A Primer for Today's Secondary Private Equity Market

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Summary

As it has grown and matured over the past two decades, secondary private equity has shifted away from a niche market characterized by distressed sellers and significant discounts to a functional and active marketplace with increasingly sophisticated participants. This primer reviews the history of the secondary market, answers some of the questions investors may be asking today and considers how the secondary market will continue to evolve going forward. Specifically, it addresses concerns about increased competition, "full" pricing and a perceived supply and demand imbalance in the secondary market. It then examines emerging trends including active fund of funds portfolio management and the rise in GP-led transaction activity. It argues that a measured and rigorous approach to secondary investing will continue to provide valuable alternative assets exposure – by selectively indexing the primary private equity market on a delayed basis, secondary investing can offer accelerated returns with lower volatility, lower loss rates and greater downside protection, regardless of the current market cycle.

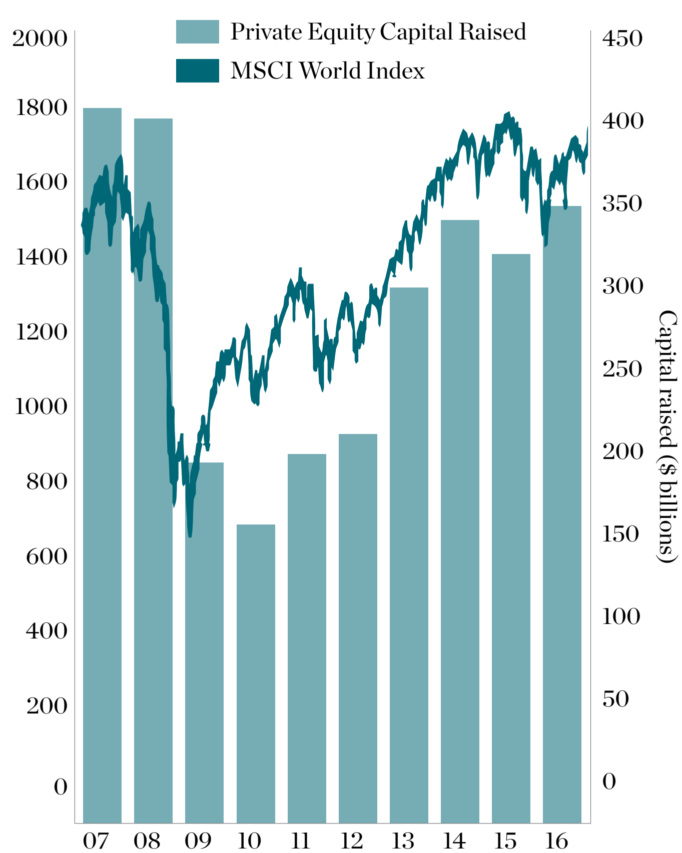
The Evolution of the Secondary Market

Like any market, the secondary private equity market connects buyers and sellers, allowing the former to access private equity limited partnership positions beyond the initial investment period, and the latter to access liquidity along an earlier time frame. As today's investors navigate a richly valued, low yield environment against a backdrop of global macro uncertainty, and as the role of the secondary market becomes increasingly accepted within the alternative assets universe, secondary investing is being considered in new ways – not only as a source of liquidity for distressed investors, but as a differentiated investment strategy and as a regular portfolio management tool to rebalance fund exposures and lock in realized gains.

The secondary market began to emerge as early as the 1980s. Activity remained muted until the mid-2000s, when a confluence of factors began to drive increasing volume. Since then, secondary private equity has matured from a derivative asset class largely driven by distress and short term market volatility, to a broader, institutionalized market where seller and buyer types now include every investor category. Today, more secondary funds are in market and more capital is being sought than at any point in recent history.[1]

Secondary market activity is influenced by public market dynamics, corresponding investor sentiment and the availability of primary private equity interests to market. Primary private equity fundraising tends to increase with strengthening public market conditions (Figure 1).

Figure 1.
Primary Commitments and Market Performance (US$ in billions)

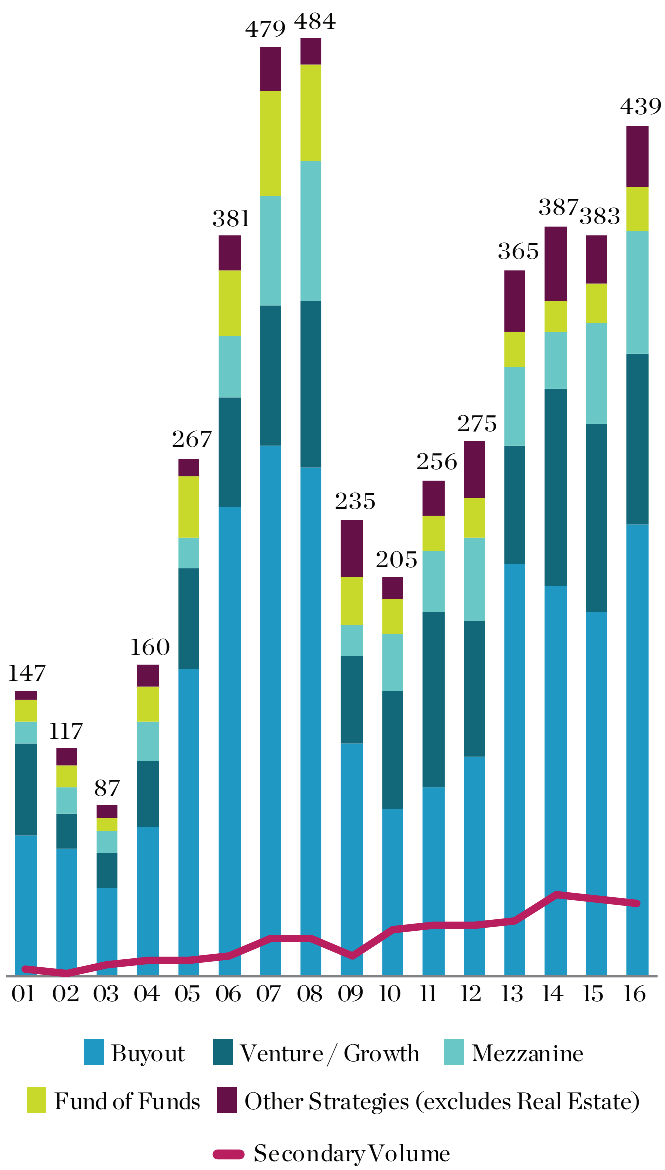


1. Historical Secondary Fundraising Statistics, 2000-2017 YTD, Preqin.

Unless otherwise noted, all information presented herein is the opinion of Strategic Partners based upon market observations. There can be no assurance market trends or conditions will continue.

With each inflection point in financial markets over the past decade, the secondary market has also experienced increased activity as investors attempt to unload distressed stakes or to take advantage of market gains. (Increased activity does not always lead to completed deal volume, as will be discussed below.) The secondary market has experienced marked secular growth over this period as well, as buyers and sellers become increasingly sophisticated and as the volume and availability of primary private equity product has expanded over time (Figure 2).

Figure 2.
Primary Commitments and Secondary Volume (US$ in billions)



A Brief History

Pre-2000

Following regulatory changes in the late 1970s that permitted pension funds to invest in private equity, assets under management in the organized private equity market increased dramatically, from under $5 billion to over $175 billion between 1980 and 1995.[2] By the 1990s, private equity had become a core holding for most institutional investors, with average portfolio allocations ranging from 5% for public pension plans to nearly 15% for endowments and foundations.[3] Secondary activity had existed from the early days, largely as one-off transactions. However, as the primary market matured through the 1990s, secondary activity began to grow meaningfully. The first globally focused secondary private equity fund was launched in 1998.

2000-2003

In the 1990s, regulators changed the capital requirements for commercial banks and insurance companies, forcing these institutions to set aside more capital in order to support their alternative asset investments.[4] In 2000, Chase Capital Partners sold a $500+ million portfolio of private equity fund interests to two secondary players, marking the beginning of larger scale portfolio transactions in the secondary marketplace as well as the beginning of buyer mosaics. In 2003, UBS sold a portfolio of more than fifty LBO and venture capital fund interests, estimated to be valued around $750 million. That same year, Deutsche Bank also completed a fund portfolio sale. Following the global technology losses of 2000, sellers turned to the secondary market out of distress as well. The market was marked by large discounts at this time, though the pricing gap between buyers and sellers began to narrow over the coming years as the exit climate for primary private equity assets improved, and as sellers had time to absorb several quarters of gradual balance sheet write-downs.

2004-2008

The secondary market landscape began to change in the mid-2000s as public pension plans began to sell assets from their private equity portfolios. In 2004, the State of Connecticut Retirement Plans and Trust Funds became

2. Stephen D. Prowse. "The economics of the private equity market." Economic Review-Federal Reserve Bank of Dallas, 1998.
3. The Private Equity Analyst, 2003.
4. Probitas Partners, 2003.

one of the first pension funds to sell in the secondary marketplace. Secondary market deal volume was roughly $8.4 billion for the year.[5] Over the next two years, secondary fundraising surged, with Coller Capital raising a $4.5 billion fund in 2007. In 2005, California Public Employee's Retirement System (CalPERS) decided to restructure its Alternative Investment Management program, creating a 'legacy portfolio' of non-core assets and manager relationships. In 2007, CalPERS sold this legacy portfolio to a buyer syndicate for $1.5 billion, the largest secondary transaction to date. By 2008, secondary deal volume had almost doubled from 2004 levels, to $16.4 billion.[6]

2009-2013

Following the global financial crisis, widespread market dislocations had a dramatic impact on the pricing of secondary private equity transactions, resulting in wide bid / ask spreads and muted volume. An expected surge in deal flow following the economic downturn failed to materialize, as investors resisted selling in late 2008 to early 2009 to avoid significant losses. However, through 2009 and 2010, the bid / ask spread narrowed and completed transaction volume increased significantly, as investors wanted to rebalance investment allocations and to reduce unfunded private equity exposure. In 2010, Bank of America sold a $1.9 billion portfolio to AXA Private Equity, marking the beginning of truly large portfolio transactions. In 2011 and 2012, financial institutions again became increasingly active sellers, driven by regulatory reform following the crisis, capped off by the release of the final draft of the Volcker Rule in 2013.

2014-Today

2014 and 2015 saw a meaningful jump in global secondary transaction volume, as public equity gains and strong realization activity through 2012 to 2014 flowed through to the secondary market. Exits from buyouts exceeded $450 billion in 2014, surpassing the 2007 all-time high of $354 billion.[7] Continued strong secondary fundraising increased the amount of dry powder available, and new secondary market entrants emerged, including non-traditional buyers. Competition for high quality asset portfolios intensified and secondary market pricing grew robust, to a post-crisis high of 93% of Net Asset Value ("NAV").[8] More multi-strategy portfolios came to market, often including real estate and infrastructure / energy fund stakes. Deal volume hit record levels in 2014, driven partly by a dozen billion-dollar-plus transactions, including portfolios from GE Capital, Mizuho Financial and J.P. Morgan Chase, in addition to several large US public pension plans. Deals became increasingly structured, with buyers using deferred payment structures and third-party leverage to boost returns.

2016 posed yet another inflection point. In the first half of 2016, macro volatility driven by a drop in crude prices in January, worries over a China slowdown, and Brexit were all factors in slowing market volume. Although a large number and variety of potential sellers entered the secondary private equity marketplace seeking liquidity, many early 2016 deals were not completed as buyers and sellers had differing expectations, leading to yet another pricing gap. Pricing for buyout fund stakes fell – the first half-yearly drop since 2013.[9] Meanwhile, dry powder increased to a record $65 billion, the joint result of slower capital deployment in the first half of the year due to market uncertainty and the successful completion of several large secondary fundraises over the year.[10] As 2016 progressed, valuations in underlying portfolios began to stabilize and consequently, secondary buyers became increasingly willing to transact. As a result, the second half of 2016 saw a spike in completed transactions. 2016 secondary completed deal volume reached $37 billion, slightly down from prior year volume of $40 billion.[11]

Where is the Market Going?

2017 has been marked by continued volatility, driven by political uncertainty in many parts of the globe. In December 2016, the Federal Reserve extended the deadline for banks to qualify for the Volcker Rule extension, by an additional five years beyond July 21, 2017 to divest legacy "illiquid fund" investments. Financial institutions, historically motivated by regulatory reasons to pare down their private equity asset portfolios, are now taking a "wait and see" attitude, especially in light of indications from the current US presidential administration that further changes may be made to Dodd-Frank legislation.

While this will certainly impact the secondary market in the shorter term, we believe secondary activity will nevertheless continue to expand in size and scope over the longer term, both in the number of transactions and in total dollars transacted. While 2016 completed deal volume decreased almost 10% from the prior year, this was largely driven by a decrease in average deal size (which fell from over $200 million in 2015 to under $180 million in

5. Dow Jones, Private Equity Analyst, 2015.
6. Dow Jones, Private Equity Analyst, 2015.
7. Bain & Company, Global Private Equity Report, 2015.
8. Greenhill Cogent – Secondary Market Trends & Outlook – July 2014.
9. Elm Capital Second Half 2016 Newsletter.
10. Greenhill Cogent – Secondary Market Trends & Outlook – July 2016.
11. Greenhill Cogent – Secondary Market Trends & Outlook – January 2017.

2016). Not only were more total transactions completed by number, but the average number of funds per transaction increased over 30% from 13 in 2015 to 18 in 2016.[12] As increasingly diverse portfolios are brought to market, and as more buyer and seller types recognize the secondary market as a viable portfolio solution, we believe secondary private equity will be poised for continued growth.

Going forward, we can identify several meaningful growth trends, including:

- A growing universe of players
    - Sellers driven by changing needs, macro forces and normalizing attitudes
    - Buyers driven by the search for yield and ample dry powder
- A broadening of assets available for sale
    - Widening spectrum in terms of quality, asset class and maturity
    - Growing asset backlog in the primary PE market
- The expanding role of fund of funds managers and general partners

A Growing Universe of Players

Between January 2015 and today, over $70 billion of dedicated secondary capital was raised, an influx of dry powder waiting to be deployed in the next two to four years.[13] As more capital enters the secondary market, news headlines increasingly reflect investor concerns over intensifying competition, "full" pricing and a supply / demand imbalance in the secondary market. A growing universe of players can mean more competition as traditional secondary players and institutional investors alike focus their attention on the same portfolios, often with larger-than-ever pools of capital. However, digging a little deeper, more market participation can also mean greater specialization and sophistication.

Over the past five years, the secondary private equity market has expanded meaningfully, from $25 billion (2011) to $37 billion (2016) in annual transactions.[14] In the first half of 2016, pension funds became the most active sellers of stakes on the secondary market, overtaking financial institutions.[15] Sophisticated institutional investors including pension plans and sovereign wealth funds are increasingly turning to the secondary market as a regular portfolio rebalancing tool. These same investors are also treating secondary private equity as an alternative investment strategy, committing to secondary managers in their investment allocations and even building dedicated, in-house secondary investing platforms. These platforms often have global reach and robust teams, reflecting a growing shift away from traditionally passive investing to more active market participation.

Approximately half of active buyers in the secondary market today are also sellers, and over half of all secondary buyers have the ability to purchase interests across multiple private equity strategies, suggesting that while competition in the secondary market is certainly growing, participant sophistication is growing as well.[16]

A closer look at pricing levels in 2015 and 2016 reveals that par and premium prices were paid mostly on large-cap US and European funds, with well-diversified underlying investments and regular distribution streams.[17, 18] While "full" pricing is grabbing investor attention, these headline prices do not reflect the bifurcation of the market as buyers concentrate on assets perceived as higher quality. This pricing disparity becomes evident as one examines the average price paid for venture capital assets, with less predictable cash flow streams and less perceived upside potential, which was 78% of NAV, compared to buyout pricing, which averaged 95% of NAV in the same year.[19]

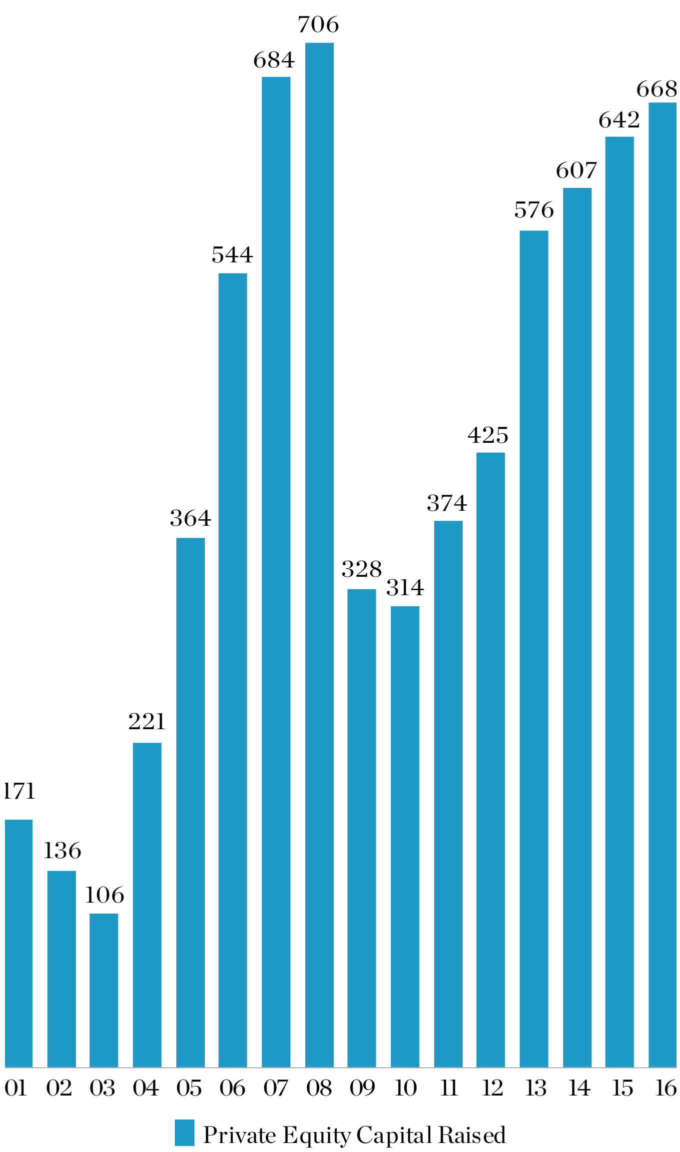
Buyers have also focused on broader subsets and large portfolios, where bidding was more aggressive, rather than niche subsets (where fewer buyers have prior knowledge, or access to information) or smaller portfolios (where fewer buyers are incentivized to transact, given the pressure to keep pace with capital deployment, and where opportunities may be off-market and more relationship-based). We believe this dispersion allows those buyers with more transaction experience or greater specialization to continue to find value in the secondary market. As a final point, secondary sale processes are generally based off a historical reference date, and underlying portfolio valuation changes over time can often be reflected in pricing, especially if buyers have access to subsequent quarters of information. Over periods of strong public market activity or meaningful private valuation uplifts, par or premium pricing for reference date NAV from three or

12. Greenhill Cogent – Secondary Market Trends & Outlook – January 2017.
13. Includes private equity secondary, real estate secondary and infrastructure secondary strategies. Preqin, March 2017.
14. Greenhill Cogent – Secondary Market Trends & Outlook – July 2013, July 2016.
15. Setter Capital Survey; Secondaries Investor. September 2016.
16. Evercore, January 2017.
17. Greenhill Cogent – Secondary Market Trends & Outlook – July 2016, January 2017,
18. Elm Capital Second Half 2015 Newsletter.
19. Greenhill Cogent – Secondary Market Trends & Outlook – January 2017.

six months prior may actually equate to a discount to latest market value.

The current secondary penetration rate (defined as the percentage of total NAV across all private equity strategies that trades in the secondary market) is still less than 2%.[20] Primary private equity makes up a growing proportion of investor portfolios, and investor demand continues to support robust primary private equity fundraising, driven by historically strong cash distributions over the past six years.[21] As the primary market continues to expand, we believe the secondary market will follow suit (Figure 3).

Figure 3.
Historical Private Equity Fundraising (US$ in billions)



A Broadening of Assets Available for Sale

The expansion of the secondary private equity market has led to a broadening of assets available for sale. Sellers are increasingly coming to market with multi-asset portfolios, which reflect the realities of alternatives investing. Real estate, natural resources and infrastructure funds, asset classes which were not institutionalized until the mid-2000s, are being offered for sale both due to their maturation over time, and in response to growing investor appetite for asset diversification. The flight to quality discussed above has fueled another growth trend in the secondary market, as opportunistic sellers are incentivized to "sweeten the pot" by blending in younger assets with greater perceived upside potential into portfolios available for sale.

Although down in 2016, active fund of funds portfolio management drove two-thirds of 2015 volume compared to just under half in 2014, a trend that will likely continue as transacting in the secondary market becomes increasingly normalized.[22] Fund of funds managers are not only paring down mature assets in vehicle wind-downs, but also strategically selling younger assets. Fund managers may choose to sell down partial commitments, tailoring their exposure to certain private equity sponsors or investment strategies, but maintaining a foot in the door to capitalize on future upside, or to maintain the sponsor relationship.

As funds raised prior to the 2008 financial crisis hit the ten-year mark (the traditional "end of fund" life) and funds raised following the crisis gradually reach maturity, the maturity spectrum of the secondary market is not only expanding but also shifting generally. There is $649 billion of remaining value in 2005-2009 vintages, which comprises the new "tail-end" opportunity set to enter the market over the next three to five years (Figure 4).[23]

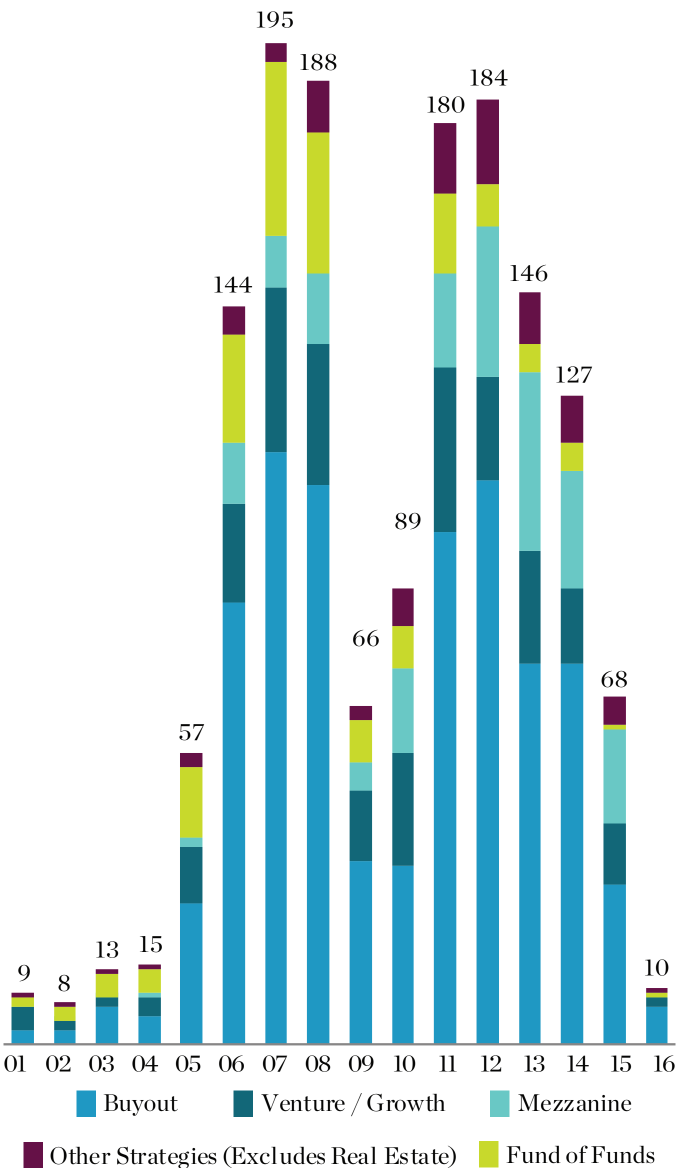
Younger, post-crisis funds will begin to shape the profile of secondary market supply. Primary private equity funds raised between 2009 and 2012 entered a depressed market, with three year rolling IRR horizons of 0.3% across all strategies.[24] With fewer opportunities to deploy capital early in their investment periods, these funds are not only younger, with more blind pool risk, but also distinguished by comparably longer active fund lives.

As PE funds raised over the past decade harvest the

20. Preqin, March 2017.
21. Bain & Company, Global Private Equity Report, 2017.
22. Evercore, January 2016.
23. Preqin, February 2016.
24. Private Equity Horizon IRRs, Preqin.

unrealized value in their portfolios, the average holding period has lengthened—and will continue to stretch because holdings acquired during the boom years have yet to be fully exited. Many pre-crisis investments were often acquired at high purchase multiples, and need more time in order to yield acceptable returns. Likewise, holdings acquired following the crisis need more time for their investment theses to be proven out. For buyouts exited in 2014, the median holding period had grown to 5.7 years, up from just 3.4 in 2008. 60% of assets sold in 2014 had been in PE portfolios for more than five years; in comparison, only 11% had been held less than three years.[25]

Figure 4.
Remaining Value in Private Equity Funds by Vintage (US$ in billions)



The Expanding Role of General Partners

Although the secondary private equity market emerged as a solution designed for limited partners seeking liquidity, general partners are becoming increasingly active participants. By virtue of the transaction between an existing limited partner and an aspiring buyer, the general partner ("GP") is party to the exchange, though traditionally in a more passive role. However, GPs are initiating transactions directly on the secondary market, both independently, and on behalf of their limited partners. Greenhill Cogent estimates that GP-led transactions were 18% of 2016 total deal count, and just under 25% of the total secondary market, topping $9 billion.[26]

In recent years, we have seen GPs proactively offering investors liquidity options, as well as adopting new fund-level equity and debt structures to manage capital needs. GPs are also introducing greater complexity to the secondary market through restructuring / recapitalization processes, team spin-outs and secondary direct investments. These solutions are poised for additional growth, especially with the growing specialization of the market, as a broadening of asset classes introduces varying risk-return profiles, differing fund structures (closed-end, open-end, etc.) and investment time frames. In real estate, for example, select sponsors are shifting away from traditional closed-end fund vehicles and towards deal by deal transactions and co-investments, as investor appetite is growing for smaller club deals.

General partners and fund of fund managers are running secondary processes often with an eye towards the primary capabilities of interested buyers, as a secondary transaction could present the opportunity for managers to enhance and structure their limited partner base. The secondary market becomes not only a tool for managers to "clean up" older, legacy investments, but provides access to a different, often new capital pool. Staple transactions, in which managers will allow prospective buyers access to existing funds only if they make commitments to new funds, allows fund of funds managers to balance limited partner commitments across vintages. This consequently allows a limited partner to be released from an older vintage for the guarantee that the substituting party will commit to the latest fund raised, and often at a pre-determined ratio of NAV.

25. Bain & Company, Global Private Equity Report, 2015.
26. Greenhill Cogent, Secondary Market Trends & Outlook, July 2016.

Conclusion

As the secondary private equity market has evolved, the participant universe, asset spectrum and amount of available dry powder have all expanded meaningfully. We predict that the market will continue to grow more complex, mirroring developments in the primary private equity market, which can be traced along a similar trajectory from its early history to today. Just as private equity expanded across strategies (venture capital, real estate, infrastructure, etc.) and spread across the capital structure (mezzanine debt, distressed for control, rescue financing, etc.), we believe the secondary market will expand similarly.

Forward projections of traditional asset class performance remain underwhelming, and investors of all types are increasingly seeking out creative approaches to deploying capital and generating solid risk-adjusted returns in a challenging market environment. As investors turn to the secondary market as both buyers and sellers, increasingly broad asset portfolios will be brought to market, and increasingly complex solutions will emerge. For investors, it is important to keep sight of fundamentals in the face of increasing complexity. We believe intrinsic analysis of underlying assets can determine the “right price” for any portfolio, within any structure. With thoughtful portfolio construction, we believe the secondary market offers diversified exposure to the primary private equity market, indexed across vintage years, geographies, asset classes and strategies.

Though impacted by macro-economic trends and public equity volatility in broadly the same way as other alternative assets, secondary private equity is a derivative of the broader alternative assets universe, with a time lag and performance curve following that of the primary market. By removing some of the start-up risks facing private equity funds, secondary private equity investing may ultimately provide more efficient exposure to the alternative assets market, offering accelerated returns with lower volatility, lower loss rates and greater downside protection, regardless of the current market cycle.

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SEE THE ENDNOTES OF THIS PRESENTATION FOR IMPORTANT DISCLOSURES.

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AN INVESTMENT IN THE FUND HAS NOT BEEN RECOMMENDED OR APPROVED BY ANY U.S. FEDERAL OR STATE OR ANY NON-U.S. SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PRESENTATION. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE DISTRIBUTION OF THIS PRESENTATION IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. THIS PRESENTATION IS ONLY DIRECTED AT PERSONS TO WHOM IT MAY BE LAWFULLY DISTRIBUTED, AND ANY INVESTMENT ACTIVITY TO WHICH THIS PRESENTATION RELATES WILL ONLY BE AVAILABLE TO SUCH PERSONS. IT IS THE RESPONSIBILITY OF ANY POTENTIAL INVESTOR TO SATISFY ITSELF AS TO THE FULL COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION, INCLUDING OBTAINING ANY GOVERNMENTAL OR OTHER CONSENT AND OBSERVING ANY OTHER FORMALITY PRESCRIBED IN SUCH JURISDICTION. ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST.

Risk Factors

An investment in the Fund will involve significant risks due to, among other things, the nature of the Fund's investments and potential conflicts of interest. There can be no assurance that the Fund will realize its investment objectives or return any investor capital. The value of an investment in the Fund may fluctuate. Investors should have the financial ability and willingness to accept the risks (including, among other things, the risk of loss of investment and the lack of liquidity) that are characteristic of investments in entities such as the Fund.

Risk factors include the following:

No Assurance of Investment Return; Risk of Loss. An investment in the Fund is speculative and involves significant risk, including the possible loss of the entire amount invested. No assurance can be given that the Fund will be able to identify and complete investments which satisfy its rate of return objectives, or that it will be able to invest fully its committed capital. There can be no assurance that the Fund will be able to generate returns for investors or that returns will be commensurate with the risks of the investments within the Fund's investment objectives. There can be no assurance that the Fund's investment objectives will be achieved or that there will be any return of capital. Therefore, an investor should only invest in the Fund if the investor can withstand a total loss of its investment. The past investment performance of investments of prior funds managed by Strategic Partners or its affiliates or of private equity or similar investment funds sponsored by The Blackstone Group, L.P. ("Blackstone") should not be construed as an indication of future results of any investment in the Fund.

Key Professionals: The success of the Fund will depend, in large part, upon the skill and expertise of the professional personnel within Strategic Partners and the members of the Fund's investment committee. There can be no assurance that such persons will continue to serve in their current positions or continue to be employed by Blackstone. No person should purchase an interest in the Fund unless such person is willing to entrust all aspects of the management of the Fund to Strategic Partners.

Lack of Liquidity: An interest in the Fund represents a highly illiquid investment and should only be acquired by an investor able to commit its funds for an indefinite period of time. Investors will not be permitted to transfer their interests in the Fund without the consent of the Fund's general partner, which generally may be granted or withheld in its sole discretion, and the satisfaction of certain other conditions, including compliance with applicable federal, state and non-U.S. securities laws. There currently exists no public market for interests in the Fund, and none is expected to develop.

Increased Government Regulation: Following global market volatility and dislocations, financial institution failures and financial frauds in recent years, governmental authorities in the United States and elsewhere have called for financial system and participant regulatory reform, including additional regulation of investment funds and their managers and their activities. The SEC, other regulators and self-regulatory organizations and exchanges have taken various extraordinary actions in connection with recent market events and may take additional actions. The ultimate effect of government actions cannot be predicted, but these government actions and regulatory reform measures could have an adverse effect on the Fund's investment strategy and Strategic Partners' business model and could cause the Fund to incur significant expense to comply with such measures. The Fund may also be adversely affected by changes in the enforcement or interpretation of existing laws, rules and regulations. In addition, legislation may adversely affect Strategic Partner's ability to attract and retain key investment professionals.

Potential Conflicts of Interest: Various potential and actual conflicts of interest may arise from the overall investment activities of Blackstone and its affiliates. The Fund (and its predecessor and successor funds) will be the primary investment vehicles at Blackstone through which mature secondary investments in underlying funds (the "Underlying Funds") will be pursued. However, Blackstone currently manages, and may subsequently establish, other Blackstone funds, which may from time to time make secondary investments that would otherwise be appropriate for the Fund. Any such other Blackstone funds and/or affiliates (including other business units within Blackstone) will not be restricted from sourcing and/or making investments that may otherwise be appropriate for the Fund, which may result in increased competition for suitable investment opportunities and may ultimately affect the Fund's ability to effectively achieve its investment objective.

Risks of Secondary Investing: The Fund expects to invest primarily in third party-sponsored private investment funds and, indirectly, in investments selected by such unrelated sponsors. The interests in which the Fund seeks to invest are highly illiquid and typically subject to significant restrictions on transfer, including a requirement for approval of the transfer by the general partner or the investment manager of the Underlying Fund. The Fund will not have an active role in the management of the Underlying Funds or their portfolio investments. The overall performance of the Fund will depend in large part on the acquisition price paid by the Fund for its secondary investments and on the structure of the acquisitions. The performance of the Fund will be adversely affected in the event the valuations assumed by Strategic Partners in the course of negotiating acquisitions of investments prove to have been too high. The activity of identifying and completing attractive secondary investments is highly competitive and involves a high degree of uncertainty. There can be no assurance that the Fund will be able to identify and complete investments which satisfy its rate of return objectives, or that it will be able to invest fully its committed capital. In many cases, the Fund expects to have the opportunity to acquire a portfolio of Underlying Funds from a seller on an "all or nothing" basis. It may be more difficult for Strategic Partners to successfully value and close on investments being sold on such basis. In addition, the Fund may invest with third parties through joint ventures, structured transactions and similar arrangements. These arrangements may expose the Fund to risks associated with counterparties in addition to the risks associated with the Underlying Funds and their managers and portfolio companies.

Lack of Coordination Among Investment Decisions of Underlying Funds: Investment decisions of the Underlying Funds are made by such Underlying Funds' managers independently of each other. Consequently, at any particular time, one Underlying Fund may be purchasing interests in an issuer that at the same time are being sold by another Underlying Fund. Investing by the Underlying Funds in this manner could cause the Fund to incur indirectly certain transaction costs without accomplishing any net investment result.

Access to Information from Underlying Funds: Strategic Partners may not always receive full information from Underlying Funds because certain of this information may be considered proprietary by an Underlying Fund. An Underlying Fund's use of proprietary investment strategies that are not fully disclosed to Strategic Partners may involve risks under some market conditions that are not anticipated by Strategic Partners. Furthermore, this lack of access to information may make it more difficult for Strategic Partners to select and evaluate Underlying Funds.

Borrowing: Subject to certain conditions, the Fund may borrow money on a fund-wide basis, or as part of structuring certain secondary investment opportunities. Borrowings may be secured by the Fund's investments and/or a pledge of undrawn capital commitments. Leverage generally magnifies both the Fund's opportunities for gain and its risk of loss from its investment activities.

Taxation: Certain risks related to taxation are discussed in the definitive Offering Memorandum under "Certain Legal and Tax Considerations" which prospective investors should read carefully. Prospective investors are urged to consult their own tax advisors with respect to their own tax situations and the effects of an investment in the Fund.

Australia:

The provision of this document to any person does not constitute an offer of securities or financial products of any kind to that person or an invitation to that person to apply for securities or financial products of any kind. Any such offer or invitation will only be extended to a person in Australia under the terms of a separate document (such as a private placement memorandum), containing the full terms and conditions of any such offer or invitation. This document is not a disclosure document for the purposes of the Australian Corporations Act 2001 (Cth) ("Act") and has not been lodged with the Australian Securities and Investments Commission.

This document is provided only for use by persons who are wholesale clients for the purposes of the Act ("Wholesale Client"). Any securities or financial products described in, or services that may be referred to or provided in connection with, this document are not made available to any person who is a retail client for purposes of the Act. By accepting this document, you expressly acknowledge and represent that you are a Wholesale Client. This document is not intended to be distributed or passed on, directly or indirectly, to any other class of persons in Australia.

Any person to whom the securities or financial products described in this document are issued must not, within 12 months after the issue, offer, transfer or assign that security or financial product to investors in Australia except in circumstances where disclosure to investors is not required under the Act.

The information in this document has been prepared without taking into account any recipient's investment objectives, financial situation, taxation position or particular needs or requirements and should not be relied on for the purposes of making any investment decision. Before acting on the information the investor should consider its appropriateness having regard to their objectives, financial situation and needs.

This document has not been prepared only for Australian investors. It:

- may contain references to dollar amounts which are not Australian dollars;
- may contain financial information which is not prepared in accordance with Australian law or practices;
- may not address risks associated with investment in foreign currency denominated investments; and
- may not address Australian tax issues.

To the extent that this document contains financial product advice, that advice is provided by, or on behalf of, The Blackstone group (Australia) Pty Limited CAN 149 142 058. The Blackstone Group (Australia) Pty Limited holds an Australian financial services license authorizing it to provide financial services in Australian (AFSL 408376).

Bahrain:

The Central Bank of Bahrain, the Bahrain Stock Exchange and the Ministry of Industry and Commerce of the Kingdom of Bahrain take no responsibility for the accuracy of the statements and information contained in this document or the performance of the Fund, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. We have not made and will not make any invitation to the public in the Kingdom of Bahrain to subscribe to the interests in the Fund and that this Memorandum will not be issued, passed to, or made available to the public generally. The Central Bank of Bahrain ("CBB") has not reviewed, nor has it approved, this Memorandum or the marketing thereof in the Kingdom of Bahrain. The CBB is not responsible for the performance of the Fund.

Bermuda:

Interests in the Fund may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act 2003 of Bermuda. Additionally, non–Bermudian persons may not carry on or engage in any trade or business in Bermuda unless such persons are authorised to do so under applicable Bermuda legislation. Engaging in the activity of offering or marketing the notes in Bermuda to persons in Bermuda may be deemed to be carrying on business in Bermuda.

Brazil:

Blackstone is not making any representation with respect to the eligibility of any recipient of these materials to acquire the interests in the funds described in the materials under the laws of Brazil. Such funds have not been registered in Brazil and none of the interests in such funds may be offered, sold or delivered, directly or indirectly, in Brazil or to any resident of Brazil except pursuant to the applicable laws and regulations of Brazil.

Brunei:

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Canada:

These materials and the information contained herein are not, and under no circumstances are to be construed as, an advertisement or a public offering of securities in Canada or any providence or territory thereof. Under no circumstances are these materials and the information contained herein to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by Blackstone Advisory Partners L.P., the placement agent for the Fund in Canada, in reliance on the International Dealer Exemption pursuant to section 8.18 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon the merits of the investments described herein and any representation to the contrary is an offense. Under no circumstances is the information contained herein to be construed as an offer or solicitation to provide investment advice in any province or territory of Canada.

Chile:

Esta información versa sobre valores no inscritos en el registro de valores o en el registro de valores extranjeros que lleva la Superintendencia de Valores y Seguros ("SVS") , por lo que tales valores no están sujetos a la fiscalización de ésta. Por tratarse de valores no inscritos no existe la obligación por parte del emisor de entregar en Chile información pública respecto de los valores sobre los que versa esta oferta. Estos valores no podrán ser objeto de oferta pública mientras no sean inscritos en el registro de valores correspondiente.

This information is related to securities not registered in the Securities Registry or the Foreign Securities Registry of the Superintendence of Securities and Insurance ("SVS"), and therefore are not subject to supervision by the SVS. As being unregistered securities, there is no obligation for the issuer to deliver in Chile public information about these securities. The securities cannot be subject to public offering until they are registered in the appropriate registry.

China:

This document does not constitute a recommendation to acquire, an invitation to apply for or buy, or an offer to apply for or buy, a solicitation of interest in the application or purchase, of any securities, any interest in any securities investment fund or any other financial investment product (including without limitation the fund units contemplated in this document), in the People's Republic of China (for the purpose of this paragraph excluding Taiwan, Hong Kong and Macau) (PRC). This document is solely for use by Qualified Domestic Institutional Investors duly licensed in accordance with applicable laws of the PRC and must not be circulated or disseminated in the PRC for any other purpose. Any person or entity resident in the PRC must satisfy himself/itself that all applicable PRC laws and regulations have been complied with, and all necessary government approvals and licenses (including any investor qualification requirements) have been obtained, in connection with his/its investment outside of the PRC.

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Colombia:

THE FUND HAS NOT BEEN AND WILL NOT BE REGISTERED WITH THE COLOMBIAN NATIONAL REGISTRY OF SECURITIES

AND ISSUERS OR WITH ANY COLOMBIAN SECURITIES EXCHANGE OR TRADING SYSTEM.

THIS DOCUMENT HAS NOT BEEN AND WILL NOT BE FILED FOR APPROVAL WITH THE COLOMBIAN FINANCIAL SUPERINTENDENCY OR ANY OTHER REGULATORY AUTHORITY IN COLOMBIA. THIS DOCUMENT DOES NOT CONSTITUTE AND MAY NOT BE USED FOR, OR IN CONNECTION WITH, A PUBLIC OFFERING AS DEFINED UNDER COLOMBIAN LAW AND SHALL BE VALID IN COLOMBIA ONLY TO THE EXTENT PERMITTED BY COLOMBIAN LAW. THE FUND MAY ONLY BE EXCHANGED INSIDE THE TERRITORY OF THE REPUBLIC OF COLOMBIA TO THE EXTENT PERMITTED BY COLOMBIAN LAW.

THIS DOCUMENT IS FOR THE SOLE AND EXCLUSIVE USE OF THE ADDRESSEE AS A DESIGNATED INDIVIDUAL/INVESTOR, AND CANNOT BE CONSIDERED AS BEING ADDRESSED TO OR INTENDED FOR THE USE OF, ANY THIRD PARTY, INCLUDING, WITHOUT LIMITATION, ANY OF SUCH PARTY'S SHAREHOLDERS, ADMINISTRATORS OR EMPLOYEES, OR BY ANY OTHER THIRD PARTY RESIDENT IN COLOMBIA. THE INFORMATION CONTAINED IN THIS DOCUMENT IS PROVIDED FOR ILLUSTRATIVE PURPOSES ONLY AND NO REPRESENTATION OR WARRANTY IS MADE AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

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THE ADDRESSEE ACKNOWLEDGES AND AGREES TO COMPLY WITH COLOMBIAN LAWS APPLICABLE TO THE INVESTMENT IN THE FUND (INCLUDING, WITHOUT LIMITATION, FOREIGN EXCHANGE AND TAX REGULATIONS) AND REPRESENTS THAT IT IS THE SOLE LIABLE PARTY THEREOF.

THE ADDRESSEE ALSO REPRESENTS THAT THE INVESTMENT IN THE FUND IS A PERMITTED INVESTMENT UNDER ITS ORGANIZATIONAL DOCUMENTS AND APPLICABLE INVESTMENT RESTRICTIONS AND THAT IT IS SOLELY LIABLE FOR CONDUCTING AN INVESTMENT SUITABILITY ANALYSIS AS PER ITS APPLICABLE INVESTMENT REGIME.

Denmark:

This document does not constitute a prospectus under any Danish law and has not been filed with or approved by the Danish Financial Supervisory Authority as this document has not been prepared in the context of either (i) a public offering of securities in Denmark within the meaning of the Danish Securities Trading Act or any Executive Orders issued pursuant thereto or (ii) an offering of a collective investment scheme comprised by the Danish Investment Association Act or any Executive Orders issued pursuant thereto. This document will only be directed to fewer than 100 natural or legal persons in Denmark, qualified investors as defined in section 2 of the Danish Prospectus Order no. 223/2010 or Danish investors, who commit to acquire interests in the fund for a total consideration of at least EUR 50,000 per investor for each single offer of interests in the fund. This offering is subject to a minimum denomination of equivalent to at least EUR 50,000. Accordingly, this document may not be made available nor may the interests otherwise be marketed and offered for sale in Denmark other than in circumstances which are deemed not to be considered as marketing or an offer to the public in Denmark.

Distribution in the European Economic Arena:

In relation to each member state of the EEA (each a "Member State") which has implemented Alternative Investment Fund Managers Directive (Directive (2011/61/EU)) (the "AIFMD") (and for which transitional arrangements are not/ no longer available), this presentation may only be distributed and interests in the relevant fund may only be offered or placed in a Member State to the extent that: (1) the fund is permitted to be marketed to professional investors in the relevant Member State in accordance with AIFMD (as implemented into the local law/regulation of the relevant Member State); or (2) this presentation may otherwise be lawfully distributed and the interests may otherwise be lawfully offered or placed in that Member State (including at the exclusive initiative of the investor).

In relation to each Member State of the EEA which, at the date of this presentation, has not implemented AIFMD, this presentation may only be distributed and interests may only be offered or placed to the extent that this presentation may be lawfully distributed and the interests may lawfully be offered or placed in that Member State (including at the initiative of the investor).

Finland:

The funds or securities may not be offered or sold, or this document be distributed, directly or indirectly, to any resident of the Republic of Finland or in the Republic of Finland, except pursuant to applicable Finnish laws and regulations. Specifically, the funds or securities may not be offered or sold, or this document be distributed, directly or indirectly, to any resident of the Republic of Finland or in the Republic of Finland, other than to (i) a limited number of pre-selected investors as defined under the Finnish Securities Market Act of 1989 and to (ii) an unlimited number of qualified investors as defined under the Finnish Securities Market Act of 1989. The funds or securities may not be offered or sold, or this document be distributed, directly or indirectly, to the public in the Republic of Finland as defined under the Finnish Securities Market Act of 1989.

France:

Neither this document nor any other offering or marketing material relating to the offer of interests in the fund has been prepared in the context of a public offer of shares in the Republic of France within the meaning of Article L. 411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulations of the Autorité des marchés financiers ("AMF") and has therefore not been and will not be submitted to the clearance procedures of the AMF for prior approval or otherwise or notified to the AMF after clearance of the competent authority of a Member State of the European Economic Area.

The interests in the fund have not been offered, sold or otherwise transferred and will not be offered, sold or otherwise transferred, directly or indirectly, to the public in the Republic of France. Neither this Prospectus nor any other offering or marketing material relating to the offer of interests in the fund has been or will be (i) released, issued, distributed or caused to be released, issued or distributed to the public in the Republic of France or (ii) used in connection with any offer for subscription or sale of the interests in the fund in the Republic of France.

Any offers, sales or other transfers of interests in the fund in the Republic of France may only be made in accordance with Article L. 411-2 of the French Code monétaire et financier and only (i) to investment services providers authorized to engage in portfolio management on a discretionary basis on behalf of third parties (personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers) and/or to qualified investors (investisseurs qualifiés) and/or to a restricted group of investors (cercle restreint d'investisseurs), in each case investing for their own account, all as defined in and in accordance with Articles L. 411-2, D. 411-1 to D. 411-4, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code monétaire et financier and Article 211-2-1 of the General Regulations of the AMF or (ii) in a transaction that, in accordance with Article L. 411-2-I-1° or -2° or -3° of the French Code monétaire et financier and Article 211-2 of the General Regulations of the AMF does not constitute a public offer (offre au public), and is in compliance with Articles L. 341-1 to L. 341-17 of the French Code monétaire et financier.

Pursuant to Article 211-3 of the General Regulations of the AMF, interests in the fund may only be resold, directly or indirectly, to the public in the Republic of France in accordance with applicable laws relating to public offerings (which are in particular embodied in Article L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Code monétaire et financier).

Accordingly, each of the dealers has represented and agreed and each further dealer appointed will be required to represent and agree that it has not offered or sold and will not offer or sell, directly or indirectly, shares to the public in France and neither the offering memorandum nor any other offering material relating to the shares has been distributed or caused to be distributed or will be distributed or caused to be distributed to the public in France, except to the investors referred to in the paragraph above.

Pursuant to article 211-3 3° of the General Regulations of the Autorité des marchés financiers, shares may only be resold, directly or indirectly, to the public in the Republic of France in accordance with applicable laws relating to public offerings (which are in particular embodied in Article L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Code monétaire et financier).

Germany:

The units are neither notified for distribution with the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) according to the German Capital Investment Act (Kapitalanlagegesetzbuch) nor listed on a German exchange. No sales prospectus pursuant to the German Securities Prospectus Act (Wertpapierprospektgesetz) has been filed with the BaFin. Consequently, the units must not be distributed in or into Germany by way of a direct or indirect offering or placement.

Guernsey:

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Israel:

No action has been or will be taken in Israel that would permit a public offering of the Fund, or distribution of this document to the public in Israel. This document has not been approved by the Israel Securities Authority.

Jordan:

Investors in the Fund shall make their investment decisions based on their own risk assessment. Investors in the Fund acknowledge the market risks and that profits and revenues derived therefrom are subject to the fluctuation of the prices in the market, and accordingly, the Fund does not guarantee the profitability of such investments. The Fund is subject to the laws and regulation of the Cayman Islands. The Jordan Securities Commission has no jurisdiction over the fund and interests in the Fund have not been and will not be registered, authorized or approved for offering, marketing or sale with the Jordan Securities Commission.

Kuwait:

The interests in the Fund have not been and will not be registered, authorized or approved for offering, marketing or sale in the State of Kuwait. Interested investors from the State or Kuwait, including those who approach the Blackstone Group, acknowledge this restriction and that the offering of any interests in the Fund and any related materials shall be subject to all applicable foreign laws and rules; accordingly, such investors must not disclose or distribute any such materials to any other person.

Malaysia:

No approval from the Securities Commission of Malaysia is or will be obtained for the offering of the fund on the basis that the fund will not be offered or sold within Malaysia to any person. In addition, this Document has not been nor will it be registered with the Securities Commission of Malaysia on the basis that the fund will not be offered or sold within Malaysia to any person.

No invitation or offer to subscribe for or purchase interests in the fund may be made in Malaysia to any person, nor may this Document or any other marketing or offering materials relating to the fund be distributed or circulated in Malaysia. Nothing in this Document shall constitute in any manner whatsoever a proposal to make available, offer for subscription or purchase or to issue an invitation to purchase or subscribe of any interest in the fund in Malaysia to any person. No person receiving a copy of this Document may treat the same as constituting an invitation or offer to him in Malaysia.

Netherlands:

Attention. This investment falls outside AFM supervision. No license is required for this activity. The participations may not be offered, sold, transferred or delivered, directly or indirectly, in the Netherlands as part of their initial distribution or at any time thereafter, other than to individuals or legal entities that are considered qualified investors (gekwalificeerde beleggers) within the meaning of section 1:1 of the Dutch Financial Supervision Act (Wet op het financieeltoezicht; Wft)

Oman:

The information contained in this document neither constitutes a public offer of securities in the Sultanate of Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations of the Capital Market Law (issued by Decision No.1/2009). Additionally, this document is not intended to lead to the conclusion of a contract of any nature whatsoever within the territory of the Sultanate of Oman.

The recipient of this document represents that he/she is a sophisticated investor (as described in Article 139 of the Executive Regulations of the Capital Market Law) and has such experience in business and financial matters that he/she is capable of evaluating the merits and risks of an investment in securities. The investor acknowledges that he/she is aware that an investment in securities is speculative and involves a high degree of risk, which could include loss of the entire investment.

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These securities have not been and will not be registered with the Superintendence of Capital Markets of the Republic of Panama (former, National Securities Commission) under Decree Law N°1 of July 8, 1999 and Law 67 of September 1, 2011 and/or its regulations (the "Panamanian Securities Act") and may not be publicly offered or sold within the Republic of Panama, except in certain limited transactions exempt from the registration requirements of the Panamanian Securities Act. These securities do not benefit from the tax incentives provided by the Panamanian Securities Act and are not subject to regulation or supervision by the Superintendence of Capital Markets of the Republic of Panama.

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The Interests and the information contained in this document are not being marketed or publicly offered in Peru and will not be distributed or caused to be distributed to the general public in Peru. The Interests and the information contained herein have not been and will not be confirmed, approved or in any way submitted to the Peruvian securities and exchange commission - Superintendencia del Mercado de Valors ("SMV") - nor have they been registered under the Peruvian Securities market Law ("Ley del Mercado de Valors", whose Single Revised Text was approved by Supreme Decree No. 093-2002-EF). Notwithstanding the foregoing, the Interests and the information contained herein may be submitted and registered with the Superintendence of Banking, Insurance and Pension Funds - Superintendencia de Banca, Seguros Y Administradoras Privadas de Fondo de Pensiones ("SBS") - as a result of private offerings addressed to certain Institutional Investors pursuant to Peruvian regulations.

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WHERE THE INTERESTS ARE ACQUIRED UNDER SECTION 305 OF THE SFA BY A RELEVANT PERSON WHICH IS A CORPORATION (WHICH IS NOT AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA)) THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR, THE SECURITIES (AS DEFINED IN SECTION 239(1) OF THE SFA) OF THAT CORPORATION SHALL NOT BE TRANSFERABLE FOR 6 MONTHS AFTER THAT CORPORATION HAS ACQUIRED THE INTERESTS UNDER SECTION 305 EXCEPT:

(1)TO AN INSITUTIONAL INVESTOR OR TO A RELEVANT PERSON AS DEFINED IN SECTION 305(5) OR ARISING FROM AN OFFER UNDER SECTION 275(1A) OF THE SFA;

(2)WHERE NO CONSIDERATION IS GIVEN FOR THE TRANSFER; OR

(3)WHERE THE TRANSFER IS BY OPERATION OF LAW. WHERE THE INTERESTS ARE ACQUIRED UNDER SECTION 305 OF THE SFA BY A RELEVANT PERSON WHICH IS A TRUST (WHERE THE TRUSTEE IS NOT AN ACCREDITED INVESTOR) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY IS AN INDIVIDUAL WHO IS AN ACCREDITED INVESTOR, THE BENEFICIARIES' RIGHTS AND INTEREST IN THAT TRUST SHALL NOT BE TRANSFERABLE FOR 6 MONTHS AFTER THAT TRUST HAS ACQUIRED THE INTERESTS UNDER SECTION 305 EXCEPT:

(1)TO AN INSITUTIONAL INVESTOR OR TO A RELEVANT PERSON AS DEFINED IN SECTION 305(5) OF THE SFA OR ARISING FROM AN OFFER THAT IS MADE ON TERMS THAT SUCH RIGHTS OR INTEREST ARE ACQUIRED AT A CONSIDERATION OF NOT LESS THAN S$200,000 (OR ITS EQUIVALENT IN A FOREIGN CURRENCY) (OR SUCH AMOUNT AS MAY BE PRESCRIBED UNDER THE SFA) FOR EACH TRANSACTION, WHETHER SUCH AMOUNT IS TO BE PAID FOR IN CASH OR BY EXCHANGE OF SECURITIES OR OTHER ASSETS);

(2)WHERE NO CONSIDERATION IS GIVEN FOR THE TRANSFER; OR

(3)WHERE THE TRANSFER IS BY OPERATION OF LAW. BY ACCEPTING RECEIPT OF THIS DOCUMENT, A PERSON IN SINGAPORE REPRESENTS AND WARRANTS THAT HE IS ENTITLED TO RECEIVE SUCH DOCUMENT IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH ABOVE AND AGREES TO BE BOUND BY THE LIMITATIONS CONTAINED HEREIN.

Pursuant to Paragraph 1(2)(c)(ix) of the Sixth Schedule of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005, an information memorandum may state where investors are able to obtain information on past performance instead of stating the past performance in the information memorandum.

Sweden:

Neither the fund nor the fund manager is authorized or supervised by the SFSA under the Swedish Investment Funds Act (2004:46).

Furthermore, this memorandum has not been, nor will it be, registered with or approved by the SFSA under the Swedish Financial Instruments Trading Act (1991:980) (the "Trading Act"). Accordingly, this memorandum may not be made available, nor may the interests in the fund offered hereunder be marketed and offered for sale in Sweden, other than under circumstances which are deemed not to require a prospectus (Sw. prospekt) under the Trading Act.

Prospective investors should not construe the contents of this document as legal or tax advice. This document has been prepared for marketing purposes only and should not be conceived as investment advice.

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Turkey:

No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey.

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Taiwan:

The limited partner interests may be made available outside Taiwan to Taiwan resident investors for purchase outside Taiwan by such investors but are not permitted to be marketed, offered or sold in Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the limited partner interests in Taiwan.

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Prospective purchasers should conduct their own due diligence on the Fund.

If you do not understand the contents of this document you should consult an authorized financial adviser.

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The promotion of the Fund and units and interests therein have not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities in the UAE, and does not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise.

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(B) (i) persons who have professional experience in matters relating to investments falling within Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the Financial Promotion Order); (ii) high net worth entities and other persons to whom it may otherwise lawfully be communicated, falling within Article 49 of the Financial Promotion Order; or (iii) certified sophisticated investors falling within Article 50 of the Financial Promotion Order,

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(a) who has a current certificate in writing or other legible form signed by an authorised person to the effect that he is sufficiently knowledgeable to understand the risks associated with participating in unregulated collective investment schemes and of investments of the type described in this document; and

(b) who has signed, within the period of twelve months ending with the day on which the communication is made, a statement in the prescribed form.

A person acquiring any investment is placing their capital at risk and could lose some or all of the amount invested. Information on past or projected performance of funds or investments, where given, is not a reliable indicator of future results. No reliance should be made on this document for the purpose of engaging in any investment activity. Investors should seek independent advice from their investment advisers or further information concerning an interest and the suitability of making an investment in the context of the investor's individual circumstances. If a prospective investor has any doubt about the suitability of an investment, the investor should contact for advice a duly authorised independent financial adviser specialising in providing advice in relation to investments of the type described in this document. Levels and bases of taxation may change from time to time. Investors should consult their own tax advisers in order to understand any applicable tax consequences of an investment. Prospective investors should note that the tax treatment of each investor, and of any investment, depends on individual circumstances and may be subject to change in the future.

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