

# *Private Placement Memorandum*



## UNICORN PAIRS FUND, LP

*Delaware Limited Partnership*

**UNICORN CAPITAL PARTNERS, LLC**

*General Partner, Investment Manager*

IN COMPLIANCE WITH SEC RULE 506(C), UNICORN PAIRS FUND, LP IS NOT REQUIRED TO REGISTER ITS OFFERING OF SECURITIES WITH THE SEC, BUT HAS FILED "FORM D" WITH THE SEC. THE SECURITIES BEING OFFERED HAVE NOT BEEN REGISTERED WITH THE FLORIDA OFFICE OF FINANCIAL REGULATION. THIS PRIVATE OFFERING MEMORANDUM HAS NOT BEEN REVIEWED BY THE ATTORNEY GENERAL PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

## 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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## OFFERING SUMMARY

This summary is qualified in its entirety by the remainder of this Private Placement Memorandum (“PPM”) and its Exhibits: Exhibit A: the Fund's Limited Partnership Agreement (the "LPA"); Exhibit B: the Subscription Agreement (the "Subscription Agreement"). The Offering Documents are available from the General Partner (LPA, § 3.1) upon request and should be reviewed carefully before making any investment decision.

Prospective investors should consult their own advisers to understand fully the consequences of an investment in the Fund. Unless otherwise defined herein, capitalized terms have the meanings assigned to them in the Limited Partnership Agreement.

**The Fund:** The Fund (LPA, § 2.1) is a Delaware Limited Partnership operating under the name of “Unicorn Pairs Fund, LP” pursuant to SEC Rule 506(c) of Regulation D.

**General Partner:** The General Partner (LPA, § 3.1) of the Fund is a Delaware Limited Liability Company operating under the name of “Unicorn Capital Partners, LLC.”

**Investment Manager:** The Investment Manager (PPM, § 4.1) is Unicorn Capital Partners, LLC, the General Partner (LPA, § 3.1) of the Fund.

**Investment Advisor:** Yue Wang (aka. George Wang) is the Investment Advisor (LPA, § 3.7) selected by the Investment Manager to act as the Investment Advisor of Unicorn Pairs Fund, LP.

**Investment Objectives:** The Fund’s Investment Objectives (PPM, § 1.1) are to maximize return on investment for the Partners through capital appreciation by trading the Fund’s Methodology; to limit risk and volatility through proprietary risk management and money management strategies; and to avoid diluting the Partner’s investment by employing fully transparent accounting and portfolio management.

**Investment Strategy:** All investment decisions for the Fund will be made by Unicorn Capital Partners, LLC, the Fund's General Partner (LPA, § 3.1) and Investment Manager (§ 4.1). The Investment Manager employs a systematic, transparent and repetitive investment process built upon a proprietary mathematical framework and supported by rigorous risk and money

management. The proprietary mathematics provides finite trading opportunities and quantifies the risk and money management to be no more than 2% of Net Asset Value (“NAV”) (LPA, § 6.9) for each Pair (LPA, § 5.5).

**Risk Factors;  
Conflicts of  
Interest**

**The Investment Strategy (§ 1.2) of the Fund involves significant risks.** There is no assurance that the Fund will achieve its investment goal. A Limited Partner may incur losses, possibly including a loss of the Limited Partner's entire investment. *See Article 2, "Certain Risk Factors"*. Certain conflicts of interest may arise between the General Partner (LPA, § 3.1) and the Fund. *See § 2.14, "Potential Conflicts of Interest"*.

**Subscriptions:**

The General Partner (LPA, § 3.1) may admit new Limited Partners (LPA, § 4.1) to the Fund as of the first business day of each month or at any other times in its discretion. Persons interested in subscribing for an interest in the Fund should deliver a signed Subscription Agreement (see Exhibit B – the "Subscription Agreement" with all the documentation required to verify their Accredited Investor Status) to the General Partner at least five business days before the intended subscription date. More detailed instructions appear on the “Instructions” page immediately preceding the Subscription Agreement.

**Eligible Investors:**

All Partners of the Unicorn Pairs Fund, LP must be "accredited investor" as defined in SEC Rule 501(a) of Regulation D under the Securities Act of 1933.

An Accredited Investor as defined by Rule 501(a) of Regulation D is 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 had 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 is also any trust, institution, endowment plan or business with total assets in excess of \$5 million and where all of the equity owners are accredited investors. Investors should consult with their advisor and/or attorney on the matter of investor eligibility.

<b>ERISA, Benefit Plan Investor</b>	<p>The Fund may accept investments from plans that are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and from IRAs, Keoghs and similar non-ERISA plans.</p> <p><i>See Article 8, "ERISA Considerations".</i></p> <p>It is the intent of the General Partner to ensure that the aggregate investment by Benefit Plan Investors does not equal or exceed 25% of the value of the Interests in the Fund. (PPM, § 8.4)</p>
<b>Additions and Subscriptions:</b>	<p>Additions and Subscriptions are deposited in the Fund's Non-Interest-Bearing Account (LPA, § 2.2) and remain unused until the next Main Trade (LPA, § 5.6).</p>
<b>Seed Capital:</b>	<p>To launch the Fund, the General Partner (LPA, § 3.1) is raising \$100,000 Seed Capital from approximately 10 separate Seed Investors (§ 3.12). There is a 1 year (12 months) lock-up period on the Seed Capital. The General Partner guarantees a 5% minimum return on the Seed Capital for 1 year (PPM, § 3.11).</p>
<b>Minimum Commitment:</b>	<p>The minimum Subscription (PPM, § 3.3) accepted by the Fund is \$10,000. The General Partner (LPA, § 3.1) may, however, in its sole discretion, accept commitment levels less than \$10,000 and reserves the right to accept or reject subscriptions from potential investors for any reason.</p>
<b>Lock-up Period:</b>	<p>There is no lock-up period.</p>
<b>Allocations:</b>	<p>Allocations for Tax Purpose (LPA, § 7.9) are considered Ordinary Income (LPA, § 7.7). Net realized and unrealized appreciation or depreciation in the value of Fund's assets will be allocated at the end of each Accounting Period (generally, the last day of each month) relative to Pair Participation (LPA, § 6.3) of the Partners' Capital Accounts.</p>
<b>Hurdle Rate:</b>	<p>The Graduated 10% Hurdle Rate is a variable scale the Fund (LPA, § 2.1) uses to determine the amount of Management Fee (LPA, § 3.11) and Performance Allocation (LPA, § 3.12) to charge to the Limited Partners (LPA, § 4.1) based on the Fund's Performance (LPA, § 6.12).</p> <p>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</p>

Performance Allocation. When the annualized performance is above 10%, the Fund charges the full 2% Management Fee and 20% Performance Fee.

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

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

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.

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

**Expenses:** The General Partner shall be responsible for all expenses (LPA, § 3.14) 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, costs of holding any meetings of Partners, and any fees or other governmental charges levied against the Partnership.

In an event, aside from the Fund's normal operations, 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. *See LPA § 3.14, "Expenses"*

**Withdrawal:** Withdrawal (LPA § 4.3) requests must be in writing (LPA § 9.2) upon receipt (LPA § 9.2(c)) will be available within ten (10) business days barring any Catastrophic Events (PPM § 2.10). When the Assets Under Management (LPA, § 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 (LPA, § 4.4).

**Audits:** The books and records of the Fund will be audited annually by an independent accounting firm chosen by the General Partner.

**Reporting:** As soon as practicable after an audit as of the end of the Fiscal Year (LPA, § 1.7) conducted pursuant to Independent Accountants (LPA, § 6.2), and in no event later than 120 days after fiscal year-end, the Fund will prepare and mail to each Limited Partner (LPA, § 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.

**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 (LPA, § 6.4) at the time of the distribution (LPA, § 4.8).

**Transfer of Interest:** No Limited Partner may assign or transfer its Interest except by operation of law or upon prior written consent by the General Partner. Due to these limitations on transferability, Limited Partners (LPA, § 4.1) may be required to hold their Interests indefinitely unless they withdraw from the Fund in accordance with the procedures set forth in the Limited Partnership Agreement.

**Termination and Dissolution:** The Fund may be terminated at the sole discretion of the General Partner (LPA, § 3.1). The Fund may be dissolved at any time by the General Partner, whereupon its affairs will be wound up by the General Partner. *See § 5.1, "Termination and Dissolution"*

**Compensation for Referral of Investor:**

Compensation for Referral of Investor (PPM, § 6.2) is made by the General Partner. The Compensation will be in a form of 0.5% of NAV (LPA, § 6.9) at the time the fee is charged or 25% of Performance Fee or somewhere in between, negotiated and determined by the Investment Advisors (LPA, § 3.7). There are two degrees of separations from the investor. The first degree of separation is an Investment Advisor directly introducing investment capital. The second degree of separation is an Investment Advisor introducing other Investment Advisors that directly introduce investment capital. First degree of separation Investment Advisors receive Compensation annually for the life of the introduced investment capital. Second degree of separation Investment Advisors receive a one-time Compensation for introduced investment capital.

Investment Advisors are defined in the following three categories:

1. Independent non-registered Investment Advisors, exempt under the Investment Advisers Act Rule 203(m), who advise no-more than five (5) investors with no more than \$150 million of private funds;
2. Independent Registered Investment Advisors;
3. Registered Investment Advisors within Investment Companies.

Compensation for Referral of Investor by an existing investor is made in the form of a discount on the Management Fee and Performance Allocation (§ 3.6) charged by the General Partner to the existing investor. The discount given to an existing investor for the Referral of an Investor can never be greater than 100% in any given year.

**Tax:**

The Fund is a pass-through vehicle so all taxes are pass-through to the Partners (LPA, § 1.3). All of the Fund's gains and losses are considered short-term and are taxed as Ordinary Income (LPA, § 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. *See Article 7, "Tax Considerations"*

**Privacy Policy; Anti-Money Laundering Regulations:**

The Fund's privacy policy is summarized under *Article 10 - "Privacy Policy."* That policy is subject to the Fund's disclosure obligations under anti-money laundering and other anti-terrorism laws as well as general criminal laws whether domestic or foreign, if requests made through the proper channels. *See § 9.6, "Anti-Money Laundering Regulations", and*

*“Anti-Money Laundering Provisions” in the Subscription Agreement.*

## DIRECTORY

**General Partner,  
Investment Manager:**

Unicorn Capital Partners, LLC  
2323 Hurley Mountain Road  
Kingston, NY 12401

**Investment Advisor:**

George Wang (Yue Wang)  
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(845) 443-5700

**Registered Agent:**

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



### **1.1 Investment Objectives**

The Fund is an equity long short fund. Its principal objective is to produce positive, absolute risk-adjusted returns in all market conditions through capital appreciation. The Fund seeks to invest in US mega, large and mid-cap stocks and American Depositary Receipts (ADRs).

### **1.2 Investment Strategy**

All investment decisions for the Fund (LPA, § 2.1) will be made by Unicorn Capital Partners, LLC, the Fund's General Partner (LPA, § 3.1) and Investment Manager (§ 4.1). The Investment Manager employs a systematic and repetitive investment process built upon a proprietary mathematical framework and is supported by strict risk and money management. This proprietary mathematical framework provides finite trading opportunities and quantifies the risk and money management to be no more than 2% of Net Asset Value ("NAV") (LPA, § 6.9) for each Pair (LPA, § 5.5).

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

Unicorn Pairs Fund, LP ("the Fund") is a private equity fund that operates pursuant to SEC Rule 506 of Regulation D which is considered a "safe harbor" for the private offering exemption of Section 4(a)(2) of the Securities Act. The Rule 506 exemption allows the Fund (LPA, § 2.1) to raise an unlimited amount of money. Under Rule 506(c), the Fund 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 (§ 3.1); and
- The company 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.

Companies relying on the Rule 506 exemption do not have to register their offering of securities with the SEC, but they must file what is known as a Form D electronically with the SEC after they first sell their securities. Form D is a brief notice that includes the names and addresses of the company's promoters, executive officers and directors, and some details about the offering, but contains little other information about the company.

### **1.4 Restricted Securities**

Restricted Securities are private placement securities of the Fund (LPA, § 2.1). The securities are considered "restricted" because there is no market place or third party resellers of the securities. The Fund is only offering its securities to verified Accredited Investors (§ 3.1) and the value of the securities are the investor's NAV (LPA, § 6.9).

### **1.5 Trading Instruments**

The Instruments used for trading the Methodology (§ 5.1) are limited to liquid markets that are open around the clock, Monday through Friday. The Fund can be long and/or short the Instruments. The Fund trades US mega, large and mid-cap stocks and American Depositary Receipts (ADRs).

### **1.6 Risk Management**

Risk Management is meant to both mitigate losses and protect profits. Each trade has a unique stop-loss based on the daily closing price of the Trading Instrument. The stop-loss is set to limit the risk of each Pair (LPA, § 5.5) to 2% of the NAV (LPA, § 6.9) and is triggered on the market close if the Pair is beyond the stop-loss. However, there are times when the Pairs could lose more than 2% of the NAV. The stop-loss also maintains a rate of return over time to protect profits and, therefore, the execution of the stop-loss could close the Pair at a profit rather than a loss.

### **1.7 Money Management**

Money Management determines the quantity of Instruments (§ 1.5) needed for each Pair (LPA, § 5.5) to risk no more than 2% of the NAV (LPA, § 6.9). The net effect of Money Management is that it maximizes the NAV on an absolute dollar basis when the Fund (LPA, § 2.1) is appreciating, while limiting risk when the Fund is depreciating.

### **1.8 Real-time Proof of Concept**

Real-time Proof-of-Concept is a time-stamped paper trading method employed by Unicorn Capital Partners to validate the portfolio manager's methodology (§ 2.3) and proprietary approach under current market conditions. This method usually takes 6 months or longer before Unicorn Capital Partners can render its assessment of the portfolio manager and his or her strategy.

### **1.9 Performance Record**

The Fund (LPA, § 2.1) has been operating in "Real-time Proof of Concept" (§ 1.8) for over two and half years. Each trade is time-stamped via a text message to document the trade and track the modeled performance. Real-time Proof of Concept best reflects the performance of the Fund, but it is unaudited and may include slippage. The modeled performance should not be construed as an indication of the future results of an investment in the Fund.

The modeled performance is measured by the NAV (LPA, § 6.9) which is net of all fees, is unaudited, and is made up of paper trades that may include the use of estimates. Individual results will vary based on the timing of an investment and past performance is no guarantee of future results and there is a possibility of loss.

### **1.10 Margin Call**

As the Fund (LPA, § 2.1) does not use leverage to finance its Pairs (LPA, § 5.5). When the Fund engages in Short Sales (§ 2.20), the Fund will put up 100% collateral to borrow the shares. Therefore, the Fund never incurs a Margin Call.

### **1.11 Termination of Fund**

Upon the termination of the Fund (LPA, § 2.1), all assets of the Fund will be applied and distributed in proportion to the respective capital accounts of the Partners.

*See Section 2.6, "Termination of the Fund", of the Limited Partnership Agreement.*

### **1.12 Dividend Income and Obligation**

Dividend Income and Obligation of the Fund (LPA, § 2.1) are not passed onto Limited Partners (LPA, § 4.1).

The Fund uses the dividend income to fulfill dividend obligation incurred through Short Sales (§ 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 (LPA, § 2.1) and fulfilling the following quarter(s)' dividend obligation. When the dividend obligation exceeds dividend income, a dividend deficit, the Fund liquidates some of the Pairs (LPA, § 5.5) to fulfill its dividend obligation.

### **1.13 Amendments to Private Placement Memorandum**

The General Partner may amend the **Private Placement Memorandum** 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 memorandum, 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.

**2.1 The Fund**

The Fund is speculative and involves a high degree of risk. An investment in the Fund involves significant risks not associated with other investment vehicles and is suitable only for persons of adequate financial means. There can be no assurance that the Fund will successfully implement its Investment Strategy (§ 1.2) and achieve its Investment Objectives (§ 1.1) or that investors will not lose all or a portion of their investment in the Fund.

You should consider an investment in the Fund as a supplement to an overall investment program and should only invest if you are willing to undertake the risks involved. Investors should carefully consider their ability to assume the following risks before making an investment in the Fund and should only consider investing no more than 5% of their investment capital.

**2.2 Stop-Loss**

The stop-loss protects the Fund (LPA, § 2.1) from risking no more than 2% of NAV (LPA, § 6.9) per Pair (LPA, § 5.5). However, there is a risk that market moving events could cause the stop-loss to be executed at a less advantageous price, causing the loss to exceed 2% of NAV.

**2.3 Methodology**

The Methodology is used to identify bullish and bearish stocks and pair them based on a proprietary pairing coefficient. The model used to derive pairing coefficient is constructed based on historical data and the risk is whether the model can accurately pair the appropriate stocks. A less accurate or even inaccurate pairing can lead to loss of the Fund's NAV (LPA, § 6.9), either temporarily or permanently.

**2.4 Extreme Market Volatility**

Under Extreme Market Volatility, the Pairs (LPA, § 5.5) could become erratic and may not be effectively neutralizing the Fund's exposure to the market. Such market condition could lead to loss of the Fund's NAV (LPA, § 6.9), either temporarily or permanently.

**2.5 Reliance on Investment Manager**

The Fund (LPA, § 2.1) is wholly dependent on the services of the Investment Manager (§ 4.1) to successfully direct the Fund's operations. Should the services of the Fund's Investment Manager be lost to the Fund, such loss could severely impair the Fund and its ability to produce profits for investors. As an investor, you should be aware that you will have no right to participate in the management of the Fund, nor in the choice of the Investment Manager, and you will have no opportunity to select or evaluate any of the Fund's investments or strategies. Accordingly, you should not invest in the Fund unless you are willing to entrust all aspects of the management of the Fund and its investments to the discretion of the Investment Manager.

## **2.6 Stocks**

Due to corporate actions, such as merging & acquisition deals, CEO or board member replacements, shares buyback and earning releases, the underlying company's stock price can unexpectedly rise or fall sharply. The Fund (LPA, § 2.1) may fail to foresee such actions, which could lead to loss of the Fund's NAV (LPA, § 6.9), either temporarily or permanently.

## **2.7 American Depository Receipts**

The Fund (LPA, § 2.1) also invests in American Depository Receipts ("ADRs"). Because of the nature of ADRs, the stock price of the underlying non-US company is subject to the local political, economic and regulatory risks. Dividend Income and Obligation (§ 1.12) from ADRs is subject to currency exchange rate.

## **2.8 Certain Tax Consequences**

The Fund (LPA, § 2.1) has not obtained, nor does it plan to obtain, a private letter ruling from the IRS regarding the validity of the "Federal Income Tax Considerations" section of this Memorandum as it may apply to the Fund's activities. Such rulings, even if obtained, are not binding on the IRS. Accordingly, such discussion should not be construed as tax advice. You should consult with your own tax adviser to determine the effect an investment in the Fund will have on your own individual tax situation.

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

The Fund (LPA, § 2.1) must comply with a wide variety of laws and regulations further defined in Regulatory Matters (LPA § 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 (LPA, § 6.9). 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.

## **2.10 Market Disruptions and/or Catastrophic Events**

Catastrophic Events independent of the financial markets may cause Market Disruptions which would hinder the ability of the Fund (LPA, § 2.1) to liquidate investments for an indeterminate period. Such Market Disruptions could cause the liquidation of certain Fund investments causing a substantial loss to NAV.

To protect the Fund from "fire-sale" during Catastrophic Events, the General Partner limits the monthly withdrawal to 20% of Asset Under Management (LPA, § 6.8) during the period of Catastrophic Events.

### **2.11 Lack of Operating History & Performance Record**

The Fund (LPA, § 2.1) has been operating in “Real-time Proof of Concept” (§ 1.8) for over two years and half. After each trade, an email is sent to document the trade and track the modeled performance. Real-time Proof of Concept best reflects the performance of the Fund, but it is unaudited and may include slippage. The modeled performance should not be construed as an indication of the future results of an investment in the Fund.

### **2.12 Valuation of Portfolio**

For the purposes of the allocation of profits and losses to investors and the calculations of the fees due the General Partner (LPA, § 3.1), the NAV (LPA, § 6.9) of the Fund shall be determined in accordance with the valuation policies approved by the General Partner. Although the General Partner will attempt to value the securities on a "marked-to-market" basis using market values established pursuant to public trading activities, these values are subject to extreme volatility and may or may not accurately reflect the true values of the Pairs (LPA, § 5.5) subsequent to any valuation date. By the time investors receive performance reports describing the activity and value of the Fund, the reports may no longer be reliable indications of the NAV of the Fund.

### **2.13 Tax Exempt Entities**

Tax Exempt Entities are subject to different laws, rules and regulations, and prospective investors should consult with their own advisers as to the advisability and tax consequences of an investment in the Fund. In particular, Tax Exempt Entities should consider the applicability to them of the provisions relating to “Tax Treatment of Non-Profit Organization” (LPA, § 7.4). Investments in the Fund (LPA, § 2.1) by entities subject to ERISA (§ 8.1) and other tax-exempt entities require special consideration. See the Articles of this Memorandum entitled "ERISA CONSIDERATIONS" Article 8 and "TAX CONSIDERATIONS" Article 7.

### **2.14 Conflicts of Interest**

The General Partner (LPA, § 3.1) is accountable to the Fund (LPA, § 2.1) as a fiduciary and, consequently, must exercise good faith and integrity in handling the business of the Fund. Nonetheless, the potential for various conflicts of interest in the operations of the Fund and the transferring of ownership of the Fund exists. Although the General Partner is required to disclose conflicts of interest that it may have with the Fund or investors in the Fund, there is no assurance that any conflict of interest will not result in adverse consequences to the Fund.

### **2.15 No Guaranteed Return or Distributions**

The past performance of the General Partner (LPA, § 3.1), or any of its affiliates, is no guarantee of future results. The Fund's performance can be volatile. The Fund's Limited Partnership Agreement does not contain provisions for a guaranteed return of investors' capital contributions. There can be no assurances that the Fund will achieve the rates of return illustrated at any point in this Memorandum or suggested by the General Partners' historical investing experience. The

General Partner does not intend to make distributions to the Limited Partners (LPA, § 4.1), but intends instead to re-invest substantially all Fund income and gain, if any, that might otherwise be available for distribution. As a result, if the Fund is profitable, Limited Partners in all likelihood will be credited with Fund net income, and will incur the consequential income tax liability (to the extent they are subject to income tax), even though Limited Partners will receive little or no Fund distributions.

### **2.16 Investment Participation**

In order to avoid diluting the investments of existing Limited Partners (LPA, § 4.1) and allow the Fund (LPA, § 2.1) to employ optimal Risk Management (LPA, § 5.3) discipline, all new money invested in the Fund is not added to existing trades but must wait in the Fund's non-interest bearing account until the next Main Trade. Though it may take 3-6 months for new money to be fully invested, over time this method optimizes return on investment for the Limited Partner.

As pointed out, it might take considerable time for new investors in the Fund to become fully invested. For this reason, there can be considerable variance between the performance figures published by the Fund and the performance figures of an individual Limited Partner. Individual Limited Partner performance will match Fund performance, if and only if the Limited Partner is fully invested at the beginning of the Fund's fiscal year and makes no Withdrawals and Redemptions (LPA, § 6.14) throughout the year.

### **2.17 Limit Orders**

The Fund (LPA, § 2.1) employs Limit Orders for trade executions instead of market orders. Limit Orders have the advantage of executing at a specific price which eliminates slippage but does not guarantee execution.

### **2.18 Dependence on Third-Party Relationships**

The Fund is generally dependent on relationships with third parties including prime broker(s) with whom the Investment Manager (§ 4.1) has agreements for the purchase and sale of securities as a means of managing and implementing its investment program. The Investment Manager must be successful in securing and maintaining its third party relationships to be successful. There can be no assurance that such third parties may regard their relationship with the Investment Manager as important to their own business and operations, nor that they will not reassess their commitment to the business at any time in the future, nor that they will not develop their own competitive services or products, either during their relationship with the Investment Manager or after their relations with the Investment Manager or the Fund (LPA, § 2.1) expire. Accordingly, there can be no assurance that the Investment Manager's existing relationships or future relationships will result in sustained business partnerships, successful service offerings, or significant revenues for the Fund.

### **2.19 Exemption and Non-Registration**

The Fund (LPA, § 2.1) is not, nor is it intended to be, registered under the Investment Company Act of 1940 (the “1940 Act”). The 1940 Act contains certain provisions, among others, relating to boards of directors of mutual funds, which govern the election of directors by mutual fund shareholders, set forth standards for disqualification of certain individuals from serving as directors, and list requirements for disinterested directors. None of these provisions apply to the Fund, which is within the absolute control of the Manager. The 1940 Act also contains provisions, among others, relating to conflicts of interest, and requires investor and disinterested director approval of investment advisory agreements, while the terms of any such agreements (or similar agreements) entered into by the Fund are within the discretion of the Manager. None of the prohibitions on transactions with affiliates or certain other conflicts of interest provisions contained in the 1940 Act apply to the Fund. While the Fund expects to keep appropriate records, it is not subject to the record-keeping or custodianship requirements of the 1940 Act. The Securities and Exchange Commission (the “SEC”) requires reports and makes inspections of the books and records of mutual funds, neither of which are the case with respect to the Fund.

### **2.20 Short Sales**

The Fund (LPA, § 2.1) engages in short selling, which involves selling securities that are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Fund engages in short sales will depend upon the Investment Manager's Investment Strategy (§ 1.2). A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover the short position. There can be no assurance that the Fund will be able to maintain the ability to borrow securities sold short. In such cases, the Fund can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby increasing the loss.

### **2.21 Counter Trades**

The Fund (LPA, § 2.1) uses Counter Trades (LPA, § 5.7) to protect profits and free up capital. While the Counter Trades reduce the risk of a Main Trade (LPA, § 5.6), it incurs opportunity cost by being hedged and risks being less profitable.

### **2.22 General Partner's Right to Dissolve the Fund**

The General Partner (LPA, § 3.1) may at any time dissolve the Fund on notice to the Limited Partners (LPA, § 4.1). Accordingly, there is a risk that if the Fund's assets become depleted dissolution may be disadvantageous to the Limited Partners.



### **2.23 Fees Set Without Negotiation**

The Management Fee (LPA, § 3.11) and the Performance Allocation (LPA, § 3.12) were set by the General Partner (LPA, § 3.1) without negotiations with any third party. It is possible that other investment advisers would perform the same services for smaller compensation than the General Partner and the Investment Manager (LPA, §3) will receive under the Limited Partnership Agreement.

### **2.24 Possible Effect of Withdrawals from Capital Accounts**

Substantial Withdrawals and Redemptions (LPA, § 6.14) could require the Fund (LPA, § 2.1) to liquidate investments more rapidly than would otherwise be desirable to raise the necessary cash to fund the withdrawals and to achieve a market position appropriately reflecting a smaller equity base. This could adversely affect the value of interests in the Fund.

### **2.25 Dividend**

The Fund uses the dividend income to fulfill dividend obligation incurred through Short Sales (§ 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 (LPA, § 2.1) and fulfilling the following quarter(s)' dividend obligation. When the dividend obligation exceeds dividend income, a dividend deficit, the Fund liquidates some of the Pairs (LPA, § 5.5) to fulfill its dividend obligation. Based on the timing of the liquidation, the Fund could face a loss of the NAV (LPA, § 6.9), either temporarily or permanently.

### **3.1 Investor Qualification Standards**

Pursuant to SEC Rule 506(c) of Regulation D, all Partners of the Unicorn Pairs Fund, LP must be Accredited Investors. An Accredited Investor is defined as 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 had 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 is also any trust, institution, endowment plan or business with total assets in excess of \$5 million and where all of the equity owners are accredited investors. Please refer to SEC Rule 501(a) for a complete definition of an "Accredited Investor."

The SEC has released a non-exclusive list of steps that can be taken to prove that investors are accredited. These include:

- 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.
- 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.

### **3.2 Description of Partnership Interests**

The offering of Limited Partnership interests in the Unicorn Pairs Fund, LP is being made by Unicorn Capital Partners, LLC, the General Partner (LPA, § 3.1), on a best efforts basis. There is no assurance that the Fund will raise any particular amount of capital. Each interest in the Fund (LPA, § 2.1) will represent a percentage interest in the Fund determined by the Capital Accounts (LPA, § 6.4) of each Partner (LPA, § 1.3) in relation to the aggregate capital accounts of the Fund.

### **3.3 Minimum Subscription Amount**

A Subscription is a Limited Partner's (LPA, § 4.1) initial investment in the Unicorn Pairs Fund, LP. The minimum Subscription accepted by the Fund (LPA, § 2.1) is \$10,000 and there is no lock-up period. The General Partner (LPA, § 3.1) may, however, in its sole discretion, accept commitment levels less than \$10,000 and reserves the right to accept or reject subscriptions from potential investors for any reason.

### **3.4 How to Subscribe**

The General Partner (LPA, § 3.1) may admit new Limited Partners (LPA, § 4.1) to the Fund as of the first business day of each month or at any other times in its discretion. Persons interested in subscribing for an interest in the Fund (LPA, § 2.1) should deliver a signed Subscription Agreement (see Exhibit B – the "Subscription Agreement" with the documentation required to verify their Accredited Investor Status) to the General Partner at least five business days before the intended subscription date. More detailed instructions appear on the "Instructions" page immediately preceding the Subscription Agreement.

### 3.5 Graduated 10% Hurdle Rate

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

### 3.6 Fees

Unicorn Capital Partners, LLC will charge the Limited Partner (LPA, § 4.1) a 0.5% Management Fee (LPA, § 3.11) on the Fund's NAV (LPA, § 6.9) on a monthly basis, specifically, on the last day of the month.

- **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.

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

- **Performance Allocation**

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

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

### 3.7 Lock-up Period

There is no lock-up period.

### 3.8 Withdrawals

There is no “lock-up” period. Withdrawals may be made once a month and will be available within ten (10) business days of an approval of Money Transfer, barring Market Disruptions and/or Catastrophic Events (§ 2.10). When the NAV is above \$10,000, the 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.

### 3.9 Admission of Partners

The General Partner (LPA, § 3.1) is authorized to admit additional Limited Partners (LPA, § 4.1) to the Fund, or accept additional Capital Contributions from existing Limited Partners, as of the first business day of any month or at such times as the General Partner in its sole discretion may determine. Capital contributions must be made in US dollar unless the General Partner agrees otherwise.

All limited partnership interests may be purchased only by investors who are: "Accredited Investors" (§ 3.1) as defined in Regulation 501(a) of Regulation D under the Securities Act. The Subscription Agreement (Exhibit B) includes Questionnaires designed to determine a subscriber's eligibility under these tests. Each investor will be required to make certain representations in the Subscription Agreement concerning the above requirements and its suitability to invest in the Fund. The General Partner has the right, which it probably will exercise, to require any actual or prospective investor to provide information (in addition to what is required in the Subscription Agreement) to verify the investor's status as an Accredited Investor and to comply with the "Anti-Money Laundering Regulations" (§ 9.6).

The Fund may accept investments from plans that are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA" § 8.1). IRAs, Keoghs and similar non-ERISA plans will be allowed to invest. Even if a subscriber satisfies the eligibility requirements described above, an investment in the Fund (LPA, § 2.1) is suitable only for persons who are able to bear the economic risk of the loss of their investment and either are sophisticated persons in connection with financial and business matters or are represented by such a person. (See Article 2 "Certain Risk Factors") The General Partner may, in its sole discretion, decline to admit any prospective investor; and reserves the right to ask for additional documentation and information.

The Fund does not intend to register as an investment company under the Investment Company Act, initially in reliance upon the exemption from the definition of an "investment company" provided by Section 3(c)(1) under the Investment Company Act for entities whose outstanding securities are beneficially owned by not more than 100 persons and which do not publicly offer their securities. The admission of Limited Partners will be monitored to ensure that there are not more than 100 beneficial owners of partnership interests. In computing the number of beneficial owners for this purpose, the Fund may be required under certain circumstances to count each beneficial owner of any Partner that is an entity if such Partner beneficially owns 10% or more of the aggregate amount of Limited Partners' Capital Account balances, or in certain other circumstances.

### **3.10 Seed Capital**

To launch the Fund, the General Partner (LPA, § 3.1) is raising \$100,000 Seed Capital from approximately 10 separate Seed Investors (§ 3.12). There is a 1 year (12 months) lock-up period on the Seed Capital.

### **3.11 5% Guaranteed Return on the Seed Capital**

To attract Seed Capital (§ 3.11), the General Partner (LPA, § 3.1) guarantees a 5% minimum return on the Seed Capital for 1 year.

The General Partner has reserved \$20,000, which represents a 200% collateralization, against the 5%, or \$5,000, guaranteed return on the Seed Capital. During the first year, if the Fund's Performance (LPA, § 6.12) is higher than 5%, the Fees (§ 3.6) will only be applied to the portion of the Performance that exceeds 5%. If the Fund incurs losses, the General Partner will use the \$20,000 to cover any incurred losses and deliver the 5%, or \$5,000, guaranteed return. The Fund will be shut down when the incurred loss is higher than 5%.

### **3.12 Seed Investors**

Seed Investors are Limited Partners who invest capital Seed Capital to launch the Fund. To avoid overly relying on any one or two particularly Seed Investors, the Fund is seeking approximately 10 Seed Investors with a minimum capital contribution of \$10,000 and maximum contribution of \$20,000.

After the first year, withdrawal requests from Seed Investors must be in writing to Unicorn Capital Partners, LLC and upon receipt will be available within ten (10) business days barring any Catastrophic Events (§ 2.9). When the Assets Under Management (LPA, § 6.8) of the Seed Investor 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 (LPA, § 4.4).

#### **4.1 Investment Manager**

The Fund (LPA, § 2.1) is managed solely by the General Partner (LPA, § 3.1), Unicorn Capital Partners, LLC, a Delaware limited liability company, which also serves as the Fund's Investment Manager. The Investment Advisor (LPA, § 3.7) manages the Fund's securities portfolio on behalf of the General Partner. Additional information about the Fund's portfolio manager and about other key personnel of the Investment Manager may be found at the General Partner's website ([www.unicornfunds.com](http://www.unicornfunds.com)).

#### **4.2 Other Activities of the Investment Manager**

The Investment Manager and its respective personnel and affiliates are not required to manage the Fund as their sole and exclusive function. The Investment Manager may engage in other business activities, including competing ventures and/or unrelated employment. In addition to managing the Fund's investments, the Investment Manager, and its personnel and affiliates may provide investment advice to other parties and may manage other accounts and/or establish other private investment funds in the future which employ an Investment Strategy (§ 1.2) similar to that of the Fund.

#### **4.3 Investment Adviser**

Yue Wang (aka. George Wang) is the Investment Advisor (LPA, § 3.7) selected by the Investment Manager (§ 4.1) to act as the Investment Advisor 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.

George is the founder and portfolio manager of Unicorn Pairs Fund. Under the guidance of Peter del Rio, the managing member of Unicorn Capital Partners, George has spent nearly 3 years perfecting the Fund's strategy and managing the Fund in "Real-time Proof-of-Concept".

George was introduced to Peter by an alumnus while studying economics and calculus at Bard College. Subsequently, Peter began mentoring George on the markets and trading. Peter helped George to develop his proprietary pairing coefficient to pair stocks across different industries and sectors. Under Peter's guidance, George has also mastered the charting techniques that determine the entry, exit and risk management of a Pair (LPA, § 5.5).

George spent a summer interning at Millennium Management as an operation analyst. This internship experience further improved George's skills and knowledge and helped better manage Unicorn Pairs Fund.

Prior to joining Unicorn Capital Partners and become the portfolio manager of Unicorn Pairs Fund, George launched an import business while attending college in Seattle and was able to

generate profits. This entrepreneurial venture became the first experience George ever had with trading.

George graduated Cum Laude from Gabelli School of Business at Fordham University with a B.S degree in Business.



## **ARTICLE 5 SIGNIFICANT LIMITED PARTNERSHIP AGREEMENT PROVISIONS**

### **5.1 Term and Dissolution**

The Fund (LPA, § 2.1) may be terminated at the sole discretion of the General Partner (LPA, § 3.1). The Fund may be dissolved at any time by the General Partner, whereupon its affairs will be wound up by the General Partner. The complete withdrawal, dissolution or bankruptcy of the General Partner will automatically dissolve the Fund, whereupon the affairs of the Fund will be promptly wound up by the General Partner or, if the General Partner is unavailable, the person previously designated by the General Partner. Such person will take all steps necessary to wind up the affairs of the Fund as promptly as practicable and as required by law.

Neither the admission of partners nor the withdrawal, bankruptcy, death, dissolution, incapacity of any Limited Partner (LPA, § 4.1) will dissolve the Fund.

### **5.2 Death, Bankruptcy, Incapacity, etc. of a Partner**

The legal representative of a Limited Partner (LPA, § 4.1) who has died, become disabled, been adjudicated incompetent, been terminated or declared bankrupt, become insolvent or been dissolved will succeed to such Limited Partner's interest in the Fund. However, the legal representative of the Limited Partner will not be admitted as a Limited Partner unless the General Partner (LPA, § 3.1), in its sole discretion, consents in writing to the admission of the representative as a Limited Partner.

### **5.3 Amendment of the Limited Partnership Agreement**

The Limited Partnership Agreement may be amended by the General Partner (LPA, § 3.1) at any time, without the consent of the Limited Partners (LPA, § 4.1), in any manner that does not adversely affect any Limited Partner, including, without limitation,

- i. reflect a change in the name of the Fund;
- ii. make a change that is necessary or, in the opinion of the General Partner, advisable to qualify the Fund (LPA, § 2.1) as a limited partnership or a partnership in which the Limited Partners have limited liability under the laws of any state or foreign jurisdiction or ensure that the Fund will not be treated other than as a partnership for federal income tax purposes;
- iii. make a change that, insofar as reasonably appears to the General Partner at the time of such amendment, does not and will not adversely affect the Limited Partners in any material respect;
- iv. make a change that is necessary or desirable to cure any ambiguity, to correct or supplement any provision in the Limited Partnership Agreement that would be inconsistent with any other provision of the Limited Partnership Agreement or to make any other provisions with respect to matters or questions arising under the Limited

Partnership Agreement that will not be inconsistent with the provisions of the Limited Partnership Agreement;

- v. make a change that is necessary or desirable 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, or that is required or contemplated by the Limited Partnership Agreement;
- vi. make a change in any provision of the Limited Partnership Agreement that requires any action to be taken by or on behalf of the General Partner or the Fund pursuant to applicable law if the provisions of applicable law are amended, modified or revoked so that the taking of such action is no longer required;
- vii. prevent the Fund or the General Partner from, in any manner, being deemed an "investment company" subject to the Investment Company Act;
- viii. make a change that is required or desirable to comply with changes in generally accepted accounting or valuation principles or practices if the Fund is required to comply with such changes or the General Partner, in its sole discretion, deems it advisable for the Fund to do so; or
- ix. make any other amendments similar to the foregoing.

In addition, the General Partner may adopt any other amendment to the Limited Partnership 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. Except as may be required by law, the General Partner need not give notice to any Limited Partner of any amendment adopted solely by the General Partner.

#### **5.4 Transfer of Interests**

No Limited Partner (LPA, § 4.1) may assign or transfer its Interest except by operation of law. Due to these limitations on transferability, Limited Partners may be required to hold their Interests indefinitely unless they withdraw from the Fund (LPA, § 2.1) in accordance with the procedures set forth in the Limited Partnership Agreement.

#### **5.5 Voting**

Limited Partners (LPA, § 4.1) have no voting rights with respect to any matters pertaining to the Fund (LPA, § 2.1).

#### **5.6 Liability of Limited Partners**

A Limited Partner (LPA, § 4.1) is liable for the debts and obligations of the Fund (LPA, § 2.1) only to the extent of the balance of its Capital Account in the Fund in the Accounting Period to which such debts and obligations are attributable. Limited Partners will have no further obligation at any time to make any loans or additional capital contributions to the Fund.

### **5.7 Liability and Indemnification**

The Limited Partnership Agreement provides that none of the General Partner (LPA, § 3.1), the General Partner's members, their respective partners, officers, directors, stockholders or agents, or any other entity who serves at the request of the General Partner on behalf of the Fund (LPA, § 2.1) as an officer, director, partner, employee or agent of any other entity will be liable for any loss or cost arising out of, or in connection with, any act or activity undertaken (or omitted to be undertaken) in fulfillment of any obligation or responsibility under the Limited Partnership Agreement, including any such loss or cost sustained by reason of any investment or the sale or retention of any security or other asset of the Fund; provided that any person exculpated from liability will not be exculpated from any liability arising from losses caused by its bad faith, willful misconduct, fraud, gross negligence or misappropriation or conversion of funds by such person.

The General Partner, its members, their respective officers, directors, agents, stockholders or partners, and any other person who serves at the request of the General Partner on behalf of the Fund as an officer, director, employee, partner or agent of any other entity (in each case, an "Indemnitee"), will be indemnified and held harmless by the Fund to the fullest extent legally permissible under the laws of the State of New York, as amended from time to time, from and against any and all loss, liability and expense (including without limitation judgments, fines, amounts paid or to be paid in settlement and reasonable attorneys' fees) incurred or suffered in connection with the performance of their responsibilities to the Fund; provided that any person entitled to be indemnified will not be indemnified or held harmless for any loss, liability or expense resulting from its fraud, gross negligence or willful misconduct. The General Partner may also elect to have the Fund purchase insurance to insure the General Partner or any other Indemnitee against liability for any breach or alleged breach of its fiduciary responsibilities.

The Limited Partnership Agreement expressly provides that its liability limitations and indemnification provisions of the Limited Partnership Agreement will not be interpreted either (1) to limit in any way the fiduciary duty owed at any time to the Fund or its Partners by the Investment Manager (§ 4.1) or other Investment Adviser (§ 4.3) of the Fund, including but not limited to the General Partner in its status as the Investment Manager or other investment adviser of the Fund during any period when the General Partner is serving as such; or (2) as a waiver by any person of compliance by the General Partner or Investment Manager with any applicable provision of the securities laws of the United States or any state, the Investment Advisers Act of 1940, or any other practice contrary to the provisions of section 215 of the Investment Advisers Act of 1940 or analogous state laws or regulations.

### **5.8 Reports to Partners**

As soon as practicable after an audit as of the end of the Fiscal Year (§ 1.8) conducted pursuant to Independent Accountants (LPA § 6.2), and in no event later than 120 days after fiscal year-

end, the Fund (LPA, § 2.1) will prepare and mail to each Limited Partner (LPA, § 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. 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.

#### **5.9 Investments by General Partner**

The members of the General Partner (LPA, § 3.1), including certain of its affiliates, associates or employees, may invest their own funds into the Fund, either directly or through the General Partner, and such investments are subject to the Management Fee or Performance Allocation.

**6.1 Brokerage Arrangements**

The General Partner (LPA, § 3.1) and the Investment Manager (§ 4.1) assume no responsibility for the actions or omissions of any broker or dealer selected by the Investment Manager in good faith to execute Fund transactions.

In negotiating commission rates, the Investment Manager takes into account the financial stability and reputation of the broker, and the quality of the investment research, investment strategies, special execution capabilities, clearance, settlement, custody, recordkeeping and other services provided by such broker (as described more fully below), even though the Fund (LPA, § 2.1) may or may not in any particular instance be the direct or indirect beneficiary of the research or other services provided.

In selecting brokers or dealers to execute transactions for the Fund, the Investment Manager will not solicit competitive bids and has no obligation to seek the lowest available commission cost. The Investment Manager may not always negotiate "execution only" commission rates. In addition to research, the services that may be provided to the Investment Manager by the Fund's brokers may include, without limitation, services such as special execution capabilities, clearance, settlement, net pricing, online pricing, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, online access to computerized data regarding clients' accounts, performance measurement data, consultations, economic and market information, portfolio strategy advice, industry and company comments, technical data, recommendations, general reports, financial strength and stability, efficiency of execution and error resolution, quotation services, the availability of securities to borrow for short sales. Although the General Partner and Investment Manager presently do not contemplate that broker-provided services, if any, will extend to the following, they have authority to retain brokers on behalf of the Fund who agree to provide one or more of such services for the Fund: custody, recordkeeping and similar services, as well as paying for a portion of the Fund's costs and expenses of operation, such as newswire and data processing charges, quotation services, periodical subscription fees and other reasonable expenses incurred by the Fund. The foregoing list of "soft dollar" services which may be received by the Investment Manager is extensive because of the diverse range of the possible services which the Fund's brokers may provide.

Although not prohibited, the Investment Manager does not intend to enter into any arrangement in which the Fund is required to allocate either a stated dollar amount or a stated percentage of its brokerage business to any broker for any minimum time period.

## **6.2 Compensation for Referral of Investor**

Compensation for Referral of Investor is made by the General Partner (LPA, § 3.1). The Compensation will be in a form of 0.5% of NAV (LPA, § 6.9) or 25% of Performance Fee or somewhere in between, negotiated and determined by the Investment Advisors (LPA, § 3.7). There are two degrees of separations from the investor. The first degree of separation is an Investment Advisor directly introducing investment capital. The second degree of separation is an Investment Advisor introducing other Investment Advisors that directly introduce investment capital. First degree of separation Investment Advisors receive Compensation annually for the life of the introduced investment capital. Second degree of separation Investment Advisors receive a one-time Compensation for introduced investment capital.

Investment Advisors are defined in the following three categories:

1. Independent non-registered Investment Advisors, exempt under the Investment Advisers (§ 4.3) Act Rule 203(m), who advise no-more than five (5) investors with no more than \$150 million of private funds;
2. Independent Registered Investment Advisors;
3. Registered Investment Advisors within Investment Companies.

Compensation for Referral of Investor by an existing investor is made in the form of a discount on the Management Fee and Performance Allocation (§ 3.6) charged by the General Partner to the existing investor. The discount given to an existing investor for the Referral of an Investor can never be greater than 100% in any given year.

## **6.3 Prime Broker**

The Prime Broker is a service provider to the Fund (LPA, § 2.1) and is not responsible for the preparation of this document or the activities of the Fund and therefore accepts no responsibility for any information contained in this document. The Prime Broker will not participate in the Fund's investment decision making process.

Through this arrangement, the Prime Broker will provide, among other things, the following clearing, custodial and recordkeeping services: (i) settlement of transactions; (ii) the transfer of record ownership of securities; (iii) the receipt and delivery of securities purchased, sold, borrowed and loaned; (iv) financing of transactions through margin loans and compliance with margin and maintenance requirements; (v) custody of securities and funds; (vi) maintenance of accounts and records for each transaction.

**THE FOLLOWING SUMMARY DOES NOT DISCUSS ALL TAX CONSIDERATIONS THAT MAY BE RELEVANT TO PROSPECTIVE INVESTORS AND DOES NOT CONSTITUTE LEGAL OR TAX ADVICE NOR IS THE ACCURACY OF THE INFORMATION CONTAINED HEREIN GUARANTEED IN ANY WAY. THE TAX CONSIDERATIONS CONTAINED HEREIN WERE NOT INTENDED OR WRITTEN BY THE PRACTITIONER TO BE-USED AND CANNOT BE USED FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED BY THE IRS, STATE, LOCAL AND/OR FOREIGN TAX AUTHORITIES. THE TAX CONSIDERATIONS CONTAINED HEREIN WERE WRITTEN TO SUPPORT THE PROMOTION OF PARTICIPATION IN THE FUND. THE TAX CONSEQUENCES OF INVESTING IN THE FUND MAY VARY DEPENDING ON THE PARTICULAR INVESTOR'S STATUS. ACCORDINGLY, EACH PROSPECTIVE INVESTOR SHOULD NOT RELY ON THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND SHOULD CONSULT ITS OWN INDEPENDENT TAX ADVISER AS TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF INVESTING IN THE FUND.**

### **7.1 Tax Considerations**

The following is a summary of certain U.S. federal income and other tax considerations related to the purchase, ownership and disposition of Interests by a Limited Partner (LPA, § 4.1) that is a United States Person (§ 7.2). The discussion is based upon the Code, Treasury regulations promulgated thereunder (the “Regulations”), judicial authorities, published positions of the IRS and other applicable authorities, all as in effect on the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). This discussion does not address all of the tax consequences that may be relevant to a particular investor in light of such investor’s specific circumstances or to certain categories of investors subject to special treatment under U.S. federal income tax laws (such as non-United States persons, financial institutions, insurance companies, dealers in securities or currencies, persons that have a functional currency that is not the U.S. dollar, persons that have elected “mark-to-market” accounting, or persons that hold their Interest through a partnership or other entity which is a pass-through entity for U.S. federal income tax purposes). This discussion is limited to Limited Partners that hold their Interests as capital assets (within the meaning of Section 1221 of the Code). No ruling has been or will be sought from the IRS or any other federal, state or local agency with respect to any of the tax issues affecting the Fund, and counsel to the Fund (LPA, § 2.1) has not rendered and will not render any legal opinion regarding any tax consequence relating to the Fund or any investment in the Fund. No assurance can be given that the IRS and/or any other tax authority whether domestic or foreign would not assert, or that a court would not sustain a position contrary to any of the tax aspects described below. Prospective investors should consult their tax

advisors concerning the application of the U.S. federal income tax laws to their particular situations, as well as any consequences of the purchase, ownership and disposition of Interests arising under the laws of any other taxing jurisdiction.

## **7.2 United States Person**

A United States Person is defined for the purposes of this document as a beneficial owner of Interests that, for U.S. federal income tax purposes, is (a) a citizen or resident of the United States, (b) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof, (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (d) a trust (i) if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) that has a valid election in effect under applicable Regulations to be treated as a domestic trust. If a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Interests, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership.

The aforementioned may not be exhaustive and any confirmation regarding whether or not the prospective Investor qualifies as a United States Person should be obtained following consultation with an advisor qualified to provide an opinion in these types of matters.

## **7.3 Circular 230**

Circular 230 of the Code strictly defines those parties that can practice before the Internal Revenue Service. The General Partner (LPA, § 3.1) nor the Fund (LPA, § 2.1) can practice before the Internal Revenue Service on behalf of the Limited Partner (LPA, § 4.1). Therefore, any discussion of U.S. federal tax issues set forth in this Memorandum was written in connection with the promotion and marketing of the Interests by the Fund and the General Partner. **Such discussion was not intended or written to be legal or tax advice to any person and was not intended or written to be used, and it cannot be used, by any person for the purpose of avoiding any U.S. federal tax penalties and/or any other tax authority whether domestic or foreign that may be imposed on such person.** Each prospective investor should seek advice based on its particular circumstances from an independent tax advisor.

## **7.4 Tax Status of the Fund**

The General Partner (LPA, § 3.1) expects that, for U.S. federal income tax purposes, the Fund (LPA, § 2.1) will be treated as a partnership and not as an association or publicly-traded partnership taxable as a corporation. No assurance can be given, however, that the IRS will not challenge the classification of the Fund as a partnership or that a court would not sustain such challenge. If, for any reason, the Fund was treated as an association or publicly traded partnership taxable as a corporation, such entity would be subject to U.S. federal income tax



and/or any other tax authority whether domestic or foreign on its taxable income at regular corporate income tax rates, without a deduction for any distributions to its investors, thereby materially reducing the amount of cash available for distribution to such investors (including, in the case of the Fund, to Limited Partners). In addition, capital gains and losses, and other income and deductions of such entity would not be passed through to its investors, and investors in such entities would be treated as shareholders of a corporation for U.S. federal income tax purposes.

### **7.5 Tax Treatment of Partners**

The Fund (LPA, § 2.1), as an entity, will not be subject to U.S. federal income tax. A Partner (LPA, § 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 (LPA, § 4.1) for their records. The Limited Partner's profits and/or losses are considered Ordinary Income (LPA, § 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 and/or any other tax authority whether domestic or foreign on the treatment of 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).

### **7.6 Adjusted Tax Basis for an Interest**

For U.S. federal income tax purposes, a Limited Partner's adjusted tax basis for its Interest generally will be equal to their share of the Funds gains and losses.

The Adjusted Tax Basis is increased by the following items.

- The partner's additional contributions to the partnership, including an increased share of, or assumption of, partnership liabilities.
- The partner's distributive share of taxable and nontaxable partnership income.

The Adjusted Tax Basis is decreased (but never below zero) by the following items.

- The money (including a decreased share of partnership liabilities or an assumption of the partner's individual liabilities by the partnership) and adjusted basis of property distributed to the partner by the partnership.
- The partner's distributive share of the partnership losses (including capital losses).

- The partner's distributive share of nondeductible partnership expenses that are not capital expenditures. This includes the partner's share of any section 179 expenses, even if the partner cannot deduct the entire amount on his or her individual income tax return.

### **7.7 Fund Distributions**

Distributions of cash or property by the Fund (LPA, § 2.1) with respect to a Limited Partner's Interest generally will not be taxable to a Limited Partner (LPA, § 4.1). Instead, such distributions will reduce, but not below zero, the Limited Partner's adjusted tax basis in the Interest held by such Limited Partner. If a Limited Partner receives cash distribution in an amount in excess of the Limited Partner's adjusted tax basis in its Interest, such excess will generally be taxable to the Limited Partner as gain from the sale or exchange of its Interest, and long-term capital gain if such Limited Partner has held its Interest for more than one year. Allocations of Fund income will increase a Limited Partner's tax basis in its Interest at the end of the taxable year. Thus, cash distributions made during the taxable year could result in taxable gain to a Limited Partner even though no gain would result if the same cash distributions were made at the end of the taxable year.

A Limited Partner will recognize gain or loss for U.S. federal income tax purposes on a complete liquidation of its Interest equal to the difference, if any, between the cash received upon such complete liquidation and the Limited Partner's adjusted tax basis attributable to such Limited Partner's Interest. For this purpose, a Limited Partner's adjusted tax basis in its Interest includes any adjustment to such adjusted tax basis as a result of such Limited Partner's distributive share of the Fund income or loss for the year of such Redemption or Withdrawal (LPA, § 6.14). Any gain or loss recognized with respect to Redemption or Withdrawal generally will be treated as Ordinary Income (LPA, § 7.7). Any capital gain or loss recognized on Redemption or Withdrawal of an Interest will be long-term capital gain or loss if such Interest has been held by the Limited Partner for more than one year.

### **7.8 Limitations on Deductibility of Fund Losses**

A Limited Partner (LPA, § 4.1) is entitled to deduct its allocable share of Fund losses only to the extent the Limited Partner's adjusted tax basis in its Interest is never below zero. Any allocable shares in deduction is only to the extent of such Limited Partner's adjusted tax basis in its interest as of the end of the Fund's taxable year in which such loss occurred. The recognition of any excess would be deferred until such time as the recognition of such loss would not reduce the Limited Partner's adjusted tax basis in its Interest below zero.

In addition, individuals and certain closely-held corporations are allowed to deduct their allocable share of Fund losses, if any, for U.S. federal income tax purposes, only to the extent such Limited Partner is "at risk" with respect to its Interest as of the end of the Fund's taxable year in which such loss occurred. The amount for which a Limited Partner is "at risk" with

respect to its Interest generally is equal to its adjusted tax basis for such Interest, less any amounts borrowed (i) in connection with its acquisition of such Interest for which the Limited Partner is not personally liable and for which it has pledged no property other than its Interest, (ii) from persons who have a proprietary interest in the Fund (LPA, § 2.1) and from certain persons related to such persons, or (iii) for which the Limited Partner is protected against loss through nonrecourse financing, guarantees or similar arrangements. To the extent that a Limited Partner's allocable share of Fund losses is not allowed because such Limited Partner has an insufficient amount at risk in the Fund, such disallowed losses may be carried over by the Limited Partner to subsequent taxable years and will be allowed as a deduction (subject to any other applicable limitations) if and to the extent of the Limited Partner's at risk amount in subsequent taxable years.

### **7.9 Treatment of Income and Loss Under the Passive Activity Loss Rules**

The Code restricts individuals, certain non-corporate taxpayers and certain closely-held corporations from deducting losses from a "passive activity" against certain income that is not derived from a passive activity, such as salary or other earned income, active business income and "portfolio income" (i.e., interest, dividends and non-business capital gains). The investment activities of the Fund (LPA, § 2.1) will not constitute a "passive activity," and therefore, a Limited Partner's passive activity losses (as defined for U.S. federal income tax purposes) from other sources generally will not be deductible against such Limited Partner's allocable share of Fund items of income or gain.

### **7.10 Limited Deduction for Certain Expenses**

Under the Code, non-corporate taxpayers may deduct "miscellaneous itemized deductions" (which include investment expenses) only to the extent such deductions exceed, in the aggregate, 2% of a taxpayer's adjusted gross income. In addition, the Code further restricts the ability of individuals with adjusted gross income in excess of a specified amount (the "AGI Threshold") to deduct such miscellaneous itemized deductions. Under this limitation, investment expenses in excess of 2% of the taxpayer's adjusted gross income may only be deducted to the extent such excess expenses, when combined with certain of the taxpayer's other miscellaneous deductions, exceed 3% of the taxpayer's adjusted gross income in excess of the AGI Threshold.

The Fund (LPA, § 2.1) may be treated as trader or as an investor for U.S. federal income tax purposes. If the General Partner (LPA, § 3.1) determines that the Fund is an investor for U.S. federal income tax purposes, the Fund will treat the Management Fee (LPA, § 3.11), as well as the other ordinary expenses of the Fund (including interest paid or accrued by the Fund), as investment expenses, subject to the 2% floor. If, however, the General Partner determines that the Fund is a trader for U.S. federal income tax purposes, the Fund will treat the Management Fee, as well as the other ordinary expenses of the Fund (including interest paid or accrued by the Fund), as ordinary business deductions not subject to the 2% floor. Even if the General Partner determines that the Fund is a trader, the IRS could contend that the Fund should be characterized

as an investor and that such expenses are subject to the aforementioned limitations on deductibility.

### **7.11 Limitation on Deductibility of Interest on Investment Indebtedness**

Limited Partners (LPA, § 4.1) that are individuals or other non-corporate taxpayers are allowed to deduct interest paid or accrued by the Fund (LPA, § 2.1) on indebtedness (so-called “investment interest”) only to the extent of each such Limited Partner’s net investment income for the taxable year. A Limited Partner’s net investment income generally is the excess, if any, of the Limited Partner’s investment income from all sources (which generally is gross income from property held for investment) over investment expenses from all sources (which generally are non-interest deductions allowed that are directly connected with the production of investment income). Investment income excludes net capital gain attributable to the disposition of property held for investment (and therefore would not include any capital gains of the Fund allocated to the Limited Partner) and any qualified dividend income, unless the Limited Partner elects to pay tax on such gain at ordinary income rates.

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

### **7.12 Nature of Investments**

The following discussion is a summary of material U.S. federal income tax consequences to taxpayers generally of certain of the investments and transactions that the Fund may make or enter into. The U.S. federal income tax consequences associated with these and other investments will depend upon the specific facts and circumstances associated with, and the specific terms of, such investments and transactions. The following discussion is not intended to describe the tax consequences of any specific investment of the Fund.

- a. General. Subject to the treatment of certain currency exchange gains and losses and certain other transactions giving rise to ordinary income or loss, the Fund expects that its gains and losses from its investments will be short-term capital gains and losses.

- b. Non-U.S. Currency Gains or Losses. If the Fund makes an investment or obtains financing denominated in a currency other than the U.S. dollar, the Fund may recognize gain or loss attributable to fluctuations in such currency relative to the U.S. dollar. The Fund may also recognize gain or loss on such fluctuations occurring between the times it obtains and disposes of a non-U.S. currency, between the times it accrues and collects income denominated in a non-U.S. currency, or between the times it accrues and pays liabilities denominated in a non-U.S. currency. Such gains or losses generally will be treated as ordinary income or loss.

### **7.13 Foreign Taxes and Foreign Tax Credits**

Although the General Partner (LPA, § 3.1) does not expect to be subject to any foreign tax codes or regulations, nevertheless such tax matter is discussed below.

Certain dividends and interest directly or indirectly received by the Fund (LPA, § 2.1) from sources within foreign countries may be subject to withholding taxes imposed by such countries. The Fund also may be subject to capital gains taxes in some of the foreign countries where it purchases and sells securities. Tax treaties between certain countries and the United States may reduce or eliminate such taxes. It is impossible to predict the rate(s) of foreign taxes the Fund (LPA, § 2.1) will pay since the amount of the Fund's assets to be invested in various countries from time to time, and the countries in which those investments will occur, are not known.

Limited Partners (LPA, § 4.1) will be informed by the General Partner of their proportionate share of the foreign taxes paid by the Fund which they will be required to include in their income. The Limited Partners generally will be entitled to claim either a credit or, if they itemize their deductions, a deduction (subject to the limitations generally applicable to deductions) for their share of such foreign taxes in computing their federal income taxes. A Limited Partner that is tax-exempt ordinarily will not benefit from such a credit or deduction.

Generally, a credit for foreign taxes may not exceed the Partner's federal tax (before the credit) attributable to its total foreign source taxable income. A Limited Partner's share of the Fund's dividends and interest from non-U.S. securities generally will qualify as foreign source income. Generally, the source of gain and loss realized upon the sale of personal property (such as securities) will be based on the residence of the seller. In the case of a partnership (the Fund's expected classification for U.S. income tax purposes), the determining factor is the residence of the Partner. Thus, absent a tax treaty to the contrary, the gains and losses from the sale of securities allocable to a Partner that is a U.S. resident generally will be treated as having been derived from U.S. sources even though the securities are sold in foreign countries. For purposes of the foreign tax credit limitation calculation, investors entitled to the lower tax rate applicable to qualified dividends and long term capital gains must adjust their foreign tax credit limitation calculation to take into account the preferential tax rate on such income to the extent it is derived from foreign sources. Certain currency fluctuation gains, including fluctuation gains from

foreign currency denominated debt securities, receivables and payables, will also be treated as ordinary income derived from U.S. sources.

The limitation on the foreign tax credit is applied separately to foreign source passive income, such as dividends and interest. In addition, for foreign tax credit limitation purposes, the amount of a Partner's foreign source income is reduced by various deductions that are allocated and/or apportioned to such foreign source income. One such deduction is interest expense, a portion of which generally will reduce the foreign source income of any Partner who owns (directly or indirectly) foreign assets. For these purposes, foreign assets owned by the Fund will be treated as owned by the investors in the Fund and indebtedness incurred by the Fund will be treated as incurred by investors in the Fund.

Because of these limitations, a Limited Partner may be unable to claim a credit for the full amount of the Limited Partner's proportionate share of foreign taxes paid by the Fund.

#### **7.14 Alternative Minimum Tax**

In certain circumstances, a taxpayer may be subject to an alternative minimum tax in addition to regular U.S. federal income tax. A Limited Partner's potential alternative minimum tax liability may be affected by reason of an investment in the Fund. The extent, if any, to which the alternative minimum tax applies, will depend on each Limited Partner's particular circumstances for each taxable year.

#### **7.15 Tax-Exempt Investors**

In general, qualifying tax-exempt organizations, including pension and profit-sharing plans, are exempt from U.S. federal income taxation. This general exemption from tax does not apply to the unrelated business taxable income ("UBTI") of a tax-exempt organization. UBTI includes income from an unrelated trade or business and income from property as to which there is acquisition indebtedness. Certain types of income, commonly referred to as "passive income," are excluded from UBTI. I.R.C. § 512(b). These passive incomes include capital gains and losses from trading commodity futures contracts and notional contracts on currencies.

The IRS has held that income generated by a Tax-Exempt Investors by reason of its futures transactions will not constitute UBTI, because IRC Section 512(b)(5) excludes from the definition of UBTI all gains and losses from the disposition of property, other than (1) stock in trade or other property which would be properly includible in inventory, or (2) property held primarily for sale to customers in the ordinary course of the trade or business. This exclusion appears to apply to most futures and options strategies, and particularly hedging strategies.

In G.C.M. 39620 (Apr. 3, 1987), the Internal Revenue Service ("IRS") concluded that gains and losses from commodity futures contracts are excluded from UBTI under Code section 512(b)(5). The IRS concluded that the obligation of a holder of a long position to pay for the commodity on

delivery did not constitute indebtedness because it was an executory contract and neither the seller nor the buyer actually held the property at the time of entering into the contract. The purchase of a long futures contract entailed no borrowing of money in the traditional sense. Similarly, the IRS found a short contract was merely an executory contract because there was no property held by the short seller that produced income and thus there could be no acquisition indebtedness.

Each Tax-Exempt Investor should consult its tax advisor regarding the tax consequences of an investment in the Fund, including the potential recognition of UBTI as a result of the Fund's direct or indirect borrowing activities.

### **7.16 Reports to Partners**

The Fund (LPA, § 2.1) will provide Schedule K-1s to Limited Partners as soon as practicable after receipt of all of the necessary information and before April 15th.

### **7.17 Fund Tax Returns and Audits**

The tax treatment of Fund-related items generally is determined at the Fund (LPA, § 2.1) level rather than at the Limited Partner (LPA, § 4.1) level and each Limited Partner is required to treat Fund items on its U.S. federal income tax returns consistently with the treatment of the items on the Fund's tax return, as reflected on the Schedule K-1s, unless such Limited Partner files a statement with the IRS disclosing the inconsistency. The IRS may audit the Fund tax returns at the Fund level in a single proceeding rather than separate proceedings with each Limited Partner. The General Partner (LPA, § 3.1), as the Tax Matters Partner (LPA, § 7.2) for the Fund (LPA, § 2.1), would represent the Fund at any such audit, and generally has considerable authority to make decisions affecting the tax treatment and procedural rights of all Limited Partners. In addition, the General Partner (LPA, § 3.1) may enter into settlement agreements that bind the Limited Partners (unless, under certain circumstances, a Limited Partner affirmatively acts to contest the proposed adjustments under such settlement agreement on such Limited Partner's own behalf), and have the authority to extend the statute of limitations relating to all Limited Partners' tax liabilities with respect to the Fund. There can be no assurance that the Fund's tax return will not be audited by the IRS or that no adjustments to such tax returns will be made as a result of such an audit.

### **7.18 State and Local Taxes**

A Limited Partner (LPA, § 4.1) may be subject to tax return filing obligations and income, franchise and other taxes in state or local jurisdictions in which the Fund (LPA, § 2.1) operates or is deemed to operate, as well as in such Limited Partner's own state or locality of residence or domicile. In addition, the Fund itself may be subject to tax liability in certain jurisdictions in which it operates or is deemed to operate. Furthermore, a Limited Partner may be subject to tax treatment in such Limited Partner's own state or locality of residence or domicile different from

that described above with respect to its Interest. Prospective investors should consult their tax advisors regarding the possible applicability of state or local taxes to an investment in the Fund.

The foregoing discussion should not be considered to describe fully the U.S. federal, state, local and other tax consequences of an investment in the Fund. Each prospective investor in the Fund should consult its tax advisor regarding the U.S. federal, state, local and other tax consequences of an investment in the Fund in light of their particular circumstances.

### **7.19 Foreign Limited Partners**

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 investment in United State. Prospective Foreign Limited Partners should consult with their own tax advisers to determine the impact of United States federal, state and local income and other tax laws with regard to an investment in the Fund, including any reporting requirements.



THE FOLLOWING NOTICE IS BASED ON U.S. TREASURY DEPARTMENT CIRCULAR 230 GOVERNING PRACTICE BEFORE THE U.S. INTERNAL REVENUE SERVICE: (1) ANY U.S. FEDERAL TAX ADVICE CONTAINED HEREIN, INCLUDING ANY OPINION OF COUNSEL REFERRED TO HEREIN, IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (2) ANY SUCH ADVICE IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN (OR IN ANY SUCH OPINION OF COUNSEL); AND (3) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

THE FOLLOWING SUMMARY OF CERTAIN ASPECTS OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") IS BASED UPON ERISA, JUDICIAL DECISIONS, DEPARTMENT OF LABOR REGULATIONS AND RULINGS IN EXISTENCE ON THE DATE HEREOF.

THE FOLLOWING IS INTENDED ONLY AS A GENERAL DISCUSSION OF CERTAIN CONSIDERATIONS APPLICABLE TO BENEFIT PLANS UNDER ERISA AND THE CODE. THE PROVISIONS OF ERISA AND THE CODE ARE COMPLEX AND ARE SUBJECT TO EXTENSIVE AND CHANGING ADMINISTRATIVE AND JUDICIAL INTERPRETATION AND REVIEW. WHETHER OR NOT THE ASSETS OF THE FUND ARE TREATED AS "PLAN ASSETS" UNDER ERISA, AN INVESTMENT IN THE FUND BY AN ERISA PLAN IS SUBJECT TO ERISA.

ACCORDINGLY, FIDUCIARIES OF ERISA PLANS SHOULD CONSULT WITH THEIR OWN COUNSEL AS TO THE CONSEQUENCES UNDER ERISA OF AN INVESTMENT IN THE FUND. FURTHERMORE, THE APPLICABLE CONSIDERATIONS MAY VARY WITH THE PARTICULAR CIRCUMSTANCES OF AN INVESTOR. ACCORDINGLY, EACH INVESTOR SHOULD NOT RELY ON THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND SHOULD CONSULT WITH ITS OWN ADVISERS WITH RESPECT TO THE POSSIBLE ERISA AND CODE CONSEQUENCES OF INVESTING IN THE FUND.

### **8.1 ERISA Considerations**

Persons who are fiduciaries with respect to a U.S. employee benefit plan or trust within the meaning of and subject to the provisions of ERISA (an "ERISA Plan"), an individual retirement

account or a Keogh plan subject solely to the provisions of the Code" (an "Individual Retirement Fund") should consider, among other things, the matters described below before determining whether to invest in the Fund. Each plan's fiduciary should consult its own legal adviser concerning the considerations discussed before making an investment in the Fund.

## **8.2 General Fiduciary Matters**

ERISA (§ 8.1) and the Code impose certain general and specific responsibilities on persons who are fiduciaries with respect to an ERISA Plan, including prudence, diversification, avoidance of prohibited transactions and compliance with other standards. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of the Plan (as defined below), or the management or disposition of the assets of a Plan or who renders investment advice for a fee or other compensation to the Plan, is generally considered to be a fiduciary of the plan.

In considering an investment in the Fund (LPA, § 2.1) of a portion of the assets of any employee benefit plan (including a "Keogh" plan) subject to the fiduciary and prohibited transaction provisions of ERISA or the Code or similar provisions under applicable state law (collectively, a "Plan"), a fiduciary should determine, in light of the high risks, whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA or similar law relating to a fiduciary's duties to the Plan.

In determining whether a particular investment is appropriate for an ERISA Plan, U.S. Department of Labor ("DOL") regulations provide that a fiduciary of an ERISA Plan must give appropriate consideration to, among other things, the role that the investment plays in the ERISA Plan's portfolio, taking into consideration whether the investment is designed reasonably to further the ERISA Plan's purposes, the risk and return factors of the potential investment, the portfolio's composition with regard to diversification, the liquidity and current return of the total portfolio relative to the anticipated cash flow needs of the ERISA Plan, the projected return of the total portfolio relative to the ERISA Plan's funding objectives, and the limitation on the rights of Limited Partners to redeem all or any part of their Interests or to transfer their Interests. Before investing the assets of an ERISA Plan in the Fund, a fiduciary should determine whether such an investment is consistent with its fiduciary responsibilities and the foregoing regulations. For example, a fiduciary should consider whether an investment in the Fund is too speculative for a particular ERISA Plan and whether the assets of the ERISA Plan would be sufficiently diversified. If a fiduciary with respect to any such ERISA Plan breaches its responsibilities with regard to selecting an investment or an investment course of action for such ERISA Plan, the fiduciary may be held personally liable for losses incurred by the ERISA Plan as a result of such breach.

## **8.3 Benefit Plan Assets Defined**

ERISA (§ 8.1) and applicable U.S. Department of Labor (“DOL”) regulations describe when the underlying assets of an entity in which benefit plan investors (“Benefit Plan Investors”) invest are treated as “plan assets” for purposes of ERISA. Under ERISA, the term Benefit Plan Investors is defined to include an “employee benefit plan” that is subject to the provisions of Title I of ERISA, a “plan” that is subject to the prohibited transaction provisions of Section 4975 of the Code, and entities the assets of which are treated as “plan assets” by reason of investment therein by Benefit Plan Investors.

Under ERISA, as a general rule, when an ERISA Plan invests assets in another entity, the ERISA Plan's assets include its investment, but do not, solely by reason of such investment, include any of the underlying assets of the entity. However, when an ERISA Plan acquires an “equity interest” in an entity that is neither: (a) a “publicly offered security;” nor (b) a security issued by an investment fund registered under the Company Act, then the ERISA Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless it is established that: (i) the entity is an “operating company;” or (ii) the equity participation in the entity by Benefit Plan Investors is limited.

Under ERISA, the assets of an entity will not be treated as “plan assets” if Benefit Plan Investors hold less than 25% (or such higher percentage as may be specified in regulations promulgated by the DOL) of the value of each class of equity interests in the entity. Equity interests held by a person with discretionary authority or control with respect to the assets of the entity and equity interests held by a person who provides investment advice for a fee (direct or indirect) with respect to such assets or any affiliate of any such person (other than a Benefit Plan Investor) are not considered for purposes of determining whether the assets of an entity will be treated as “plan assets” for purposes of ERISA. The Benefit Plan Investor percentage of ownership test applies at the time of an acquisition by any person of the equity interests. In addition, an advisory opinion of the DOL takes the position that a redemption of an equity interest by an investor constitutes the acquisition of an equity interest by the remaining investors (through an increase in their percentage ownership of the remaining equity interests), thus triggering an application of the Benefit Plan Investor percentage of ownership test at the time of the redemption.

#### **8.4 Limitation on Investments by Benefit Plan Investors**

It is the current intent of the General Partner (LPA, § 3.1) to monitor the investments in the Fund (LPA, § 2.1) to ensure that the aggregate investment by Benefit Plan Investors does not equal or exceed 25% of the value of any class of the Interests in the Fund (or such higher percentage as may be specified in regulations promulgated by the DOL) so that assets of the Fund will not be treated as “plan assets” under ERISA (§ 8.1). Interests held by the General Partner and its affiliates are not considered for purposes of determining whether the assets of the Fund will be treated as “plan assets” for the purpose of ERISA. If the assets of the Fund were treated as “plan assets” of a Benefit Plan Investor, the General Partner would be a “fiduciary” (as defined in

ERISA and the Code) with respect to each such Benefit Plan Investor, and would be subject to the obligations and liabilities imposed on fiduciaries by ERISA.

The Investment Manager (§ 4.1), in its capacity as investment manager to the Fund, anticipates that from time to time, the aggregate investment in the Fund by Benefit Plan Investors may equal or exceed 25% (or such greater percentage as may be provided in regulations promulgated by the DOL) of the NAV (LPA, § 6.9) of any class of shares of the Fund. In such circumstances, the assets of the Fund would be treated as "plan assets" for purposes of ERISA. In addition, if the assets of the Fund were treated as "plan assets," for purposes of ERISA, the Investment Manager, in its capacity as investment manager to the Fund, would be subject to the general prudence and fiduciary responsibility provisions of ERISA with respect to each ERISA Plan and certain other retirement plans investing in the Fund. If the assets of the Fund were treated as "plan assets" for purposes of ERISA, the Fund would be subject to various other requirements of ERISA and the Code. In particular, the Fund would be subject to rules restricting transactions with "parties in interest" and prohibiting transactions involving conflicts of interest on the part of fiduciaries which might result in a violation of ERISA and the Code unless the transaction was subject to a statutory or administrative exemption that would allow the Fund to conduct its operations.

#### **8.5 Representations by Plans**

An ERISA (§ 8.1) Plan proposing to invest in the Fund (LPA, § 2.1) will be required to represent that it is, and any fiduciaries responsible for the ERISA Plan's investments are, aware of and understand the Fund's Investment Objectives (§ 1.1), policies and strategies, and that the decision to invest plan assets in the Fund was made with appropriate consideration of relevant investment factors with regard to the ERISA Plan and is consistent with the duties and responsibilities imposed upon fiduciaries with regard to their investment decisions under ERISA.

**9.1 Exemption under Securities Act of 1933, Section 4(a)(2)**

Section 4(a)(2) of the Securities Act (formerly Section 4(2) but re-designated Section 4(a)(2) by the Jumpstart Our Business Startups (“JOBS”) Act provides an exemption from the provisions of Section 5 of the Securities Act for “transactions by an issuer not involving any public offering.” The Fund’s offering is private, nonpublic and as such is exempt from registration with the Securities Exchange Commission (“SEC”) under Section 4(a)(2) of the Securities Act.

**9.2 Exemption under Investment Company Act of 1940, Section 3(c)(1)**

The Fund (LPA, § 2.1) is a Private Placement with less than 100 investors and as such is exempt from registering as an investment company because of Section 3(c)(1) of the Investment Company Act of 1940. Under the Investment Act, all “investment companies” are required to register with the Securities Exchange Commission (“SEC”) unless the investment company qualifies for an exemption from the registration provisions. Section 3(c)(1) of the Investment Act provides an exemption for, “Any issuer whose outstanding securities (other than short-term paper) are beneficially owned by not more than one hundred persons and which is not making and does not presently propose to make a public offering of its securities.”

**9.3 Exemption under SEC Rule 506(c)**

The Fund (LPA, § 2.1) operates pursuant to SEC Rule 506 of Regulation D which is considered a “safe harbor” for the private offering exemption of Section 4(a)(2) of the Securities Act. The Rule 506 exemption allows the Fund to raise an unlimited amount of money and broadly solicit and generally advertise the private offering.

*See Section 1.3 of the Private Placement Memorandum.*

**9.4 Anti-Money Laundering Regulations**

The Fund (LPA, § 2.1) and the General Partner (LPA, § 3.1) may be required to comply with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the “USA PATRIOT Act”), the regulations thereunder, United States Executive Order 13224, and other applicable anti-money laundering laws and regulations of any relevant jurisdiction (collectively, the “Anti-Money Laundering Regulations”).

In order to comply with the Anti-Money Laundering Regulations, the Fund may require from any Limited Partner (LPA, § 4.1) a detailed verification of the identity of the Limited Partner, the identity of beneficial owners of the Limited Partner, the source of funds used to subscribe for an interest in the Fund or other information. Each Limited Partner will be required to represent that it is not a “prohibited person,” as defined in the Anti-Money Laundering Regulations. The General Partner may decline investment capital or compel the withdrawal of a Limited Partner

who fails to provide any information requested by the General Partner pursuant to applicable Anti-Money Laundering Regulations. The General Partner may suspend the withdrawal rights of any Limited Partner if the General Partner reasonably deems it necessary to do so in order to comply with the Anti-Money Laundering Regulations, or if so ordered by a competent U.S. or other court or regulatory authority. Under the Anti-Money Laundering Regulations, the General Partner may also be required to report investors' transactions with the Fund and to disclose the identity of Limited Partners to government authorities.

*See the Anti-Money Laundering provisions in the Subscription Agreement.*

**10.1 Privacy Policy**

Our Privacy Policy explains our collection, use, retention and security of information about you. Your privacy is very important to Unicorn Capital Partners and the Fund. The General Partner (LPA, § 3.1) and the Fund (LPA, § 2.1) will not share nonpublic personal information about you with nonaffiliated third parties without your consent, except for complying with Anti-Money Laundering Regulations (§ 9.6).

**10.2 Collection of Investor Information**

The Fund (LPA, § 2.1) collects personal information about its investors mainly through the following sources:

- Subscription forms, investor questionnaires and other information provided by the investor in writing, in person, by telephone, electronically or by any other means. This information includes name, address, nationality, tax identification number, and financial and investment qualifications; and
- Brokerage firms, banks, custodians or similar institutions which maintain or service your account(s) managed by us. This information may include account balances and transactions, and similar information typically included in account statements provided by such institutions.

**10.3 Sharing Information with Nonaffiliated Third Parties**

The Fund (LPA, § 2.1) does not sell or rent investor information. The Fund does not disclose nonpublic personal information about its investors to nonaffiliated third parties or to affiliated entities, except as permitted by law. For example, the Fund may share nonpublic personal information in the following situations:

- To service providers in connection with the administration and servicing of the Fund, which may include attorneys, accountants, auditors and other professionals. The Fund may also share information in connection with the servicing or processing of Fund transactions;
- To respond to a subpoena or court order, judicial process or regulatory authorities;
- To protect against fraud, unauthorized transactions (such as money laundering), claims or other liabilities; and
- Upon consent of an investor to release such information, including authorization to disclose such information to persons acting in a fiduciary or representative capacity on behalf of the investor.

#### **10.4 Protection of Investor Information**

The Fund's policy is to require that all employees, financial professionals and companies providing services on its behalf, keep client information confidential. The Fund (LPA, § 2.1) maintains safeguards that comply with federal standards to protect investor information. The Fund restricts access to the personal and account information of investors to those employees who need to know that information in the course of their job responsibilities. Third parties with whom the Fund shares investor information must agree to follow appropriate standards of security and confidentiality. The Fund's Privacy Policy (§ 10.1) applies to both current and former investors. The Fund may disclose nonpublic personal information about a former investor to the same extent as for a current investor.