February 20, 2015

Dear Partner:

In this, my 16th annual letter, I seek to frankly assess the fund’s performance and share my thoughts on various matters. In addition, I disclose the fund’s 12 largest long positions and, in Appendix A, discuss each of them. My goal in doing this is so you can better understand how I invest, my thinking behind each of these holdings, and why I am very confident in our fund’s future prospects.

**Performance**
Our fund was up 13.7% in 2014, as this table shows:

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<thead>
<tr>
<th></th>
<th>2014</th>
<th>Since Inception</th>
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<tbody>
<tr>
<td>Kase Fund – net</td>
<td>13.7%</td>
<td>179.1%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>13.7%</td>
<td>125.5%</td>
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Past performance is not indicative of future results. Please refer to the disclosure section at the end of this letter. The Kase Fund was launched on 1/1/99.

I’m satisfied with the fund’s performance last year. While matching the return of the S&P 500 is hardly something to write home about, very few funds kept up with the market in 2014 (and even fewer long-short equity hedge funds; estimates show an average gain of ~3%), so our fund was likely in the top 10% of its peer group for the year.

More broadly, over the last four years our fund has shown a trend of improving performance on both a relative and absolute basis, and I’m confident that this will continue.

**Steady As She Goes**
I believe that investing for the long term in a small number of high-quality companies offers us the best chance of enduring success, so I aim to keep portfolio turnover low. At the end of 2013, we still held 12 of the 13 largest positions we held at the start of the year, and this pattern continued in 2014, as we continue to hold 9 of the top 10 stocks we entered the year with (the lone sale was Boeing). Here are the top 10 positions on January 1, 2014, which I disclosed and discussed in last year’s annual letter, with the performance of each stock last year:

1. Howard Hughes 8.6%
2. Berkshire Hathaway 27.0%
3. AIG 9.7%
4. MagicJack -31.8%
5. Air Products & Chemicals 28.9%
6. Hertz -12.9%
7. Canadian Pacific 27.4%
8. Avis 64.1%
9. Boeing -4.8%
10. Micron Technology 61.0%

In addition to the five big winners noted above (each of which rose at least 27%), five other stocks contributed more than one percentage point of our fund’s annual return (in descending order of attribution): Platform Specialty Products, Delta Airlines, JetBlue, Reading International, and American Airlines (all of which we still hold). Only four stocks cost us more than 1%: SodaStream, Spark Networks, Softbank and Fannie Mae (we still hold all but Softbank).

Portfolio Positioning and Largest Positions
The fund is currently 91% long and 13% short. The top 12 long positions (all those 4% or larger), ranked in descending order of size, are:

1. Howard Hughes
2. Platform Specialty Products
3. Avis
4. Pershing Sq. Holdings
5. Air Products & Chemicals
6. Reading International
7. Samsung Electronics
8. Micron Technology
9. JetBlue Airways
10. Delta Airlines
11. Tetragon
12. Berkshire Hathaway

See Appendix A for a further discussion of each of these.

Short Book
On the short side, we had three winners (ExOne, 3D Systems and Herbalife) and five losers (Exact Sciences, TMF, Green Mountain, Intermune and QuestCor) that accounted for at least 0.8% of attribution. In spite this, however, we had a profitable year on the short side (approximately three percentage points of return), which very few funds achieved in light of the market’s strong performance.

Most importantly, I took advantage of the brief market correction in October to permanently remake our short portfolio. While our short book has been very good to us since I went to a highly diversified approach in late 2013 (in the fourth quarter of 2013 and the first 10 months of 2014, a period in which the S&P 500 rose 22.6%, our short book actually generated nearly four percentage points of return), it was sucking up a large amount of my time – and time is my most precious commodity.

Investing on the long side is fundamentally a much, much better business than shorting, and historically has generated nearly all of our profits, so I came to the conclusion that we will all be better off if I focus the vast majority of my energies going forward on finding a small number of great long ideas that will drive superior returns over time.
I was looking for an opportune time to execute on this decision and fortunately the market cooperated: I took advantage of the turmoil in late September and early October to shrink our short book to only eight active positions (now down to seven after one company went bankrupt) (I’ve posted slides I presented at the Robin Hood Investor’s Conference last October on my two largest short positions, Lumber Liquidators and Exact Sciences, here and here).

This is not a short-term market call. While there will likely always be room in the portfolio for a handful of my highest-conviction short ideas, I anticipate that fewer than 10 positions and less than 20% exposure on the short side will be a permanent state of affairs. This means I will have to pick even safer, higher-return stocks on the long side, but that’s a challenge I willingly accept.

While there will no doubt be times of market turmoil when I’ll miss having a big short book, I’m certain that this strategy will pay off for us in the long run.

**Conclusion**

As always, thank you for your confidence and support, and please let me know if you have any questions.

Sincerely yours,

Whitney Tilson
Past performance is not indicative of future results.

Appendix A: Top 12 Long Positions
Note: The stocks are listed in descending order of size as of 2/19/15.

1) The Howard Hughes Corp.
When General Growth Properties, our most successful investment ever, emerged from bankruptcy in early November 2010, it did so as two companies: GGP, which had all of the best malls, and HHC, a collection of 34 master planned communities, operating properties, and development opportunities in 18 states. Soon thereafter I sold GGP, but held onto HHC (thank goodness, as the stock is up 4x since then) in the belief that while most of its properties are generating few if any cash flows and are thus very hard to value, the company has undervalued, high-quality assets in premier locations and that there are many value-creating opportunities that can be tapped.

In July and August 2012 I visited four of Howard Hughes’s properties that account for two-thirds of the company’s book value: Summerlin (Las Vegas), The Woodlands (Houston), Ward Centers (Honolulu), and South Street Seaport (NYC). In all cases, I was extremely impressed with the properties, the managers running them, and the development plans underway.

At that time, I estimated (see this slide presentation) that HHC’s intrinsic value was ~$125/share. So with the stock now at $144 today, why do I still hold it? Because there have been numerous favorable developments in the past 28 months – the company is executing superbly and the macro environment is providing a strong tailwind – so I believe intrinsic value is likely above $200. I hesitate to give a precise number because HHC is very difficult to value with precision, but I’m confident that it’s quite a bit higher than today’s price and rising at a solid clip, so this is a stock I hope to own for many more years.

For an updated analysis of Howard Hughes and its valuation (an estimated $247-257/share) that I largely agree with, see this recent slide presentation by blogger and analyst Todd Sullivan.

2) Platform Specialty Products
PAH is a platform of “asset-light, high-touch” specialty chemicals businesses with a superb operating CEO, Dan Leever, and a proven deal-doing chairman, Martin Franklin, of Jarden (JAH) fame.

The company came into being in late 2013 when a SPAC headed by Franklin paid $1.8 billion to acquire MacDermid, a high-quality specialty chemicals business helmed by Leever. Since then, PAH has spent $5 billion acquiring three additional businesses, Chemtura AgroSciences, Agriphar, and Arysta, and is now positioned as a leading global crop solutions business that offers a full product portfolio and diversity across crop varieties and geographies.

The objective is to repeat what Franklin did with Jarden (resulting in investors making more than 30x their money) by being smart and strategic in acquiring and integrating other companies in the specialty chemicals industry. I believe that PAH has the opportunity to invest large amounts of capital at a high rate of return over the next decade by acquiring additional businesses that can operate more efficiently as part of a larger industry platform.
I can’t think of better people to execute on this opportunity that Franklin, a proven deal maestro, and Leever, who grew up in the industry (his father started working at MacDermid in 1938, became Chairman in 1959 and spent 60 years at the company; Dan joined the company in 1982 and was made CEO in 1990). I remember well the dinner I was invited to in December 2013, shortly after the MacDermid deal closed and PAH started trading. At the time, the stock, at $14, appeared quite expensive by traditional valuation metrics, but after meeting Franklin and Leever, hearing their plans and looking at their track records, I decided I had to own the stock – a position I’ve added to a number of times since then on pull-backs – which has worked out beautifully, as it currently sits at $24.39.

In a remarkably short period of time (just over a year), PAH has become a large company (sales and EBITDA this year should exceed $3 billion and $750 million, respectively), yet it’s very difficult to analyze because of the large recent acquisitions and lack of analyst coverage. This weighs on the stock for now, but over the next year I expect PAH to become a more “normal” company and the valuation to reflect this.

If you’d like to read more about PAH, I’ve posted a few good write-ups on it here.

3) Avis
I normally avoid the stocks of companies in lousy, capital-intensive industries (like renting cars), which are characterized by cutthroat competition, low margins, low returns on capital, and high debt levels. But when such industries consolidate – since 1999, the auto rental business has gone from six major competitors to three (Hertz, Avis, and Enterprise) that now control 90% of the U.S. industry and more than 98% of the airport segment – and the few remaining players start behaving rationally and raising prices, there can be a decade-long tailwind of strong top-line growth combined with improved pricing, margins, and returns on capital, leading to rapidly rising earnings. This, combined with investors awarding these earnings a higher multiple, can lead to tremendous long-term stock returns – a great example is the railroad industry over the past decade (see pages 50-63 of this slide presentation for more on this).

Avis reported Q4 ’14 earnings yesterday morning that exceeded expectations and the stock rose 3.5%, close to its all-time high. For the quarter, revenue, adjusted EBITDA and EPS grew 2%, 13% and 53%, respectively; for the year, the comparable figures were 7%, 14% and 35%. These are exactly the numbers one wants to see in cases like this: a modest revenue increase, driven by GDP growth plus price increases, translating into a much larger jump in earnings, as costs remain under control. The company also bought back 5% of its outstanding shares during the year.

While the stock doesn’t appear cheap, trading at 18x this year’s estimated earnings, this is often the case in the early stages of an industry transformation, so I’m reluctant to sell too early.

4) Pershing Sq. Holdings
PSH is a publicly traded investment holding company managed by Bill Ackman of Pershing Square Capital Management. Bill and I have been close friends since we met three decades ago in our early years at Harvard (he was class of ’88, I was class of ’89), so I’ve followed his investment career closely and believe that he’s one of the most talented investors in the world. He has an exceptional long-term track record and is currently managing over $18 billion.
Prior to PSH going public last fall, only institutions and ultra-high-net-worth individuals could invest with Pershing Square, but now anyone can. As more retail investors become aware of this stock (it’s listed on the Euronext Amsterdam exchange) and how it’s structured to address many of the problems that typically cause vehicles like this to trade at a discount to net asset value, I think the stock is likely to trade up to a premium to NAV. Thus, I think this investment will be a winner for two reasons: a) NAV rising as Pershing Square’s current and future stock portfolio does well; and b) the stock trading up to an estimated 10-20% premium to NAV (it’s currently at $27.48, a 2% discount to NAV of $27.93).

5) Air Products and Chemicals
APD is one of four major global players in the industrial gas industry, which is an extremely attractive business. Typically, APD (or one of its peers) builds a plant next to a customer’s facility (perhaps a steel mill), with a long-term supply contract for roughly 65% of the plant’s output that allows APD to earn a decent return on the major investment required to build the plant. Where things really get attractive for APD is the ability to sell the other 35% of the plant’s output at very high returns.

APD and its peers benefit from three things: a) customer dependence on the product; b) technological advancements that create new uses for industrial gasses; and c) rapid growth and industrialization in places like China, India and Brazil.

APD, however, has been poorly managed for a long time, which can been seen in this table, which compares it to the leading company in the industry, Praxair:

<table>
<thead>
<tr>
<th></th>
<th>Gross Margin</th>
<th>Net Margin</th>
<th>Return on Assets</th>
<th>Return on Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>APD</td>
<td>27.3%</td>
<td>9.8%</td>
<td>6.0%</td>
<td>13.2%</td>
</tr>
<tr>
<td>Praxair</td>
<td>43.3%</td>
<td>13.8%</td>
<td>8.6%</td>
<td>25.9%</td>
</tr>
</tbody>
</table>

There is no reason why APD’s performance can’t improve to Praxair’s level over time – and after seeing the new CEO, Seifi Ghasemi, at an investor dinner last month, I now have greater conviction that it will happen more quickly than I’d anticipated, so I added to our position. He’s that impressive and his track record is that good.

In many ways, this investment reminds me of Canadian Pacific, another Pershing Square activist situation from which we’ve profited greatly (and still own): a highly attractive oligopolistic industry in which the target company is significantly underperforming its peers due to poor management. Once strong new management takes charge and the potential of the business begins to be realized, the stock, despite appearing to be expensive, soars.

6) Reading International
RDI is a small (~$300M market cap), family-controlled business that owns and operates cinemas in the U.S. (#11 player), Australia (#4) and New Zealand (#3), from which the stable and healthy cash flow has been invested in a collection of real estate assets in these countries.

Simply putting a conservative market multiple on the cash flow generated by the cinema
business gets one to nearly today’s share price, so the real question is: what’s the real estate worth? My answer: a lot – but it’s hard to know exactly how much. The two gems are both in New York City:

1) Cinema 123, located on 3rd Avenue between 59th and 60th streets. RDI owns a 75% interest in a 7,907 sq. ft. parcel that currently hosts a three-theater cinema. The property is located in one of the most valuable areas of Manhattan, across from Bloomingdale’s, and is ripe to be developed into a mixed-use retail and residential asset. I believe that today it’s easily worth $100 million.

2) Union Square Theater, located on the northeast corner of Union Square. RDI owns the underlying land and air rights to an 11,973 sq. ft. parcel that is currently the Union Square Theater. As with Cinema 123, this is enormously valuable property that could be developed in a similar way – and is also likely worth well more than $100 million.

The patriarch of the controlling family passed away last year, and there’s reason to believe that his three children, who now control and run the company, are eager to unlock value for shareholders. I believe intrinsic value is at least $15/share and likely above $20. I established this position last fall from ~$9-11/share and it closed yesterday at $12.35.

If you’d like to read more about RDI, I’ve posted these three articles written by one of its largest shareholders.

7) Samsung Electronics
Samsung rivals Apple for the title of the largest technology company in the world and is an excellent business with one of the top 10 brands in the world, a long track record of innovation (Samsung spends more on R&D each year than any other company and Boston Consulting Group ranked it the 2nd most innovative company in the world in 2013) and leading products and market share in mobile phones, semiconductors, displays, networking equipment, home appliances, and consumer electronics (laptops, tablets, televisions, printers, etc.). Every one of these businesses is consistently profitable.

Yet the stock is deeply out of favor, trading at only 70% of revenues, 8.3x trailing earnings, and 3.4x EV to EBITDA (and these figures are all 25% lower for the preferred shares, which we own in addition to the common). It’s the cheapest mega-cap stock in the world in my opinion.

The stock is depressed because in its most profitable business, smartphones, in which it’s the world leader, Samsung is facing increasing ferocious competition from Apple as well as numerous smaller upstarts like China’s Xiaomi. Consequently, the company’s revenues and profits have been in decline: in Q4 ’14, year-over-year revenue and operating income fell by 11% and 36%, respectively.

Are we witnessing yet another mobile phone market leader, like Nokia and Blackberry before it, suffer a long-term, irreversible decline (in which case, the stock will likely prove to be a value trap)? I can’t rule this out, so I’m closely monitoring the company and industry, but I don’t think it’s likely. Samsung has too much going for it for me to believe that it’s going to fade away.

There are already signs that things are improving. In Q4, the rate of decline slowed sequentially
(in Q3, year-over-year revenue and operating income fell 20% and 60%, respectively), and, outside of the smartphone division, revenues and operating income actually rose 4% and 17%, respectively. The company also had an 18% EBITDA margin (down slightly from 21% the previous year) and generated a 13% return on equity (down from 22% the previous year, but up from 11% in Q3).

Samsung currently has a $181 billion market cap, more than one third of which is offset by net cash and investments of $62 billion (up from $50 billion a year ago), so there is ample room for a major dividend increase (it’s a mere 1% today) and/or share repurchase by the controlling Lee family. To understand how cheap Samsung’s $119 billion enterprise value is, consider that if one applies a 10 multiple to the $7.9 billion of operating income generated in 2014 by Samsung’s semiconductor division – a conservative multiple in light of the company’s #1 position worldwide in this sector for more than two decades and the fact that operating profit jumped 27% last year – that $79 billion is equal to more than 2/3 of Samsung’s entire enterprise value. Yet the semiconductor division’s operating profit is a mere 35% of Samsung’s total operating profit for the year of $22.5 billion.

Any way you look at it, this is a very high quality business with leading market positions in growth industries and markets worldwide, yet the stock is priced for doom. It reminds me of Apple’s stock only 20 months ago – which is up 131% since then.

For more on Samsung, I recommend this presentation at the Value Investing Congress in September and this Barron’s article in October.

8) Micron Technology
Micron manufactures semiconductors, primarily dynamic random access memory (DRAM) chips (about 70% of revenues) and NAND flash memory products (most of the remainder). The DRAM industry has been abysmal for decades, characterized by cutthroat competition, high capital expenditures, excess capacity, and enormous cyclicality. But the industry has now consolidated to the point that three companies – Micron, Samsung, and SK Hynix – now control over 90% of the business and they are all competing rationally, restraining capacity expansion and exercising price discipline. Similar dynamics are at work in the NAND industry as well. In addition, the demand for both DRAM and NAND is increasing rapidly thanks to the growth in storage, cloud computing, smartphones, tablets, video game consoles and the like. The end result is greatly improved pricing and enormous tailwinds for Micron that I think are likely to continue for the foreseeable future (though to own this stock, one must ignore the frequent rumors that DRAM pricing is collapsing, Samsung and Hynix are going to ruin the industry by adding major new capacity, etc.).

Micron’s superb execution as well as the industry tailwinds were evident in fiscal Q1 ’15, as the company’s revenues and adjusted earnings rose 13% and 18%, respectively. While the stock has skyrocketed in the last two years, it remains cheap, trading at less than 8x the ~$4.00/share I expect the company to earn this calendar year.

I’ve posted the slides I presented on Micron at the Robin Hood Investor’s Conference last October here.
9) and 10) JetBlue and Delta Airlines
Like the auto rental companies and semiconductor companies, the U.S. airlines are benefitting enormously from the consolidation that’s taken place in the industry. As a result, the fundamentals are nothing short of phenomenal:

- Pricing is strong
- Fees are high
- Planes are full
- Capacity growth is restrained
- Labor relations are good
- The price of jet fuel has fallen dramatically along with the price of oil
- All four major U.S. carriers are returning capital to shareholders

Despite all of this, the stocks remain very cheap: of the three airlines stocks we own, JetBlue trades at 10.2 this year’s estimated earnings, Delta at 9.3x, and American at 4.7x. I purchased these three because:

1) Delta is the class of the industry, rivaling Southwest for the best management and positioning. Also, among the legacy carriers, it’s furthest along in becoming a “normal” stock that institutional investors view like other transportation companies: it pays a dividend, is repurchasing stock, etc.

2) JetBlue has been a laggard so is more of a turnaround story, but it’s one I have great confidence in under new CEO Robin Hayes. The company has historically favored its customers over its shareholders, which can be a good thing of course, but I think it was taken to an extreme. For example, the company had fewer seats in its planes than its competitors, which meant more legroom – but less profit. Now, it’s adding two more rows, which will increase profits materially, yet is still keeping a few rows with extra legroom for passengers who are willing to pay a bit extra for it. Ditto for checked bags, which all of the domestic carriers charge for except Southwest, which isn’t a major competitor for JetBlue. For more on the company and its potential upside, I recommend this report.

3) American appears to be hitting its stride after difficulties in bankruptcy and integrating US Airways. It’s benefitting the most from the drop in fuel prices because it doesn’t hedge this major expense, so earnings are poised to skyrocket this year, making it the cheapest airline stock on a price-to-this-year’s-expected earnings basis – but of course this math will work in reverse if/when oil prices recover, so it’s a small position in our portfolio.

If this industry follows the same path as the railroads, there’s plenty more upside. The 10 publicly traded U.S. airlines have a combined market cap of $152 billion, not much more than Union Pacific alone, with its $107 billion market cap.

While in the short term airline stocks will likely trade in line with oil prices, which I have no ability to predict, in the long run I believe the industry consolidation story is still intact and has many more years to run.

I’ve posted the slides I presented on the airlines at the Robin Hood Investor’s Conference last
October [here](#).

11) **Tetragon Financial**

Tetragon is one of the more oddball stocks I’ve ever purchased. It’s a global alternative-investment company that is domiciled in Guernsey, has primary offices in the U.K., and most of its assets are U.S.-based loans and securities, the majority of which are collateralized loan obligations (CLOs). The company’s shares have virtually no sell-side coverage, trade in dollars on the Euronext Amsterdam exchange and, even though the market cap exceeds $1 billion, are quite illiquid, trading less than $500,000 on the average day.

Despite this complexity, the investment thesis for Tetragon is quite simple: its stock trades at half its intrinsic value, which is fairly straightforward to calculate, and that value is growing steadily. Management, while generating its share of controversy and perhaps overcompensated, has an excellent investment record, is heavily incented to unlock value, and has returned a great deal of cash to shareholders over time in the form of meaningful and highly accretive buybacks plus substantial dividends (the trailing 12-month dividend yield exceeds 6%).

Tetragon’s business has two components, a $1.8 billion investment portfolio and an asset-management platform with $10.6 billion in assets under management. Regarding the former, roughly half of the investment portfolio is invested in CLOs, the majority of which are well seasoned, meaning they were issued prior to the financial crisis. The balance of the portfolio is invested primarily in cash, loans and hedge fund investments. As of the end of this year’s second quarter, the pro-forma fully diluted net asset value of the portfolio was $16.82 per share. (One might reasonably ask whether investors can rely on Tetragon’s valuation of this portfolio – after all, it’s not easy to value equity tranches of dozens of CLOs. My short answer is “yes.” In fact, given that the discount rates the company uses to value the underlying cash flows are higher than those typically used in the CLO market today, I believe Tetragon’s valuation of the portfolio is likely conservative.)

To this, one must add the value of the asset-management business, which is harder to calculate than a simple net asset value, but using a range of assumptions for the earnings from management and performance fees and for the multiples at which comps trade, I estimate this business is worth $1.50 to $3.50 per share. Add this to the NAV of the investment portfolio and it brings Tetragon’s total intrinsic value to around $20 per share, double Tetragon’s current stock price of $9.90.

For more on Tetragon, see [this article](#) I published in the August issue of *Value Investor Insight*.

12) **Berkshire Hathaway**

I feel like a broken record as, yet again, I write that Berkshire is firing on all cylinders and the stock remains moderately undervalued. After its 27% rise in 2014, it isn’t quite as cheap today as it was a year ago, which is why I trimmed the position and took some healthy profits, but at $221,495, it’s still roughly 12% below my estimate of its intrinsic value of approximately $250,000.

The latest version of my slide presentation on Berkshire is posted [here](#).
The T2 Accredited Fund, LP (dba the Kase Fund) (the “Fund”) commenced operations on January 1, 1999. The Fund’s investment objective is to achieve long-term after-tax capital appreciation commensurate with moderate risk, primarily by investing with a long-term perspective in a concentrated portfolio of U.S. stocks. In carrying out the Partnership’s investment objective, the Investment Manager, T2 Partners Management, LP (dba Kase Capital Management), seeks to buy stocks at a steep discount to intrinsic value such that there is low risk of capital loss and significant upside potential. The primary focus of the Investment Manager is on the long-term fortunes of the companies in the Partnership’s portfolio or which are otherwise followed by the Investment Manager, relative to the prices of their stocks.

There is no assurance that any securities discussed herein will remain in Fund’s portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed may not represent the Fund’s entire portfolio and in the aggregate may represent only a small percentage of an account’s portfolio holdings. The material presented is compiled from sources believed to be reliable and honest, but accuracy cannot be guaranteed.

It should not be assumed that any of the securities transactions, holdings or sectors discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. All recommendations within the preceding 12 months or applicable period are available upon request. Past results are no guarantee of future results and no representation is made that an investor will or is likely to achieve results similar to those shown. All investments involve risk including the loss of principal.

Performance results shown are for the Kase Fund and are presented net of all fees, including management and incentive fees, brokerage commissions, administrative expenses, and other operating expenses of the Fund. Net performance includes the reinvestment of all dividends, interest, and capital gains.

The fee schedule for the Investment Manager includes a 1.5% annual management fee and a 20% incentive fee allocation. For periods prior to June 1, 2004 and after July 1, 2012, the Investment Manager’s fee schedule included a 1% annual management fee and a 20% incentive fee allocation. In practice, the incentive fee is “earned” on an annual, not monthly, basis or upon a withdrawal from the Fund. Because some investors may have different fee arrangements and depending on the timing of a specific investment, net performance for an individual investor may vary from the net performance as stated herein.

The return of the S&P 500 and other indices are included in the presentation. The volatility of these indices may be materially different from the volatility in the Fund. In addition, the Fund’s holdings differ significantly from the securities that comprise the indices. The indices have not been selected to represent appropriate benchmarks to compare an investor’s performance, but rather are disclosed to allow for comparison of the investor’s performance to that of certain well-known and widely recognized indices. You cannot invest directly in these indices.

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