for all out-of-pocket expenses.

### 6.12 Performance

Performance is determined for each Capital Account.

The Performance for the Yearly Capital Account (§ 6.5) is the ending balance divided by the High Water Mark (§ 3.9) minus one, represented as a percentage:

$$\text{Performance \%} = \frac{\text{Ending Balance}}{\text{High Water Mark}} - 1$$

The Performance for the Annualized Capital Account (§ 6.6) is the ending balance divided by the High Water Mark (§ 3.9) minus one and divided by the annualization ratio, represented as a percentage:

$$\text{Performance \%} = \frac{\text{Ending Balance}}{\text{High Water Mark}} - 1$$

$$\text{Annualization Ratio} = \frac{\text{Number of Months}}{12}$$

$$\text{Annualized Performance\%} = \frac{\text{Performance \%}}{\text{Annualization Ratio}}$$

The Fund's Performance is determined by the Fund's Yearly Capital Account.

Partner Performance is determined by the summation of Performance of all the partner's capital accounts weighted by size:

$$\text{Capital Account Weighting ("CAW")} = \frac{\text{Size of Capital Account}}{\text{Summation of All Capital Accounts}}$$

$$\begin{aligned} \text{Partner's Total Performance\%} &= \\ &(\text{CAW} \times \text{Yearly Capital Account Performance\%}) \\ &+ (\text{CAW} \times \text{Annualized Capital Account}_1\text{Performance\%}) \\ &+ (\text{CAW} \times \text{Annualized Capital Account}_2\text{Performance\%}) \\ &+ (\text{CAW} \times \text{Annualized Capital Account}_3\text{Performance\%}) + \dots \\ &+ (\text{CAW} \times \text{Annualized Capital Account}_n\text{Performance\%}) \end{aligned}$$

### **6.13 Additions and Subscriptions**

Additions and Subscriptions are deposited in the Fund's Non-Interest-Bearing Account (§ 2.2) and remain unused until the next Main Trade (§ 5.6). For bookkeeping purposes, any Additions and Subscriptions are added to the Capital Accounts (§ 6.4) and become part of the Assets Under Management (§ 6.8) of the Fund. For accounting purposes, Additions and Subscriptions are assumed to be made on the first day of the month.

### **6.14 Withdrawals and Redemptions**

Withdrawals and Redemptions are transferred from the Unicorn Pairs Fund, LP accounts to the partner's account. For bookkeeping purposes Withdrawals and Redemptions are debited from Capital Accounts (§ 6.4) and from the Assets Under Management (§ 6.8) of the Fund. Withdrawals and Redemptions for accounting purposes are assumed to be made on the last day of the month.

### **6.15 Valuation of Assets**

The value of Fund assets shall be determined in accordance with FASB Accounting Standards Codification Topic (ASC) 820, "Fair Value Measurements and Disclosures" ("FASB ASC 820-10"), as in effect on the date of this Agreement. As used below, however, "FASB ASC 820-10" shall refer instead to any superseding, supplementing or amending Statement of Financial Accounting Standards intended by its adopters to apply to the valuation of assets in lieu of or in addition to the current version of FASB ASC 820-10 – provided that the General Partner (§ 3.1) has determined, in its good faith discretion, that it is in the best interests of the Fund that such superseding, supplementing or amending Statement thereafter be followed in valuing Fund assets. To the extent that U.S. generally accepted accounting principles, consistently applied ("GAAP") are consistent with FASB ASC 820-10, GAAP shall also be applied in valuing Fund

assets, as shall the valuation standards summarized below to the extent those standards are not inconsistent with FASB ASC 820-10 or GAAP.

Securities that are listed on a securities exchange (including such Securities when traded in the after-hours market) shall be valued at their last sale prices on the date of determination on the largest securities exchange on which such securities shall have traded on such date. Securities that are not listed on an exchange but are traded over-the-counter shall be valued at representative "bid" quotations if held long by the Fund and representative "asked" quotations if held short by the Fund on the date of determination. Non-U.S. Securities shall be valued at the last sale price in the principal market where they are traded. Notwithstanding the preceding paragraph, futures contracts shall be valued at the most recent "settlement price" set by the exchange on which such contracts are traded.

All values assigned to Securities and other assets by the General Partner shall be final and conclusive as to all of the Partners. Notwithstanding the preceding portions of this section, the General Partner shall be entitled to rely in good faith on valuations provided to the Fund by prime brokers (if any), other brokers, banks and other custodians with respect to assets held by such parties on behalf of the Fund.

**7.1 Taxes**

The Fund is a pass-through vehicle so all taxes are pass-through to the Partners (§ 1.3). All of the Fund's gains and losses are considered short-term and are taxed as Ordinary Income (§ 7.7). The Fund separately and directly files with the Internal Revenue Service ("IRS") its profits and/or losses on information return (Form 1065) which attaches a Schedule K-1 detailing each Partner's share of the Fund's profits and/or losses.

**7.2 Tax Matters Partner**

The General Partner (§ 3.1) shall act as the "Tax Matters Partner" for income tax purposes. The Tax Matters Partner shall mean the Partner (a) designated as the "tax matters partner" within the meaning of Section 6231(a)(7) of the Internal Revenue Code of 1986 from time to time (or any corresponding provision of succeeding law, collectively the "Code"); and (b) whose responsibilities which normally include, where appropriate, commencing on behalf of the Fund certain judicial proceedings regarding Fund income tax items and informing all Partners of any administrative or judicial proceeding involving income taxes. In exercising its responsibilities as Tax Matters Partner, the General Partner shall have final authority in all income tax decisions involving the Fund. In an event, aside from the Fund's normal operations, an individual Limited Partner (§ 4.1) causes any direct out-of-pocket expense incurred by the Tax Matters Partner, the individual Limited Partner shall be liable for all out-of-pocket expenses.

**7.3 Tax Treatment of Partners**

The Fund, as an entity, will not be subject to U.S. federal income tax. A Partner (§ 1.3) is responsible for the taxes on their share of the Funds gains and losses and reports these taxes on their individual income tax return. A copy of the Fund's IRS Form 1065 Schedule K-1 is provided to each individual Limited Partner (§ 4.1) for their records. The Limited Partner's profits and/or losses are considered ordinary income (§ 7.7) for federal tax reporting purposes. Ordinary income is treated differently at the state and local level. Each Partner must check with their Tax advisor to determine state and local taxes on ordinary income.

Moreover, a Limited Partner may be exempt under the Code and/or applicable state and local tax regulations. Notwithstanding the aforementioned and representations afterwards regarding individual ordinary income for tax reporting purposes and/or exemptions, which do not constitute legal or tax advice, every Limited Partner should seek independent specialized guidance from their Tax advisor to determine any tax liability and/or reporting obligation(s).

**7.4 Tax Treatment of Non-Profit Organization**

An exempt organization is not taxed on its income from an activity substantially related to the charitable, educational, or other purpose that is the basis for the organization's exemption. Such

income is exempt even if the activity is a trade or business. However, if an exempt organization regularly carries on a trade or business not substantially related to its exempt purpose, except that it provides funds to carry out that purpose, the organization is subject to tax on its income from that unrelated trade or business. Please refer to IRS Publication 598, "Tax on Unrelated Business Income of Exempt Organizations". <http://www.irs.gov/pub/irs-pdf/p598.pdf>

Notwithstanding the aforementioned paragraph, which does not constitute legal or tax advice, any Limited Partner (§ 4.1) should seek independent specialized guidance from their tax advisor to determine any tax liability and/or reporting obligations even if classified as a Non-Profit Organization.

### **7.5 Tax Treatment of Foreign Investor**

The rules governing the United States federal income taxation of nonresident alien individuals, foreign corporations, foreign partnerships and other foreign Limited Partners (collectively, "**Foreign Limited Partners**") are complex and include special rules relating to foreign investments in United States. Prospective Foreign Limited Partners should consult with their own tax advisors to determine the impact of United States federal, state and local income and other tax laws with regards to an investment in the Fund, including any reporting requirements.

### **7.6 Tax Treatment of General Partner**

The General Partner's (§ 3.1) "monthly" Management Fee (§ 3.11) are taxed as Ordinary Income (§ 7.7). The income/loss from ownership in the Fund is considered short-term gains/losses and is taxed as Ordinary Income. The annual allocation of the Fund's profits to the General Partner is considered Carried Interest (§ 7.8) and is taxed when sold. If the General Partner sells any of the ownership held for less than a year, it is taxed as Ordinary Income otherwise taxed as long-term capital gains.

### **7.7 Ordinary Income**

The Methodology (§ 5.1) followed by the Fund results in asset holding periods of less than one year. The holding period begins the day the asset is bought and extends up to and including the day the asset is sold. Profits earned on an asset held less than one year are considered short term capital gains for tax purposes and are taxed at the same rate as ordinary income.

### **7.8 Carried Interest**

The Carried Interest is the share of the Funds profits allocated to the General Partner (§ 3.1). On the last day of the Fiscal Year (§ 1.8), the General Partner collects Management Fees (§ 3.11) and Performance Allocation (§ 3.12) in a form of transferring the ownership of the Fund to the General Partner. If the General Partner sells any of the ownership, it is taxed as ordinary income (§ 7.7) if held for less than a year but taxed as long-term capital gains if held over a year. All profits made from Carried Interest are considered short term capital gains and are taxed as ordinary income.

## **7.9 Allocations for Tax Purposes**

- a. All Allocations for Tax Purpose are short-term and considered ordinary income.
- b. Net realized and unrealized appreciation or depreciation in the value of Fund assets will be allocated at the end of each Accounting Period (generally, the last day of each month) in proportion to the relative values of the Partners' Capital Accounts as of the beginning of the Accounting Period.
- c. For each Fiscal Year (§ 1.7), items of income, deduction, gain, loss, or credit shall be allocated for income tax purposes among the Partners (§ 1.3) in such manner as to reflect equitably amounts credited or debited to each Partner's Capital Account for the current and prior fiscal years (or relevant portions thereof). Allocations under this Section § 7.9 shall be made pursuant to the principles of Section 704(b) of the Code, and in conformity with Treasury Regulations §§ 1.704-1 (b)(2)(iv)(f) and 1.704-1 (b)(4)(i) promulgated thereunder, or the successor provisions to such Section and Treasury Regulations.
- d. If the Code or Treasury Regulations require a withholding or other adjustment to the Capital Account of a Partner or some other interim year event occurs necessitating in the General Partner's judgment an equitable adjustment, the General Partner shall make such adjustments in the determination and allocation among the Partners of Net Capital Appreciation, Net Capital Depreciation, Capital Accounts, Fund Percentages, Performance Allocation, Management Fee, items of income, deduction, gain, loss, credit or withholding for tax purposes, or accounting procedures or such other financial or tax items as shall equitably take into account such interim year event and applicable provisions of law, and such adjustments in the determinations and allocations by the General Partner shall be final and conclusive as to all Partners.

### 8.1 Assignment

Except as specifically provided in this Article 8, no Limited Partner (§ 4.1) may sell, transfer, assign, mortgage, hypothecate or otherwise encumber or permit or suffer any encumbrance of all or any part of such Limited Partner's interest in the Fund (§ 2.1) or upon death unless prior written consent is obtained from the General Partner (§ 3.1), which may be granted or withheld in the General Partner's sole discretion. Any attempt so to transfer or encumber any such interest shall be null and void *ab initio*. The Partners will be excused from accepting the performance of and rendering performance to any person other than the Partner hereunder (including any trustee or assignee of or for such Partner) as to whom such prior written consent has been rendered.

### 8.2 Further Restrictions on Transfer

In the event of any transfer permitted under this Article,

- a. the interest so transferred shall remain subject to all terms and provisions of this Agreement; the assignee or transferee shall be deemed, by accepting the interest so transferred, to have assumed all the obligations hereunder relating to the interests or rights so transferred and shall agree in writing to the foregoing if requested by the General Partner (§ 3.1). Until such transferee or assignee (other than an existing Partner) is admitted to the Fund as a Substituted Partner (§ 8.3), the Partner or the Partner's estate transferring all or any portion of his or its interest to such assignee or transferee shall remain primarily and directly liable for the performance of all his or its obligations under the Agreement. After the admission of such assignee or transferee as a Substituted Partner, such transferor Partner shall be primarily and directly liable under this Agreement or otherwise only for any obligations or liabilities accruing prior to the effective time of the admission of such Substituted Partner, unless such transferor Partner is released in writing from such obligations or liabilities by the General Partner.
- b. Any Partner (§ 1.3) making or offering to make a transfer of all or any part of his or its interest in the Fund shall indemnify and hold harmless the Fund and all other Partners from and against any costs, damages, claims, suits or fees suffered or incurred by the Fund or any such other Partner arising out of or resulting from any claims by the transferee of such Fund interest or any offerees of such Fund interest in connection with such transfer or offer.

### 8.3 Substituted Partner

An assignee or transferee (other than an existing Partner) of the interest of a Partner (§ 1.3) may be admitted as a substitute partner ("Substituted Partner"), at any time, only with the written consent of the General Partner (§ 3.1), which such consent may be granted or denied in the sole discretion of the General Partner. Unless the assignee is already a General Partner, any assignee



of a Fund interest to whose admission such consent is given shall become and shall have only the rights and duties of a Limited Partner (§ 4.1) and the assigned Fund interest shall thereafter be a Limited Partner's interest. Upon the receipt by the General Partner of an appropriate supplement to the Agreement pursuant to which such Substituted Partner agrees to be bound by this Agreement, the General Partner shall reflect the admission of a Substituted Partner and the withdrawal of the transferring Partner, if appropriate, by preparing a supplemental Exhibit, dated as of the date of such admission and withdrawal, and by filing it with the records of the Fund. Any Substituted Partner shall, if required by the General Partner prior to such admission, also execute any other documents requested by the General Partner, including, without limitation, a Subscription Agreement and an irrevocable power of attorney in form satisfactory to the General Partner appointing the General Partner as such person's attorney-in-fact with full power to execute, swear to, acknowledge and file all certificates and other instruments (§ 5.9) necessary to carry out the provisions of this Agreement, including, without limitation, such undertakings as the General Partner may require for the payment of all fees and costs necessary to effect any such transfer and admission. Upon admission, such Substituted Partner shall be subject to all provisions of the Agreement in the place and stead of his assignor as if the Substituted Partner originally was a party to this Agreement.

#### **8.4 Basis Adjustment**

The basis of partnership property shall not be adjusted as the result of a transfer of an interest in the Fund by sale or exchange or on the death of a partner unless the election provided by section 754 of the Code and the Treasury Regulations is in effect with respect to such partnership or unless the partnership has a substantial built-in loss immediately after such transfer. The Tax Matters Partner (§ 7.2) may cause, in its sole and absolute discretion, the Fund to elect pursuant to Section 754 of the Code and the Treasury Regulations thereunder to adjust the basis of the Fund Assets as provided by Sections 743 or 734 of the Code and the Treasury Regulations thereunder; provided, that the basis of Fund Assets shall in all cases be adjusted as required by the Code or regulations thereunder whether or not such an election under Section 754 is then in effect.

#### **8.5 Admission of Additional Partners**

- a. The General Partner (§ 3.1) may admit a new Limited Partner (§ 4.1) to the Fund at any time. Each such new Limited Partner, by accepting the terms of the Private Placement Memorandum, and executing the Subscription Agreement, pursuant to which such new Limited Partner agrees to be bound by this Agreement and satisfy any other requirements set by the General Partner.
- b. Upon satisfaction of the conditions stated in Section § 8.5(a), the General Partner shall reflect the admission of the new Limited Partner and deposit the new money in a Non-Interest Bearing Account (§ 2.2) . The admission of a new Limited Partner shall not cause the dissolution of the Fund. Upon the admission of a new

Limited Partner pursuant to Section § 8.5(a), a new Capital Account (§ 4.1) shall begin as set forth in Section VI.

#### **8.6 Other Restricted Transfers**

Notwithstanding any other provision herein to the contrary, unless prior written consent is given by the General Partner (§ 3.1), no transfer of any interest in the Fund may be made to any person who is related (within the meaning of Treasury Regulations Section 1.752-4(b)) to any lender of the Fund whose loan constitutes a nonrecourse liability of the Fund.

**9.1 Limited Partner Representations**

All representations, warranties and covenants of a Limited Partner (§ 4.1) set forth in the Subscription Agreement pursuant to which the Limited Partner was admitted to the Fund shall be deemed incorporated herein by reference, as if fully set forth herein, and shall remain in effect for so long as the Limited Partner shall remain a Limited Partner, subject to provisions in the Limited Partner's Subscription Agreement permitting and requiring the Limited Partner to correct certain representations or warranties which become inaccurate because of changes occurring after the effective date of such representations and warranties.

**9.2 Notices**

- a. All notices, demands or requests provided for or permitted to be given pursuant to this Agreement must be in writing.
- b. All notices, demands and requests to be sent to a Limited Partner (§ 4.1), any successor(s) to the interest of a Partner (§ 1.3) or any Substituted Partner (§ 8.3) pursuant to this Agreement shall be deemed to have been properly given or served if: (i) personally delivered, (ii) deposited prepaid for next day delivery by a nationally recognized overnight courier, addressed to such Partner, (iii) deposited in the United States mail, addressed to such Partner, prepaid and registered or certified with return receipt requested, (iv) electronically mailed (emailed) to the Partner at the email address provided by the Partner to the Fund or the sender for the purpose of receiving communications in connection with the Fund; or (v) transmitted via telecopier or other similar device to the attention of such Partner.
- c. All notices, demands and requests so given shall be deemed received: (i) when personally delivered, (ii) 24 hours after being deposited for next day delivery with an overnight courier, (iii) 48 hours after being deposited in the United States mail, or (iv) 12 hours after being telecopied, emailed or otherwise transmitted so long as receipt has been confirmed. In the case of a notice given by email, a sufficient confirmation shall be deemed to have been given if the sender receives a reply email which incorporates the emailed notice or otherwise clearly indicates that the emailed notice was received.
- d. The Partners and any Substituted Partners shall have the right from time to time, and at any time during the term of this Agreement, to change their respective addresses and each shall have the right to specify as such person's address any other address by giving to the other parties at least 30 days' written notice thereof, in the manner prescribed in Section § 9.2(b); provided however, that to be effective, any such notice must be actually received (as evidenced by a return receipt).

### **9.3 Amendments to Limited Partnership Agreement**

The General Partner may amend the Limited Partnership Agreement or any Exhibits to make a change that is necessary or desirable or to satisfy any requirements, regulations or guidelines contained in any opinion, directive, order, statute, ruling or regulation of any federal, state or foreign governmental entity, so long as such change is made in a manner which minimizes any adverse effect on the Limited Partners. In addition, the General Partner may adopt any other amendment to this Agreement, without the consent of the Limited Partners, provided that

- a. each Limited Partner receives at least 30 days' prior written notice of the amendment and
- b. each Limited Partner is permitted to withdraw all or part of such Partner's Capital Account, without any penalty, prior to the effective date of the amendment.

### **9.4 Powers of Attorney**

Each Limited Partner (§ 4.1) hereby constitutes and appoints the General Partner (§ 3.1), with full power of substitution, as such Limited Partner's true and lawful attorney-in-fact and empowers and authorizes such attorney, in the name, place and stead of such Limited Partner, to make, execute, sign, swear to, acknowledge and file in all necessary or appropriate places all documents (and all amendments or supplements to or restatements of such documents necessitated by valid amendments to or actions permitted under this Agreement) relating to the Fund and its activities, including, without limitation: (a) this Agreement and any amendments hereto approved as provided in this Agreement, (b) the Certificate of Limited Partnership and any amendments thereto, under the laws of the State of Delaware or in any other state or other jurisdiction, U.S. or foreign, in which such filing is deemed advisable by such General Partner, (c) any applications, forms, certificates, reports or other documents or amendments thereto which may be requested or required by any federal, state, local or foreign governmental agency, securities exchange, securities association, self-regulatory organization or similar institution and which are deemed necessary or advisable by such General Partner, (d) any other instrument which may be required to be filed or recorded in any state or county or by any governmental agency, or which such General Partner deems advisable to file or record, including, without limitation, certificates of assumed name and documents to qualify foreign limited partnerships in other jurisdictions, (e) any documents which may be required to effect the continuation of the Fund, the admission of new Limited Partners or Substituted Partners (§ 8.3), the withdrawal of any Partner or the dissolution and termination of the Fund, (f) making certain elections contained in the Code or state law governing taxation of limited partnerships, and (g) performing any and all other ministerial duties or functions necessary for the conduct of the business of the Fund. Each Limited Partner hereby ratifies, confirms and adopts, as his own, all actions that may be taken by such attorney-in-fact pursuant to this Section § 9.4. Each Limited Partner acknowledges that this Agreement permits certain amendments to be made and certain other actions to be taken or omitted to be taken by less than all of the Partners if approved in accordance with the

provisions hereof. By a Limited Partner's execution hereof, such Limited Partner also grants the General Partner a power of attorney to execute any and all documents necessary to reflect any action that is approved in accordance with the provisions hereof. This power of attorney is coupled with an interest and shall continue notwithstanding the subsequent incapacity or death of the Limited Partner. Each Limited Partner shall execute and deliver to the General Partner an executed and appropriately notarized power of attorney in such form consistent with this Section § 9.4 as the General Partner may request.

## **9.5 Confidentiality**

- a. Each Limited Partner (§ 9.4) acknowledges that, during the period of such Limited Partner's investment in the Fund, such Limited Partner may have access to confidential and proprietary information of the Fund, including, but not limited to, information regarding investment and trading strategies and investments made and Pairs (§ 5.5) held by the Fund (but see Section 9.5(d)).
- b. During the period of a Limited Partner's investment in the Fund or at any time thereafter, confidential information of the Fund may not be used in any way by such Limited Partner or former Limited Partner for such Limited Partner's own private or commercial purposes (other than in connection with such Limited Partner's evaluation of the Fund) or, directly or indirectly, disclosed to or discussed with any other person or entity, except those owners, directors, officers, employees, accountants, attorneys or agents of the Limited Partner whose access to such information is reasonably necessary for such Limited Partner's operations and who are bound by similar obligations as to non-disclosure of confidential information, or except as required by law.
- c. Each Limited Partner acknowledges and agrees that the Fund and the General Partner (§ 3.1) may be harmed irreparably by a violation of this Section § 9.5 and that the Fund and the General Partner shall be entitled to injunctive relief, to enforcement of this Section § 9.5 by specific performance and to damages in the event of any such breach. Each Limited Partner agrees to waive any requirement for the securing or posting of any bond in connection with such remedy.
- d. Notwithstanding the preceding portions of this Section § 9.5 or any other provision of this Agreement, each Limited Partner acknowledges that the past, present and future Pairs (§ 5.5) of the Fund, and the investment strategies of the General Partner, are proprietary information of the General Partner and will not be disclosed to any Limited Partner at any time except as the General Partner may choose, or as may be required by law. The General Partner's election to disclose any of such information to one or more Limited Partners or other persons shall not obligate the General Partner to disclose the same or other information to any other Limited Partner or other person. The General Partner's

election to disclose any of such information on one or more occasions shall not obligate the General Partner to disclose the same or other information on any other occasion.

#### **9.6 Certification of Non-Foreign Status**

Each Limited Partner (§ 4.1) or transferee of an interest in the Fund shall certify in the Subscription whether he or she is a "United States Person" within the meaning of Section 7701(a)(30) of the Code on forms to be provided by the Fund, and shall notify the Fund within 30 days of any change in such Limited Partner's status.

#### **9.7 Governing Laws**

This agreement and the rights and obligations of the partners hereunder shall be interpreted, construed and enforced in accordance with the laws of the state of Delaware. Notwithstanding the preceding sentence, nothing in this agreement shall limit the applicability of the investment advisers act of 1940 or regulations thereunder (at any time when the investment manager is registered or required to be registered as an investment adviser with the securities and exchange commission) or the applicability of the analogous investment adviser laws of any state and regulations thereunder (at any time when the investment manager is registered or required to be registered as an investment adviser with such state) to the extent that such laws apply to the construction or interpretation of investment advisory agreements.

#### **9.8 Rule of Construction**

The general rule of construction for interpreting a contract, which provides that the provisions of a contract should be construed against the party preparing the contract, is waived by the parties. Each party acknowledges that he or it was represented by separate legal counsel in this matter who participated in the preparation of this Agreement or he or it had the opportunity to retain counsel to participate in the preparation of this Agreement but chose not to do so.

#### **9.9 Entire Agreement**

This Agreement, including all exhibits to this Agreement and, if any, exhibits to such exhibits, contains the entire agreement among the parties relative to the matters contained in this Agreement.

#### **9.10 Waiver**

No consent or waiver, express or implied, by any Partner (§ 1.3) to or for any breach or default by any other Partner in the performance by such other Partner of his or its obligations under this Agreement shall be deemed to be a consent or waiver to or of any other breach or default in the performance by such other Partner of the same or any other obligations of such other Partner under this Agreement. Failure on the part of any Partner to complain of any act or failure to act of any of the other Partners or to declare any of the other Partners in default, regardless of how long such failure continues, shall not constitute a waiver by such Partner of his or its rights hereunder.

### **9.11 Severability**

If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to other persons or circumstances shall not be affected thereby, and the intent of this Agreement shall be enforced to the greatest extent permitted by law.

### **9.12 Binding Agreement**

Subject to the restrictions on transfers and encumbrances set forth in this Agreement, this Agreement shall inure to the benefit of and be binding upon the undersigned Partners and their respective legal representatives, successors and assigns. Whenever, in this Agreement, a reference to any party or Partner (§ 1.3) is made, such reference shall be deemed to include a reference to the legal representatives, successors and assigns of such party or Partner.

### **9.13 Tense and Gender**

Unless the context clearly indicates otherwise, the singular shall include the plural and vice versa. Whenever the masculine, feminine, or neuter gender is used incorrectly in this Agreement, this Agreement shall be read as if the appropriate gender was used.

### **9.14 Captions**

Captions are included solely for convenience of reference and, if there is any conflict between captions and the text of this Agreement, the text shall control.

### **9.15 Counterparts; Execution of Subscription Agreement**

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original for all purposes and all of which when taken together shall constitute a single counterpart instrument. This Agreement may also be executed, with equal effect, by the execution of a Subscription Agreement, in one or multiple counterparts, each of which shall be deemed an original for all purposes and all of which when taken together shall constitute a single counterpart instrument, in such form as the General Partner (§ 3.1) may approve from time to time, by the General Partner on behalf of the Fund and by a subscriber for limited partner interests in the Fund (a "Subscriber"), provided that such Subscription Agreement expressly refers to this Agreement and provides that it is being executed for the purpose of admitting the Subscriber as a Limited Partner of the Fund on the terms and conditions of the Limited Partnership Agreement of the Fund. Executed signature pages to any such counterpart may be detached and affixed to a single counterpart, which single counterpart with multiple executed signature pages affixed thereto shall constitute the original counterpart instrument. All of these counterpart pages shall be read as though they are one and they shall have the same force and effect as if all of the parties had executed a single signature page.

### **9.16 Assignment of Agreement**

Notwithstanding any other provision of this Agreement, the General Partner (§ 3.1) shall not take any action that would constitute an "assignment" of this Agreement within the meaning of such term under any law or regulation that applies to the General Partner in its status as Investment Manager to the Fund and that would restrict or impose conditions upon such an assignment, unless the General Partner has first complied with all of such restrictions and/or conditions, and no such assignment shall be effective absent such compliance. If any such applicable law or regulation requires that consent to such an assignment be given by the other party to the contract being assigned, such consent shall be effective only if given by a Majority in Interest of the Limited Partners. Such a consent by a Limited Partner (§ 4.1) shall be effective if given in any manner then authorized under this Agreement. Without limiting the preceding sentence, a Limited Partner shall be deemed to have consented to such an assignment if the General Partner has given a written notice to the Limited Partner that (1) identifies the proposed assignee and describes the proposed assignment in reasonable detail; (2) asks that the Limited Partner consent to the assignment; (3) specifies a deadline by which the Limited Partner may give or withhold such consent (which deadline shall not be less than 15 days after the date of such notice to the Limited Partner); and (4) states that the Limited Partner shall be deemed to have consented to the assignment unless the Limited Partner has given express written notice to the General Partner by such deadline that the Limited Partner withholds consent – unless the Limited Partner shall have given such express written notice of non-consent by the specified deadline.

#### **9.17 Performance Allocations Shall Comply With Applicable Laws and Regulations**

Notwithstanding any other provision of this Agreement, in no event will a Performance Allocation (§ 3.12) be made from a Limited Partner's Capital Account, or any other form of performance based compensation be charged to a Limited Partner (§ 4.1), except in compliance with all applicable requirements of the Securities and Exchange Commission, state agencies and other regulatory authorities (including self-regulatory organizations) having jurisdiction over the General Partner (§ 3.1), Investment Manager (§ 3.6).

#### **9.18 Changes in Applicable Laws and Regulations**

The Fund must comply with a wide variety of laws and regulations as defined in Regulatory Matters (§ 9.1). If any of these laws or regulations change or if new laws or regulations applicable to the Fund should come into force, the Fund may experience an adverse consequence and may even be required to cease its operations and to liquidate. Such events may negatively impact the value of Partner's NAV. Even without new legislation, the Internal Revenue Service, SEC, and other governmental agencies might issue new regulations, possibly with retroactive effect, which could result in adverse consequences to the Fund and its investors.



**IN WITNESS WHEREOF**, this Agreement is in effect as of the date first stated on the first page hereof.

GENERAL PARTNER  
Unicorn Capital Partners, LLC

By: /s/\_\_\_\_\_  
Name: Peter Del Rio  
Managing Member