3100 Clarendon Blvd
Suite 200
Arlington, VA, 22201

T: (571) 317-1143
E: jake@bluehawkinvestors.com
http://www.bluehawkinvestors.com

Q1 2019 INVESTOR LETTER

April 25, 2019

Dear Investor,

The Q1 2019 net return for the fund was 2.88%. This compares to a return of 13.06% for the S&P 500, 3.07% for Equity Long Short Funds[1], and 8.51% for Fundamental Growth Hedge Funds[2].

After a strong second half to end 2018, the fund lagged in Q1 dragged down by the short book. Stocks bounced back as investors responded to the Fed's dovish pivot by plowing back into risky assets. Stocks shot up across the board – particularly lower quality stocks as these companies typically have more sensitivity to interest rates due to their higher debt levels, increased exposure to floating rate debt, and lower earnings and cash flow base to cover interest payments.

Our quality bias we believe allows the fund to hold up in times of financial stress. Conversely, in times of easing macroeconomic conditions, lower quality businesses tend to outperform at least in the short run. Our view is that these gains are one time in nature and impossible to predict (what interest rates will do that is) and that quality wins out over the long term.

The format of the letter is as follows: (1) Notable Changes to the Portfolio (2) Contributors and Detractors concluding with (3) Investment Commentary in which we discuss the Uber/Lyft IPOs and the state of tech investing current day.

			2019				
NET PERFORMANCE - FOUNDERS CLASS	**2017**	**2018**	**Jan**	**Feb**	**Mar**	**YTD**	**Since Inception**
Blue Hawk Fundamental Growth Fund	22.02%	6.68%	3.33%	(1.53%)	1.11%	2.88%	33.92%
S&P 500	19.42%	(6.24%)	7.87%	2.97%	1.79%	13.06%	26.59%
Barclay Hedge Fund Index	10.52%	(5.08%)	3.64%	1.25%	0.66%	5.63%	10.81%
Barclay Equity Long Short Index	8.35%	(5.75%)	2.72%	0.24%	0.10%	3.07%	5.25%
HFRI EH: Fundamental Growth Index	18.86%	(9.50%)	5.03%	2.21%	1.08%	8.51%	16.72%
Fund v S&P 500	2.60%	12.92%	(4.54%)	(4.50%)	(0.68%)	(10.18%)	7.32%
Fund v Barclay Hedge Fund Index	11.50%	11.76%	(0.31%)	(2.78%)	0.45%	(2.75%)	23.11%
Fund v Barclay Equity Long Short Index	13.67%	12.43%	0.61%	(1.77%)	1.01%	(0.19%)	28.67%
Fund v HFRI EH: Fundamental Growth Index	3.16%	16.18%	(1.70%)	(3.74%)	0.03%	(5.63%)	17.19%

**Fund incepted 1/3/17*

[1] As measured by the BarclayHedge Equity Long Short Index
[2] As measured by HFRI EH: Fundamental Growth Index

NOTABLE CHANGES TO THE PORTFOLIO – Q1'19

We received the funds from the **SodaStream** acquisition in Q1, which provided us with about 650 basis points in cash. In addition, we sold our positions in **TD Ameritrade** and **Alibaba**. With the proceeds, we purchased new positions in **Intuit** and **Intuitive Surgical** and took advantage of weakness in **Amazon** to initiate a medium-sized position at a cost basis of $1,660. On the short side, we covered a **Consumer Goods** short and a **Social Media** short as well as exited our China index hedge as we no longer have long exposure to the region. Lastly, we initiated a new short in a **Food Products** company. Our long exposure to end the month was a bit higher than normal due to an incoming subscription April 1.

CONTRIBUTORS AND DETRACTORS – Q1'19

Contributors

Match Group (MTCH) – Match Group was the top contributor in the quarter after posting a solid Q4'18 print driven by the growth engine Tinder. Tinder added 233,000 paid subscribers (subs) in the period and 1.2 million for the year, more than quadrupling subs (4.75x to be exact) over the last 12 quarters – best in class growth however you measure it. The service is still significantly underpenetrated especially internationally – which we believe to be about 5 years behind the US in terms of user acceptance – as well as undermonetized domestically. The execution on these two fronts, user growth and monetization, drove Match Group to almost double Tinder direct revenue for the year to $800 million, while still positioning the company for years and years of growth ahead. With its growth profile, minimal required incremental investment per $ of (profitable) growth, underappreciated competitive barriers, and attractive valuation, we continue to be very high on the stock.

<u>Note</u> – As of today, Match's revenue breakdown is about 50/50 between Tinder and Match's legacy dating business. Tinder is growing close to 100% y/y while MTCH's legacy business is flat to down a couple percent. The lack of growth in MTCH's legacy business weighs down the growth rate of the company overall. The added complexity obfuscates the story and underlying growth. We have found some of our best multi-year investment opportunities in companies undergoing mix shifts from a legacy business to a more attractive business with better economics, of which Match is a prime example.

Floor and Décor (FND) – Floor and Décor was the second leading contributor at 210 basis points (bps). Since we wrote about the name at length last quarter in our annual investor letter, we keep it light here.

Detractors

Short Book – 3 names detracted a combined 360 bps with the top detractor at 150 basis points. Overall, no short was in the green for the period. The lower quality the business, the bigger the run-up it seemed. With no real catalysts at the securities level, many of our peers have written that the run-up occurred on no news, which we find to be misleading. The Fed, in the period, pivoted to a more dovish approach, materially changing their position – one from multiple rate hikes in 2019 to a more "patient" approach, which the market perceived to mean a hike would no longer be likely in 2019.

The Fed's pivot is important for fundamental investors for two reasons. First, higher interest rates increase the degree of difficulty for businesses, especially lower quality and unprofitable businesses as we outline earlier. And second, we believe it to be a strong signal as to the degree to which the current administration is willing to enact pro-business policies in the pursuit of reelection as they believe the stock market is their biggest lever. While we are not macroeconomic investors and we spend little time if any trying to predict these factors, as we think it's a fool's errand and a source of drag on far too many investors' portfolios, we do think it is still vital to understand how these factors affect underlying companies. This is an important distinction in our view.

To conclude, the Fed pivot creates an incrementally more conducive environment for domestic businesses and we've updated our underlying investment views accordingly. Net exposure sits around 70% as of the writing of this letter, in-line with our target exposure. We think a more balanced positioning is prudent and that institutional investors as a whole have become overly cautious.

ATTRIBUTION	Contribution	End Weight	Avg Weight
Long	14.01%	102.1%	97.6%
Short	10.20%	30.2%	31.2%
Total (Net)	3.81%	71.9%	66.4%

Q1'19 Contributors Detractors				
Contributors			**Detractors**	
Match Group	2.3%		Software and Services - Short	(1.6%)
Floor and Décor	2.1%		Consumer Goods - Short	(1.4%)
Microsoft	1.8%			
Visa	1.1%			
Netflix	1.1%			
*Represents contributors & detractors >100 basis points and detractors				

Please see the corresponding Exposure/Attribution report for further detail on performance attribution.

INVESTMENT COMMENTARY

Originally, I was going to use this section as an opportunity to dig into the high profile **Uber**/**Lyft** IPOs. These companies normally would fall right into the Blue Hawk mid/large growth wheelhouse. But the data provided in the companies' S-1s are seriously lacking to say the least and prohibit any serious analysis of value. In addition, massive subsidies by the companies make it all but impossible to analyze underlying demand. We disagree with the view that firms will be able to raise price once competition is driven away from a regulatory perspective, but this misses a more important point. Most rides are within 3 miles and concentrated within major cities so the real threat to demand is from substitute modes of transportation (subway/metro, driving and parking, etc.,) and not competition, creating a cap on pricing. Riders are more price sensitive than the companies lead investors to believe.

The lack of relevant data in the S-1s forces far too many assumptions to be made to project underlying demand and profitability at scale. In addition, massive losses in the near-term increase degree of difficulty significantly as they create dependency on external financing, which tends to dry up at times when needed most.

Our final recommendation is to let the fireworks pass for now and wait a few years for additional data before making a decision. Many of the underlying questions will start to be answered and if the opportunity is as vast as the companies portend, there will still be plenty of upside in which to participate with significantly less risk.

The State of Tech Investing in 2019

We've written at length about how we feel that we are in the midst of a software boom. Massive scalability with minimal incremental investment spend is a very attractive combination for a growth investor. Successes of Salesforce among others have gone a long way in disproving some of the major concerns of the 2000s (the tech bubble) regarding ability to build a business around software and stickiness of the user. We firmly believe that software investing, specifically B2B software, is a great place to invest. But that doesn't mean we do not have concerns. Below are the concerns I spend the most time thinking about and they're presented in order of the amount of mindshare they consume from least to most.

Stock-Based Compensation

I know stock-based compensation (SBC) is a boring accounting topic so bear with me as this is important to equity investors. SBC use in tech has become rampant and the analysis by investors serially misapplied – resulting in significant overvaluation of many tech stocks hence my concern. SBC is a type of compensation as the name implies in which firms pay employees in the form of stock options and restricted stock. In and of itself, SBC is positive as it aligns incentives between employees and employers and gives employees a sense of ownership.

Here's the issue - most investors will consider SBC to be a non-cash expense and thus add it back to Net Income to compute Free Cash Flow (FCF). Then, they'll use a Discounted Cash Flow (DCF) to value the company and use either basic or diluted shares outstanding. This is a mistake and unfortunately very common. This method fails to include the future dilution of shares, which compounds at a high rate in many cases (5% for BOX for example presented below). In the case of a 30% FCF compounder over 10 years, failing to include a 5% annual dilution overstates valuation by 63% due to compounding. Very significant.

In the case presented to the right for BOX, it seems that the value being created by the company is accruing almost exclusively to the employees. The appropriate analogy would be running a fund in which a fund manager produces decent returns but takes 90% of the gains in the form of fees.

BOX SBC	**JAN '17**	**JAN '18**	**JAN '19**
Cash Flow from Operations	($1)	$35	$55
Stock Comp	$27	$32	$38
Free Cash Flow (Reported)	($16)	$24	$41
Free Cash Flow (Adjusted for SBC)	($43)	($8)	$3
Shares Issued	6.2	6.5	7.4
Share Count	130.61	137.32	141.26
Dilution	**5.0%**	**5.0%**	**5.4%**

Aswath Damodaran has done some great research in the area of SBC and valuation and his paper in 2005 is still relevant today for those interested in reading more. It can be accessed here.

Conclusion: The best way to account for SBC is to treat it as a cash expense when using a DCF. The easiest way to do this is to use GAAP earnings. **Dilution matters.**

Valuation

There isn't much I can add here that isn't already well known. SAAS, especially B2B, is a very disruptive technology with large end markets and robust growth. But valuation is an important part of the investment process. We believe very rich valuations make much of SaaS prohibitively expensive from a risk reward perspective.

The exhibit to the right presents emerging SaaS companies (source: Goldman Sachs) with valuations. The median EV/Sales as presented to the right is 8.7x compared to 2.3x for North American listed stocks greater than one billion market cap or 4 times more expensive. Some SAAS names are as much as 10 times more expensive than the average company. Plugging in the numbers, it will take a decade at least with aggressive assumptions to grow into these valuations considering the level of growth already priced in.

Ticker	Price	EV	EV/CY19 Sales
TEAM	$95.01	$22,684	16.9x
SHOP	$162.43	$13,919	9.4x
VEEV	$108.39	$16,239	15.9x
PAYC	$145.56	$8,603	12.4x
ESTC	$84.15	$7,777	24.1x
AYX	$70.63	$4,513	16.6x
WDAY	$172.62	$40,875	11.7x
PCTY	$68.93	$3,784	8.3x
CDAY	$40.61	$6,443	8.0x
ULTI	$270.94	$8,548	6.3x
COUP	$80.39	$5,295	16.0x
DBX	$23.93	$10,325	6.5x
OKTA	$78.91	$10,485	20.2x
MDB	$88.19	$5,253	14.6x
NOW	$194.00	$35,787	10.4x
ZEN	$65.93	$7,805	10.0x
ZUO	$21.34	$2,475	8.4x
GWRE	$85.55	$6,320	8.1x
NEWR	$97.71	$5,638	9.5x
RNG	$89.31	$7,721	9.3x
HUBS	$152.11	$6,345	10.0x
CRM	$149.16	$118,662	7.4x
TLND	$35.87	$990	4.0x
BL	$45.13	$2,487	8.8x
PLAN	$30.20	$4,552	14.6x
CSOD	$55.91	$4,042	7.1x
CLDR	$13.16	$1,990	3.2x
SWI	$17.30	$7,495	8.1x
BOX	$20.37	$3,300	4.5x
APPN	$31.55	$2,070	8.2x
AVLR	$39.71	$2,803	8.6x
RHT	$176.45	$30,681	8.2x
BNFT	$54.33	$1,921	6.5x
ECOM	$10.68	$272	1.9x
Average			**10.1x**
Median			**8.7x**

1. Prices as of 1/30/2019

When I see valuations at these levels, the analogy I'm reminded of is the 2008 Super Bowl (sorry Patriots fans). The Patriots[3] were 18-0 and everyone's favorite heading into the Super Bowl. The line to bet on the Patriots to win was -$440, meaning on a $10 bet you're risking $10 to make $2.27. Your payout is really low because the overwhelming consensus was that the Patriots were going to win.

The analogy is far from perfect but my point is that we agree these are great young companies with great days ahead. A few of them may be acquired to bundle into a suite of offerings. The odds being offered by the market in the form of valuation, however, means you probably have to risk $10 to make $2.25. Again, my point is not that none of these will be good stocks. Compounding is a very powerful force especially as time horizon increases. My point is that price is important especially when evaluating risk/reward.

Conclusion: We think the best risk/reward opportunities in SaaS exist in the GARP (Growth at a Reasonable Price) world. These stocks tend to be leaders in their space, have achieved some scale but still remain significantly underpenetrated with the ability to raise price.

Decision Fatigue of Chief Technology Officers

The biggest risk in my view from a business perspective is decision fatigue. Early success in CRM and ERP by Salesforce and Workday among others has spawned hundreds of competitors attempting to enter seemingly every business department – Human Resources, Benefits Admin, FP&A, IT Support, Payroll etc. If history is a guide, CIOs and CTOs will not want to manage large numbers of individual vendors tailored to

[3] I should be due bonus points for writing 8 investor letters before using my first investor letter cliché sports analogy when describing an investment

each specific function. That's why we've seen investors increasingly shifting their focus to software providers that target specific verticals – Autodesk for example (architecture/engineering).

Furthermore, I believe we'll see the industry respond by increasingly moving to bundle their offerings into suites of software. I anticipate this to happen both through integrations as well as acquisitions. Like most high growth industries, the dispersion between the winners and losers will be vast. Rather than betting on individual horses, we think the best way to play this is to bet on the platform, the firm that owns the relationship with the end user.

<u>Conclusion:</u> As we have written about previously, we think **INTU** (bought in Q1) and **MSFT** (owned) are great ways to play this space. They've built software platforms that allow investors to bet on the house rather than picking individual horses in the horserace.

Disregard for Profitability + Rush to IPO

Profitability has become a liability in Silicon Valley. "GBF", get big fast, market share and revenue growth have become too many investors' main focus. Amazon is used as the case study for this strategy, which is very misleading in our view when actually looking at the history of the company from its early days. AMZN raised only $8M in VC funding pre-IPO had produced positive Cash Flow from Operations (CFO) in 17 of its 20 years. The 3 years of negative CFO were 1999, 2000, and 2001, in which the company posted a *combined* -$340M loss to CFO in contrast to Uber and Lyft. For reference, Uber has losses of ~$4 billion each of the last 2 years. Amazon wisely reinvested profits into high ROI internal projects, but their dependency on external funding was low. Furthermore, Facebook, Google, and Alibaba were all profitable prior to IPO.

Again, I firmly believe that each situation is unique and should be analyzed for its own merits. But my belief, which could change, is **that there is something about having to build a profitable business (or the brink of profitability) prior to IPO, in which mounds of praise and publicity are thrown your way, that makes it really challenging to evolve. Profit is the goal in business. Not market share.**

Additional exhibits on VC-backed IPOs (including Lyft and Uber) can be found in the appendix. The first chart is definitely worth look.

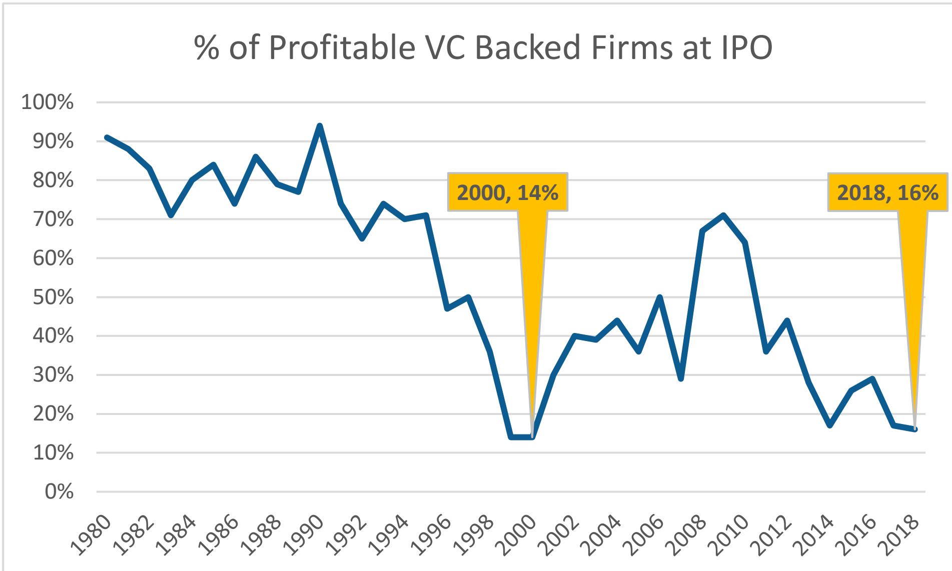
To conclude, we thank our investors for their continued support. Please reach out with any questions.

Sincerely,

Jake DuBois, Managing Member

APPENDIX

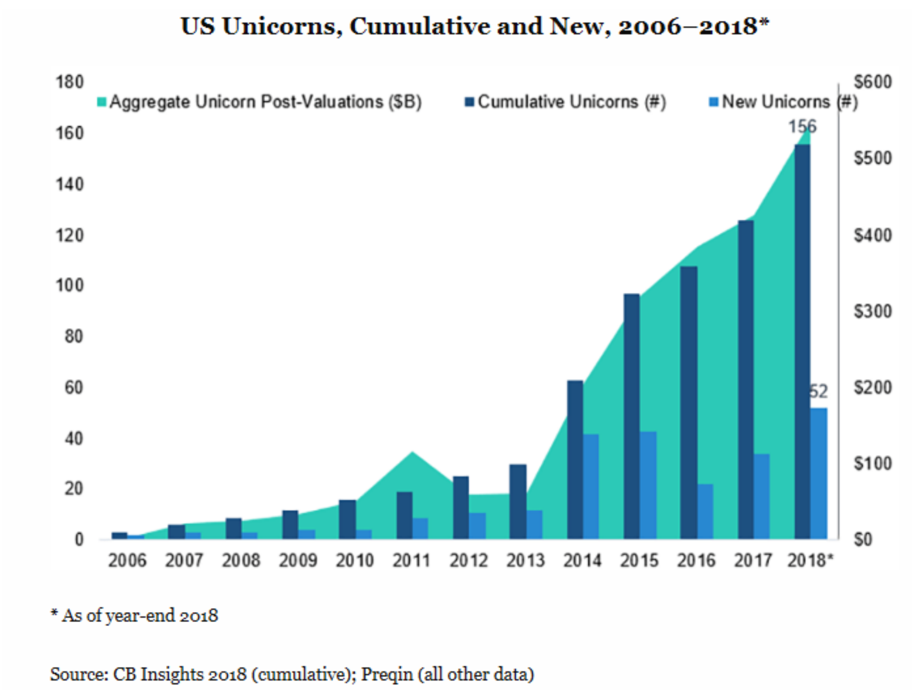
- 16% of VC backed companies that IPOed in 2018 were profitable. That's the lowest level since the tech bubble in 2001.



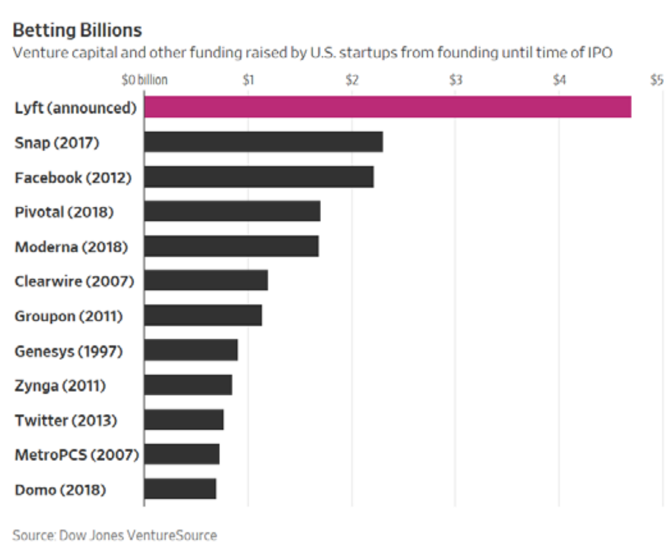
- The stock performance of VC-backed companies with steep losses at IPO has been mixed. Below is the 5 companies with the largest loss at IPO. The list excludes UBER, which lost $4B from operations the last 2 years. Obviously, a sample size of 5 is not significant but is provided as a reminder that behind the curtain of excitement and enthusiasm can be some painful losses.

Company	IPO Year	Loss Pre IPO (mil)	Cum Performance Since IPO	Annualized
Lyft	2019	($991.0)	(23.5%)	(23.5%)
Groupon	2011	($687.0)	(51.3%)	(8.6%)
Viasystems Group	2000	($525.0)	(40.5%)	(3.4%)
Snap	2017	($515.0)	(55.8%)	(33.5%)
Moderna	2018	($299.0)	32.0%	32.0%
Average				(7.4%)
Median				(8.6%)

- The prevalence of Unicorns[4] has exploded in the last few years



- Most Funded Companies Prior to IPO – Uber's and Lyft's lack of profitability and reliance on external funding are at a totally different scale than prior VC-backed IPOs



Not pictured – Uber at $21.5 Billion cumulative loss

[4] A unicorn is a privately held startup company valued at over $1 billion.

- The Full Dataset – the VC-backed IPOs since 2014 look very similar in all respects to VC-basked IPOs of previous historic regimes except for one key metric, profitability, which looks eerily similar to the lack of profitability leading to the tech bubble of the early 2000s.

	Number of Tech	Proceeds in $millions		Median Price-to-sales		Median sales, $mm		Median	%
Year	IPOs	VC-backed	Technology	OP	MP	Nominal	$2014	age	profitable
1980	22	388	378	3.4	3.8	16.2	48.8	6.5	91%
1981	73	648	845	3.5	3.6	12.8	34.5	9	88%
1982	42	490	648	4.2	4.5	10.5	26.2	5	83%
1983	173	2,768	3,271	5.9	6.6	8.6	20.6	6	71%
1984	50	614	551	2.4	2.5	9.8	22.4	6.5	80%
1985	37	667	375	2.3	2.4	13.4	29.7	7	84%
1986	77	1,558	1,217	3.4	3.6	13.0	27.8	6	74%
1987	58	1,315	1,324	3.2	3.2	18.3	38.4	5.5	86%
1988	28	674	888	3.0	3.4	24.0	48.5	5.5	79%
1989	35	869	748	3.4	4.0	31.5	60.9	6	77%
1990	31	1,085	747	3.6	3.7	29.1	53.5	9	94%
1991	70	3,887	2,738	3.2	3.7	34.5	59.9	9	74%
1992	113	4,970	5,847	3.4	3.6	22.8	38.6	8	65%
1993	126	5,929	5,416	3.0	3.6	27.0	44.2	8	74%
1994	116	3,691	3,624	3.7	4.0	21.1	33.7	8	70%
1995	204	7,023	9,781	4.6	5.7	21.6	33.6	8	71%
1996	274	11,594	16,185	6.9	8.3	16.7	25.2	7	47%
1997	173	4,994	7,447	5.2	5.7	21.5	31.6	7	50%
1998	113	3,882	8,118	8.8	11.9	22.1	32.0	6	36%
1999	370	22,012	33,512	26.5	43.0	12.1	17.2	4	14%
2000	260	23,304	42,442	31.7	49.5	12.0	16.6	5	14%
2001	23	2,658	5,773	8.1	13.4	24.6	32.9	9	30%
2002	20	1,956	2,587	2.9	3.1	95.2	125.8	9	40%
2003	18	1,789	2,242	4.1	4.6	86.2	111.0	7	39%
2004	61	7,183	9,064	6.4	7.1	55.5	70.1	8	44%
2005	45	3,676	6,994	4.5	4.5	68.0	83.5	9	36%
2006	48	4,662	4,873	5.5	6.3	57.6	67.9	9	50%
2007	75	9,820	11,371	6.5	8.0	70.0	78.4	8	29%
2008	6	863	1,194	4.9	5.7	156.7	173.6	14	67%
2009	14	1,697	4,126	3.0	3.6	174.3	193.1	11	71%
2010	33	3,873	4,347	3.4	3.9	119.5	129.0	11	64%
2011	36	8,603	9,412	6.1	6.6	141.3	150.1	10	36%
2012	39	21,031	20,250	4.4	4.9	108.1	111.7	9	44%
2013	43	11,553	8,486	5.3	6.1	105.8	107.5	9	28%
2014	53	18,289	9,965	6.1	6.8	90.5	90.5	11	17%
2015	38	9,319	10,087	5.3	6.2	130.8	130.9	11	26%
2016	21	5,945	2,510	4.2	4.3	109.5	108.2	10	29%
2017	30	10,878	7.844	5.0	6.3	188.4	184.1	13	17%
2018	38	16,787	11,983	7.6	11.3	173.6	167.3	12	16%
1980-2018	**3,086**	**242,942**	**279,209**	**5.8**	**6.9**	**22.5**	**37.0**	**7**	**49%**

Conclusion: Don't get caught up in the hype. There are plenty of attractive opportunities out there in existing public companies.

TERMS

FOUNDERS CLASS*	*EXPIRES 12/31/19*
Minimum	$5 million
Management Fee	1% AUM monthly*
Performance Fee	15% yearly*
High Water Mark	Yes
Lockup	3 year hard lock up
Redemptions	30-day notice
Gate	None
Eligibility	Until AUM reaches $25 million

CLASS A	
Minimum	$250,000
Management Fee	1.5% AUM monthly
Performance Fee	15% yearly
High Water Mark	Yes
Lockup	1-year soft lockup
Redemptions	30-day notice
Gate	None

*All future subscriptions will be granted founders share as well, locking in 1% and 15% terms

DEFINITIONS

Alpha is a measure of the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta

Beta is a measure of a fund's sensitivity to market movements.

Downside deviation is a value representing the potential loss that may arise from risk as measured against a minimum acceptable return, by isolating the negative portion of the volatility. It is thus similar to standard deviation but considers only returns that fall below the minimum acceptable return.

Net asset value (NAV) - a fund's net asset value (NAV) represents its per-share price. A fund's NAV is derived by dividing the total net assets of the fund, less fees and expenses, by the number of shares outstanding

Sharpe Ratio is the average return earned in excess of the risk-free rate per unit of volatility or total risk. The ratio helps to make the performance of one portfolio comparable to that of another portfolio by making an adjustment for risk.

Sortino Ratio, a variation of the Sharpe ratio, differentiates harmful volatility from volatility in general by using a value for downside deviation. The Sortino ratio is the excess return over the risk-free rate divided by the downside semi-variance, and so it measures the return to "bad" volatility.

Source: Morningstar

DISCLOSURES

Performance Calculations:

Valuations and returns are stated in US Dollars. The calculation of gross-of-fees returns reflects the aggregate performance of all investors minus trading commissions. The calculation of net-of-fees returns reflects the aggregate performance of all un-affiliated investors. This specific share class is subject to the deduction of a 1% management fee and 15% incentive fee with a high-water mark. Net returns are also net of operating expenses, which includes an administration fee, audit fee, and other miscellaneous operating expenses. We believe this return best reflects the performance a typical investor would have achieved. Please refer to the Private Placement Memorandum for a full list of operating expenses.

Past performance does not guarantee future results. Please see the Private Placement Memorandum for a full list of disclosures.

Blue Hawk Investment Group, LLC (“the General Partner”) is not registered as an investment adviser with the Securities and Exchange Commission or any state’s securities commission. The limited partnership interests (the “Interests”) in Blue Hawk Fundamental Growth Fund, LP (the “Fund”) are offered under a separate private placement memorandum (the “PPM”), have not been registered under the Securities Act of 1933, as amended (the “Securities Act"), or any State's securities laws, and are sold for investment only pursuant to an exemption from registration with the SEC and in compliance with any applicable state or other securities laws. Interests are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws. Investors should be aware that they could be required to bear the financial risks of this investment for an indefinite period of time. A prospective investor should only commit to an investment in the Fund if such prospective investor understands the nature of the investment and can bear the economic risk of such investment. The Fund is speculative and involves a high degree of risk. The Fund may lack diversification, thereby increasing the risk of loss. The Fund's performance may be volatile. There can be no guarantee that the Fund's investment objectives will be achieved, and the investment results may vary substantially from year to year or even from month to month. As a result, an investor could lose all or a substantial amount of its investment. In addition, the Fund's fees and expenses may offset its profits. There are restrictions on withdrawing and transferring interests from the Fund. In making an investment decision, you must rely on your own examination of the Fund and the terms of the PPM. The information herein is not intended to provide, and should not be relied upon for, accounting, legal, or tax advice or investment recommendations. You should consult your tax, legal, accounting, or other advisors about the matters discussed herein. The Fund's ability to achieve its investment objectives may be affected by a variety of risks not discussed herein. Please refer to the PPM and related documents for additional information regarding risks and conflicts of interest. Past performance is not indicative or a guarantee of future results. No representations or warranties of any kind are made or intended, and none should be inferred, with respect to the economic return or the tax consequences from an investment in the Fund. No assurance can be given that existing laws will not be changed or interpreted adversely. Prospective investors are not to construe this presentation as legal or tax advice. Each investor should consult his or its own counsel and accountant for advice concerning the various legal, tax, ERISA and economic matters concerning his or its investment. No person other than the General Partner has been authorized to make representations, or give any information, with respect to these membership interests, except the information contained herein, and any information or representation not expressly contained herein or otherwise supplied by the manager in writing must not be relied upon as having been authorized by the company or any of its members. Any further distribution or reproduction of this document, in whole or in part, or the divulgence of any of its contents, is prohibited. Any reproduction or distribution of this document or accompanying materials, if any, in whole or in part, or the divulgence of any of its contents is prohibited. The information set forth herein does not purport to be complete and no obligation to update or otherwise revise such information is being assumed. It is meant to be read in conjunction with the Fund’s PPM prepared in connection herewith, and does not constitute an offer to sell, or a solicitation of an offer to buy, by anyone in any jurisdiction in which such an offer or solicitation is not authorized or in which the making of such an offer or solicitation would be unlawful. The information contained herein does not purport to contain all of the information that may be required to evaluate an investment in the Fund. The information herein is qualified in its entirety by reference to the PPM, including, without limitation, the risk factors therein.