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Name of Offeree Copy No.

(This Offering Memorandum does not constitute an offer unless the Offeree's name and Memorandum copy number appear above)

Dollars and Sense Growth Fund, LP

A Delaware Limited Partnership

Confidential Private Offering Memorandum

September 1, 2014

Profits Plus Capital Management, LLC

Private and Confidential

This Offering Memorandum constitutes an offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities and to those persons to whom they may be lawfully offered for sale. No securities commission or similar regulatory authority has reviewed this Offering Memorandum or has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. No prospectus has been filed with any such authority in connection with the securities offered hereunder. This Offering Memorandum is confidential and is provided to specific prospective investors for the purpose of assisting them and their professional Advisers in evaluating the securities offered hereby and is not to be construed as a prospectus or advertisement or a public offering of these securities.

DOLLARS AND SENSE GROWTH FUND, LP

INVESTMENT IN THIS PARTNERSHIP
INVOLVES A HIGH DEGREE OF RISK

Dollars and Sense Growth Fund, LP (the "Partnership") is a Delaware limited partnership organized in November 2000, which seeks substantial capital appreciation by investing in, and trading precious metals, equities, and other securities. Profits Plus Capital Management, LLC (the "General Partner") is a Delaware limited liability company organized in June 2001 and will serve as the general partner and investment manager of the Partnership.

The General Partner may utilize leverage, as permitted by the Partnership's broker/dealers. There can be no assurance that the investment objectives of the General Partner will be achieved. See "**INVESTMENT METHODOLOGY**," "**MANAGEMENT OF THE PARTNERSHIP**", "**CONFLICTS OF INTEREST**" and "**RISK FACTORS.**"

The Interests are being privately offered and sold by the Partnership pursuant to an exemption from the registration provisions of the Securities Act of 1933, as amended (the "Act"), provided for in Regulation D under the Act and Rule 506 thereof to "accredited investors" as defined in Rule 501(a) of Regulation D and "qualified clients" as defined in Rule 205-3 of the Investment Advisers Act of 1940, as amended (the "Advisers Act"). There will be no sales charges upon subscription for Interests. The minimum Interest that may be purchased is $100,000, unless waived by the General Partner. Interests may be purchased as of the close of business on the last Business Day of each calendar month, subject to certain restrictions. All subscriptions received from prospective investors will be held in a separate, non-interest bearing account until the end of the calendar month in which they are received until invested in the Partnership. The General Partner may reject any subscription in whole or in part for any reason. Interests are transferable only with the consent of the General Partner. Upon the close of business on the last business day of each calendar month, all or a portion of such Interest may be redeemed on 30 days' prior written notice to the General Partner, subject to certain restrictions. The General Partner, in its sole discretion, may waive the foregoing restriction from time to time; however, any Interest or portion thereof which is redeemed prior to the end of the first full 12-month period following its purchase will be charged a Redemption Fee equal to 3.0% of the Net Asset Value of the Interest being redeemed. No secondary market for the Interests exists, and none is likely to develop. See "**PURCHASE PROCEDURE**."

THE INTERESTS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

GENERAL PARTNER
Profits Plus Capital Management, LLC

The date of this Amended and Restated
Confidential Private Offering Memorandum (the "Memorandum")
is September 1, 2014.

Dollars and Sense Growth Fund, LP

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NOTICES

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS NOT CONTAINED HEREIN, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THE DELIVERY OF THIS MEMORANDUM AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE OF ITS ISSUE.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, A SECURITY IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION IN SUCH JURISDICTION.

INVESTMENT IN THE INTERESTS INVOLVES A HIGH DEGREE OF RISK AND IS SUITABLE ONLY FOR A SOPHISTICATED INVESTOR FOR WHICH SUCH INVESTMENT DOES NOT CONSTITUTE A COMPLETE INVESTMENT PROGRAM AND WHICH FULLY UNDERSTANDS AND IS WILLING TO ASSUME THE RISKS INVOLVED. ONLY A PERSON OR ENTITY WHICH QUALIFIES FOR PURPOSES OF THE ACT MAY INVEST IN THE INTERESTS. NO PERSON WHICH IS NOT CAPABLE INDEPENDENTLY OF EVALUATING ANY INFORMATION CONTAINED IN THIS MEMORANDUM AND THE RISKS INVOLVED IN THE PURCHASE OF THE INTERESTS SHOULD CONSIDER DOING SO.

A PROSPECTIVE PURCHASER OF INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS TAX OR LEGAL ADVICE. THIS MEMORANDUM SHOULD BE REVIEWED BY THE PROSPECTIVE PURCHASER AND ITS INVESTMENT, TAX, LEGAL OR OTHER ADVISERS.

EXECUTIVE OFFICERS AND REPRESENTATIVES OF THE GENERAL PARTNER ARE AVAILABLE TO EACH PROSPECTIVE INVESTOR AND/OR ITS REPRESENTATIVES TO ANSWER QUESTIONS CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING OF INTERESTS AND TO FURNISH ANY ADDITIONAL INFORMATION, TO THE EXTENT THAT THEY POSSESS OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE, NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION SET FORTH HEREIN OR TO ENABLE IT TO EVALUATE THE MERITS AND RISKS RELATING TO THE PURCHASE OF INTERESTS.

BY ACCEPTING RECEIPT OF THIS MEMORANDUM, EACH PROSPECTIVE INVESTOR AGREES NOT TO DUPLICATE OR TO FURNISH COPIES OF THIS MEMORANDUM TO PERSONS OTHER THAN SUCH OFFEREE'S INVESTMENT, TAX, ACCOUNTING OR LEGAL ADVISERS AND AGREES TO RETURN THIS MEMORANDUM TO THE GENERAL PARTNER PROMPTLY AFTER SUCH TIME AS SUCH OFFEREE IS NO LONGER CONSIDERING AN INVESTMENT IN THE INTERESTS.

THIS MEMORANDUM DOES NOT CONTAIN AN UNTRUE STATEMENT OF A MATERIAL FACT OR OMIT TO STATE A MATERIAL FACT NECESSARY TO MAKE THE STATEMENTS MADE HEREIN, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING. IT CONTAINS A FAIR SUMMARY OF THE MATERIAL TERMS OF DOCUMENTS PURPORTED TO BE SUMMARIZED HEREIN.

NASAA UNIFORM LEGEND

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE INTERESTS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT, AND ANY APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

SUMMARY

The following summary briefly describes the offering of Interests in Dollars and Sense Growth Fund, LP and is qualified in its entirety by the detailed information appearing elsewhere in this Memorandum.

The Partnership: Dollars and Sense Growth Fund, LP is a Delaware limited partnership organized in November 2000. The Partnership's principal office is at 2245 North Samantha Court, Nampa, Idaho 83687; its telephone number is (208) 468-3600.

General Partner: Profits Plus Capital Management, LLC is a Delaware limited liability company organized in June 2001 and the general partner of the Partnership.

Investment Objective: The Partnership's investment objective is to seek substantial capital appreciation through the purchase of physical precious metals, however, the Partnership, in the General Partner's sole discretion may also invest in, and trade equities and other securities, instruments and hard assets. There can be no assurance that the Partnership's investment objective will be achieved. See "**RISK FACTORS**."

Offering: Interests are being privately offered and sold by the Partnership pursuant to an exemption from the registration provisions of the Act provided for in Regulation D and Rule 506. The minimum Interest which may be purchased is $100,000, unless waived by the General Partner. Interests may be purchased as of the close of business on the last business day of each calendar month, subject to certain restrictions. There is no maximum amount of Interests that may be accepted by the Partnership pursuant to this offering.

Term: Unless earlier dissolved, the Partnership shall cease doing business on December 31, 2050, and shall thereupon be dissolved.

Additional Capital Contributions: Limited Partners (as hereinafter defined), with the consent of the General Partner, may make additional capital contributions on the last business day of each calendar month.

Allocation of Profits and Losses: Each Limited Partner in the Partnership and the General Partner will have a Book Capital Account (as hereinafter defined) and a Tax Capital Account (as hereinafter defined), the initial balance of each of which will be the amount contributed to the Partnership by such partner. Any increase or decrease in the Net Asset Value (as defined in the Limited Partnership Agreement) of the Partnership will be allocated among the partners on a monthly basis and will be added to or subtracted from the Book Capital Accounts of the partners in the ratio that each partner's Book Capital Account bears to all partners' Book Capital Accounts.

Incentive Allocation: At the end of each calendar quarter, the General Partner will be paid an incentive allocation equal to 20% of the Net New Appreciation, if any, achieved with respect to the Book Capital Account of each Limited Partner.

Fees and Expenses:

Management Fee. The General Partner will be paid by the Partnership a monthly management fee by equal to 1/12 th of 1 ½% (approximately 1.5% annually) of the Net Asset Value of each Limited Partner's Book Capital Account.

Expenses. The Partnership is obligated to pay brokerage commissions, custodial fees and other trading and investment related expenses. In addition, the Partnership also is obligated to pay its legal, accounting, administration, auditing, filing, administrative and other regular operating expenses and extraordinary expenses which may occur in the operation of the Partnership's business.

Redemptions: Upon the close of business on the last business day of each calendar month, all or a portion of such Interest may be redeemed on 30 days' prior written notice to the General Partner, subject to certain restrictions. The General Partner, in its sole discretion, may waive the foregoing restriction from time to time; however, any Interest or portion thereof which is redeemed prior to the end of the first full 12-month period following its purchase will be charged a Redemption Fee equal to 3.0% of the Net Asset Value of the Interest being redeemed.

Reports and Pricing: At the end of each month, the General Partner will prepare and send to each partner an unaudited monthly statement that will report the Net Asset Value of the Partnership and any changes therein. For purposes of preparing such monthly statements, the General Partner will price the Partnership's portfolio securities and assets based upon the last reported sale prices on the valuation date for such securities and assets. In addition, following the end of each fiscal year, an audited annual report of the Partnership, certified by the Partnership's independent auditors, shall be prepared and mailed to each partner.

Risk Factors: The investment program of the Partnership involves significant risks. The Partnership is a recently formed entity in a high-risk field, and there is limited operating history upon which to evaluate its likely performance. There is no present expectation that a secondary market in the Interests will develop, and there are restrictions on transfers of Interests. Substantial risks are involved in investing in and trading equities and precious metals. Equities, in which the Partnership invests, are extremely sensitive to corporate announcements and overall market movements. Investments in options may be subject to greater fluctuation than investments in the underlying securities. The General Partner may use leverage in investing the Partnership's assets. While this use of leverage may increase the Partnership's overall rate of return, it also may increase losses incurred by the Partnership and the volatility of the Partnerships returns. See "**RISK FACTORS**."

Conflicts of Interests: Certain inherent and potential conflicts of interests exist in the nature and operations of the Partnership. See "**CONFLICTS OF INTEREST**."

Additional Information: Prospective investors desiring further information concerning the terms and conditions of this offering of Interests should contact the General Partner at 2245 North Samantha Court, Nampa, Idaho 83687.Telephone inquiries may be directed to Robert Coleman at (208) 468-3600.

THE PARTNERSHIP

Dollars and Sense Growth Fund, LP is a Delaware limited partnership organized in November 2000 under the Delaware Revised Uniform Limited Partnership Act, as amended ("Partnership Act"). Profits Plus Capital Management, LLC, a Delaware limited liability company, acts as the general partner of the Partnership. The General Partner will manage the affairs of the Partnership pursuant to the provisions of the Partnership's Limited Partnership Agreement (attached hereto as Exhibit A). See "**MANAGEMENT OF THE PARTNERSHIP**" and "**CONFLICTS OF INTEREST**." The principal business office of the Partnership and the General Partner are located at 2245 North Samantha Court, Nampa, Idaho 83687; its telephone number is (208) 468-3600. The Partnership was formed to provide investors with an opportunity to participate in the General Partner's investment program that seeks substantial capital appreciation by investing in, and trading equities, options and other securities. The General Partner may use leverage in an attempt to increase the overall return on the Partnership's capital. The investment style utilized by the General Partner can be characterized as aggressive. There can be no assurance that the Partnership's investment objective will be achieved. See "**INVESTMENT METHODOLOGY**" and "**RISK FACTORS**."

The proceeds of this offering will be applied to the investment objectives of the Partnership. See "**SUMMARY OF THE LIMITED PARTNERSHIP AGREEMENT**."

Subscribers whose subscriptions are accepted will become limited partners of the Partnership ("Limited Partners"). A limited partnership was chosen as the investment vehicle because it affords the investors the protection of limited liability.

OFFERING OF INTERESTS

Interests may be purchased as of the close of business on the last Business Day of each calendar month. All capital contributions received from investors will be placed in a separate, non-interest bearing account. The amount of each investor's subscription will be contributed to the Partnership upon the acceptation of the subscription by the General Partner. If a subscription for an Interest is rejected in whole or in part (which is in the sole discretion of the General Partner), the rejected subscription funds or the rejected portion thereof will be returned to the subscriber, within 30 days of the General Partner's receipt of the subscription. The General Partner will determine whether to accept or reject a subscription as promptly as possible following its receipt.

Suitability Requirements

The General Partner may reject any subscription for an Interest, in whole or in part, for any reason. There is no maximum amount of capital contributions that may be accepted by the Partnership pursuant to this offering of Interests. Participation in the Partnership pursuant to this offering of Interests is limited to investors who, either alone or in conjunction with their respective purchaser representative(s) (as defined in Regulation D), are qualified to invest in the Partnership by (a) their knowledge and acceptance of the risks associated with highly leveraged trading in volatile markets and (b) their financial ability to accept such risks. Interests which are offered hereby should only be purchased by those persons who can afford the possible loss of their entire investment and may only be purchased by those investors who represent and warrant that they are purchasing the Interests for their own account for investment purposes without any present intention to resell, distribute or otherwise transfer or dispose of the Interests and who meet the definition of a qualified investor as described below:

The Limited Partnership Interests may be sold to "accredited investors" as defined in Rule 501(a) of Regulation D and "qualified clients" as defined in Rule 205-3 of the Advisers Act. In addition, each prospective investor must satisfy the suitability requirements of the applicable state securities laws.

Qualified Clients

Generally, to be a "qualified client", an investor must be a natural person or "company" (as defined below) that at the time of becoming a Limited Partner (A) has at least $750,000 under the management of the General Partner (including the amount invested in the Partnership) or (B) has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of at least $1,500,000. "Company" means a corporation, partnership, association, a joint-stock company, a trust or an organized group of any of the foregoing, whether or not incorporated. However, "company" does not include an investment company registered or required to be registered under the Investment Company Act or exempt from registration under Section 3(c)(1) of such Act or a "business development company" (as defined in Section 202(a)(22) of the Investment Advisers Act) unless each of the equity owners of such entity is itself a "qualified client."

Accredited Investors

Generally, to be an "accredited investor," an investor who is a natural person must (a) have a current net worth, individually or jointly with one's spouse, in excess of $1,000,000 or (b) have had an individual income in excess of $200,000, or joint income with one's spouse in excess of $300,000, in each of the two most recent taxable years and reasonably expect to earn the same level of income in the current taxable year.

An organization or entity subscribing for Interests qualifies as an "accredited investor" if it is (a) a bank as defined in Section 3(a)(2) of the Act, (b) a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, (c) a broker or dealer registered pursuant to Section 15 of the Securities and Exchange Act of 1934, as amended (the "1934 Act"), (d) an insurance company as defined in Section 2(13) of the Act, (e) an investment company registered under the Investment Company Act of 1940, as amended (the "IC Act"), (f) a business development company as defined in Section 2(a)(48) of the IC Act, (g) a small business investment company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958, as amended, (h) a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000, (i) an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company or registered investment adviser ("Plan Fiduciary") or an employee benefit plan that has total assets in excess of $5,000,000 or, if the plan is self-directed, with investment decisions made solely by persons who are accredited investors, (j) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended (the "1940 Act"), (k) an organization described in Section 501(c)(3) of the Code, a corporation, a Massachusetts or similar business trust or a partnership, not formed for the specific purpose of acquiring Interests, with total assets in excess of $5,000,000, (l) a trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring an Interest, whose purchase is directed by a sophisticated person as described in Rule 502(b)(2)(ii) of Regulation D or (m) an entity of which all of the equity owners are accredited investors.

Transferability

Prospective investors should note that Interests are not freely transferable. A registration statement covering the Interests has not been filed with the Securities and Exchange Commission under the Act, and no such registration of the Interests by the Partnership is contemplated as of the date of this Memorandum. The Act would prohibit transfer or sale of the Interests in the absence of such registration unless an exemption to the Act's registration requirements were applicable to such transfer or sale. In addition, the prior consent of the General Partner is required for the transfer of any Interests.

Capital Contribution

Capital Contributions must be made in cash or, with the permission of the General Partner, in marketable securities at the time of subscription. Under certain circumstances where securities are contributed, the contribution may be taxable to the contributing Limited Partner if the contribution results in a diversification of the Limited Partner's interest. Generally speaking, if the Limited Partner contributes an already diversified portfolio of securities wherein not more than 25% of the value of the contributed portfolio is invested in the securities of one issuer and not more than 50% of the value of the contributed portfolio is invested in the securities of five or fewer issuers, then there should be no current tax liability. This issue can result in a series of calculations of some complexity; therefore, a potential investor should seek advice from its own tax counsel.

Purchase Procedure

In order to subscribe for an Interest, an investor must complete, execute and date a Subscription Agreement/Power of Attorney and deliver or mail such document to Profits Plus Capital Management, LLC, 2245 North Samantha Court, Nampa, Idaho 83687. Contributions should be made by check or electronic wire transfer to the designated custodian for credit to Dollars and Sense Growth Fund, LP. Investors who designate one or more purchase representatives to assist them in evaluating the merits and risks of an investment in the Partnership also must complete and deliver to the General Partner certain purchase representative documentation which may be obtained from the General Partner.

EMPLOYEE BENEFIT PLANS SUBJECT TO ERISA

General

Each respective Limited Partner which is an employee benefit plan or trust (an “ERISA Plan”) within the meaning of, and subject to, the provisions of ERISA, or an individual retirement account (“IRA”) or Keogh Plan subject to the Code, should consider the matters described below in determining whether to invest in the Partnership.

In addition, ERISA plan fiduciaries must give appropriate consideration to, among other things, the role that an investment in the Partnership plays in such ERISA Plan’s portfolio, taking into consideration whether the investment is designed reasonably to further the ERISA Plan’s purposes, an examination of the risk and return factors, the portfolio’s composition with regard to diversification, the liquidity and current return of the total portfolio relative to the ERISA Plan’s objectives and the limited right of Partners to withdraw all or any part of their capital accounts or to transfer their interests in the Partnership.

If the assets of the Partnership were regarded as “plan assets” of an ERISA Plan, an IRA, or a Keogh Plan (collectively, the “Plans”), the General Partner would be a “fiduciary” (as defined in ERISA) with respect to such Plans and would be subject to the obligations and liabilities imposed on fiduciaries by ERISA. Moreover, various other requirements of ERISA also would be imposed on the Partnership. In particular, rules restricting transactions with “parties in interest” and prohibiting transactions involving conflicts of interest on the part of fiduciaries would be imposed on the Partnership which might result in

violation of ERISA unless the Partnership obtained an appropriate exemption from the Department of Labor (the "DOL") allowing the Partnership to conduct its operations as described herein.

A regulation adopted by the DOL (the "Regulation") provides that when a Plan invests in another entity, the Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless it is established that, among other exceptions, the equity participation in the entity by "benefit plan investors" ("Benefit Plan Investors") is not "significant."

Under the Plan Regulations, participation by Benefit Plan Investors is "significant" on any date if, immediately after the last acquisition, 25% or more of the value of any class of equity interests in the entity (disregarding the holding of the General Partner or its affiliates other than Benefit Plan Investors) is held by Benefit Plan Investors. The General Partner intends to limit the participation in the Partnership by Benefit Plan investors to the extent necessary so that participation by Benefit Plan investors will not be "significant" within the meaning of the Plan Regulations. Therefore, it is not expected that the Partnership's assets will constitute "plan assets" of plans that acquire interests.

Furthermore, for purposes of determining whether Benefit Plan Investors hold twenty-five (25%) percent or more of the value of any class of equity interest, those equity interests held by the General Partner or any other person other than a Benefit Plan Investor who has discretionary authority or control with respect to the assets of the Partnership or any person who provides investment advice for a fee (direct or indirect) with respect to such assets or any affiliate of such person, will be disregarded.
It is the current intent of the General Partner to limit the aggregate investment by Plans to less than twenty-five (25%) percent of the value of the Limited Partners' Interests so that equity participation of Benefit Plan Investors will not be considered "significant." The General Partner reserves the right, however, to waive the twenty-five (25%) percent limitation and thereafter to cause the Partnership to comply with the applicable provisions of ERISA and the code. In such case, the General Partner would provide notice to the existing Limited Partners.

WHETHER OR NOT THE UNDERLYING ASSETS OF THE PARTNERSHIP ARE DEEMED PLAN ASSETS UNDER THE REGULATION, AN INVESTMENT IN THE PARTNERSHIP BY A PLAN IS SUBJECT TO ERISA AND TO THE CODE. ACCORDINGLY, FIDUCIARIES OF PLANS SHOULD CONSULT WITH THEIR OWN COUNSEL AS TO THE CONSEQUENCES UNDER ERISA OR THE CODE OF AN INVESTMENT IN THE PARTNERSHIP.

Certain prospective Plan investors may currently maintain relationships with the General Partner or an Affiliate thereof. Each of such persons may be deemed to be a party in interest to and/or fiduciary of any Plan to which it provides investment management, investment advisory, or other services. ERISA prohibits plan assets from being used for the benefit of a part in interest and also prohibits a Plan fiduciary from using its position to cause the Plan to make an investment from which it or certain third parties in which such fiduciary has an interest would receive a fee or other consideration. Under such circumstances, Plan investors should consult with counsel to determine if participation in the Partnership is a transaction which is prohibited by ERISA or the Code. In some such cases, additional conditions may be imposed on such Plan investors and the fiduciaries of such a Plan are required to represent that the decision to invest in the Partnership was made by them as fiduciaries who are independent of such affiliated persons who are duly authorized to make such investment decision and who have not relied on any advice or recommendation of such affiliated persons as a primary basis for making the decision to purchase Interests.

Unrelated Business Taxable Income

Qualified Plans are generally exempt from federal income taxation under the Code. However, Qualified Plans are subject to federal income taxation to the extent that they have any "unrelated business taxable income" ("UBTI") (as determined in accordance with Sections 511-514 of the Code) in any taxable year. Since the Partnership's business will constitute an unrelated trade or business with respect to a Qualified Plan which invests in the Partnership, such Qualified Plan's share of Partnership income, whether or not distributed, will constitute unrelated business taxable income to the Qualified Plan, except to the extent that a statutory exemption is available. Interest income, and capital gains on securities, to the extent not "debt financed," are generally exempt from UBTI. However, an investor which borrows money to invest in the Partnership may, as a result, cause that investor to become subject to UBTI. **Moreover, because the Partnership is expected to use margin debt to finance certain investments, it is likely the Partnership will generate UBTI.**

FIDUCIARIES SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING THE FEDERAL INCOME TAX CONSEQUENCES OF INVESTING ASSETS OF A QUALIFIED PLAN IN THE PARTNERSHIP. ACCEPTANCE OF SUBSCRIPTIONS ON BEHALF OF INDIVIDUAL RETIREMENT ACCOUNTS OR OTHER EMPLOYEE BENEFIT PLANS IS IN NO RESPECT A REPRESENTATION BY THE PARTNERSHIP, THE GENERAL PARTNER OR ANY OTHER PARTY THAT THIS INVESTMENT MEETS ALL RELEVANT LEGAL REQUIREMENTS WITH RESPECT TO INVESTMENTS BY ANY PARTICULAR PLAN. THE PERSON WITH INVESTMENT DISCRETION SHOULD CONSULT WITH HIS OR HER ATTORNEY AND FINANCIAL ADVISERS AS TO THE PROPRIETY OF SUCH AN INVESTMENT IN LIGHT OF THE CIRCUMSTANCES OF THAT PARTICULAR PLAN AND CURRENT TAX LAW.

INCENTIVE ALLOCATION

At the end of each calendar quarter, the General Partner shall be allotted an incentive equal to 20% of the Net New Appreciation of each Limited Partner's Book Capital Account during each calendar quarter.

If a Limited Partner experiences net losses following the allocation of an incentive to the General Partner, the General Partner will retain all incentives previously allocated, but no further incentive allocations will be charged to the Limited Partner until additional Net New Appreciation is achieved.

Net New Appreciation, for the purpose of calculating the incentive allocation shall mean the increase, if any, in a Limited Partner's Book Capital Account over the Limited Partner's highest prior Book Capital Account from which a profit share was allocated to the General Partner, adjusted for contributions and withdrawals. For purposes of calculating Net New Appreciation, extraordinary expenses and taxes shall be excluded. Once an incentive allocation is assessed, it is not refundable even if the Limited Partner incurs losses thereafter.

Prospective investors should note that even though incentive allocations are computed and allocable as of the end of each calendar quarter, such incentive allocations will accrue monthly. Limited Partners who redeem all or a portion of their Interest as of any date other than the end of a calendar quarter will be charged an incentive allocation, if earned, on the amount of the redemption. Incentive allocations will be charged even though the General Partner may not be entitled to an incentive allocation had the Interest been held through the end of the calendar quarter on account of losses incurred subsequent to the redemption. Incentive allocations charged on redemptions prior to the end of the first Calculation Period will be retained by the Partnership and thereafter be allocated to the General Partner. See "**CONFLICTS OF INTEREST**."

Management Fee

At the beginning of each calendar month, the General Partner will be paid a monthly management fee equal to 1/12 of 1 ½% (approximately 1.5% th annually) of the Net Asset Value (as defined in the Limited Partnership Agreement) of each Limited Partner's Book Capital Account (as hereinafter defined). For the purpose of calculating the management fee, the Net Asset Value of a Limited Partner's Book Capital Account is determined before reduction for management fees and incentive allocations, if any, accrued or payable as of such date.

Other Expenses

The Partnership will be obligated to pay other annual operating expenses on an ongoing basis, including periodic legal, accounting, auditing, filing, administrative and other regular operating expenses and extraordinary expenses, if any, as well as continuing offering expenses. The General Partner will provide the Partnership with office space, if necessary, and certain support services at no cost to the Partnership. The Partnership, however, will be obligated to pay its other direct and indirect operating and trading related expenses. See "**SUMMARY OF THE LIMITED PARTNERSHIP AGREEMENT**" and "**CONFLICTS OF INTERESTS.**"

INVESTMENT METHODOLOGY

All investment decisions will be made exclusively by the General Partner, in their sole and absolute discretion. The General Partner will be free to pursue such investment strategies, as they deem fit or appropriate at any given time. The following discussion of investment strategy is intended only to provide an overview of potential strategies which may be used by the Partnership but which are subject to change as market conditions may warrant.

Objective and General Approach

The Partnership organized to seek substantial capital appreciation while minimizing volatility. Any current income will be incidental to the Partnership's primary investment approach. The General Partner employs a series of its proprietary models and utilizes a broad cross-section of investment styles to identify investment opportunities. The Partnership invests primarily in physical precious metals. Investments in equities and income oriented securities may also be used. Investments in equities, options and other securities, instruments and hard assets will be identified through fundamental and technical analysis. The Partnership may employ margin to leverage positions.

Investments in precious metals such as gold, silver and platinum, among others, can be a solid investment choice. Precious metals are typically stable in times of worldwide uncertainty, or when the economy is bad. The General Partner believes that this can be an effective component of a diversified investment portfolio, but there is no assurance that appreciation can be achieved.

In an effort to identify equity investments, selection is based primarily on fundamental top-down, bottom-up analysis with quantitative and qualitative considerations. The General Partner considers increasing earnings momentum, relative price strength, market share and other factors. After using the aforementioned screens, the General Partner will utilize technical and charting tools to assess supply-demand relationships in the context of the general market.

Short sales and positions in options instruments may be established for speculative and/or for hedging purposes, as part of an overall strategy to reduce market risk in its portfolio. The General Partner believes that the Partnership's basic trading strategy, by its nature, reduces the Partnership's overall risk exposure to underlying market movements.

Investment Authority and Restrictions

The Partnership has broad authority under the Partnership Agreement to acquire, purchase, invest in, hold for investment, own, exchange, assign, sell or otherwise dispose of, trade in, on margin or otherwise, sell short, lend, lease, mortgage, pledge or otherwise deal in "Securities" (as hereinafter defined). The Partnership may employ an aggressive investment policy and utilize sophisticated trading techniques such as, but not limited to, selling short, borrowing money for the purchase of securities and currency contracts and purchasing and selling put and call options (or combinations thereof), and may also make more conservative investments, including, but not limited to, investment in cash, deposit accounts and cash equivalents, as and when determined appropriate by the General Partner.

Physical precious metals will be held at a qualified custodian. The custodian will be responsible for storing and insuring the physical asset while in their possession. The Partnership will invest in bullion coins and bars from reputable and nationally recognized refiners, mints, and dealers. The sole purpose is to buy certified and authenticated precious metals since the Partnership's objective is to hold the precious metals for a long period of time. The General Partner reserves the right to change the location of storage of the precious metals as it deems fit and appropriate assuming the protection of such is equal or greater.

The term "Securities" includes foreign or domestic stocks, investment company securities, precious metals, partnership interests, bonds, warrants, debentures, puts, calls, straddles, notes, currencies or combinations thereof, any other debt obligations, any certificates, receipts, forward or spot contracts, repurchase agreements or other agreements or instruments representing rights to receive, purchase, subscribe for or sell any of the foregoing, or representing any other rights or interests therein or in any property or assets created or issued by any foreign or domestic persons, firms, associations, corporations or governments, agencies or subdivisions thereof, and futures contracts and options of all types, including without limitation futures contracts and options regarding Securities, commodities and financial market indices.

The Partnership may invest from time to time in securities of an issuer that would constitute more than 10% of a class of the outstanding stock of that company, if the General Partner determines in their discretion that such an investment is appropriate.

Options Strategy

The General Partner does not intend to use options. However, the General Partner has experience trading options and may use a number of option strategies for the Partnership, including purchasing calls and/or puts, vertical and horizontal spreading, and naked and covered writing. As transactions vary in characteristics it is expected that the appropriate options strategy for a given situation will vary as well. For example, writing a covered option may make sense to the General Partner in one situation, and not another. Hedging in options may reduce the risks of both short selling and taking long positions in certain transactions. The General Partner may establish options positions when they believe that options or other derivative securities present more favorable risk/return characteristics than owning the underlying security.

Holding Period and Turnover

The General Partner generally establishes investment positions with expected short-term holding periods, although the Partnership may hold positions in physical precious metals and in other securities, instruments and hard assets for longer periods. As a result of the investment policies described in this Memorandum, the Partnership expects to engage in a substantial number of portfolio transactions. Therefore, the Partnership's portfolio turnover rate, and hence its brokerage commission expenses and other transactional costs, may be substantial, given the nature and frequency of its trading activity. See "**CONFLICTS OF INTEREST,**" "**RISK FACTORS**" and "**BROKERAGE AND TRANSACTIONAL PROCESSES**."

Short Sales

The General Partner may engage in short sales of securities. Selling securities short involves selling securities that the Partnership does not own. In order to make delivery to the purchaser, the Partnership would have to borrow securities from a third party lender. The Partnership subsequently return the borrowed securities to the lender by delivering to the lender the securities it receives in the transaction or by purchasing securities in the open market. The Partnership generally pledges cash with the lender equal to the market price of the borrowed securities. This deposit may be increased or decreased in accordance with changes in the market price of the borrowed securities. During the period in which the securities are borrowed, the lender typically retains his right to receive interest and dividends accruing to the securities. In exchange, in addition to lending the securities, the lender may, but may not, pay the Partnership a fee for the use of the Partnership's cash. This fee is based on prevailing interest rates, the availability of the particular security for borrowing and other market factors. Short-selling activities are subject to restrictions imposed by the federal securities laws.

Leveraged Purchase of Securities

The General Partner does not intend to use leverage. However, the General Partner may use leverage in investing the Partnership's assets. Borrowing money to purchase instruments may provide the Partnership's portfolio with the opportunity for greater capital appreciation but at the same time will increase the portfolio's risk of loss with respect to that instrument. Although leverage increases returns to the Partnership if it earns a greater return on the incremental investments purchased with the borrowed funds than it pays for such funds, the use of leverage decreases returns to the Partnership if it fails to earn as much on such incremental investments as it pays for such funds. The amount of borrowings which the Partnership may have outstanding at any time may be large in relation to its capital. In particular, it should be noted that options inherently contain much greater leverage than does a purchase of the underlying security inasmuch as only a small portion of the value of the underlying security is required in order to invest in such options. In addition, the level of interest rates generally, and the rates at which the Partnership can borrow in particular, will be an expense of the Partnership and will therefore affect the operating results of the Partnership. The Partnership may maximize its investment position by occasionally borrowing funds to the fullest extent permitted by law. As a result, the possibilities of profit and risk of loss will be increased. The level of interest rates and the amount of borrowing will affect the operating results of the Partnership. Fluctuations in the market value of the portfolio of a heavily leveraged investment have a disproportionately large effect in relation to the return or loss on the investment.

When a trader purchases an option, there is no margin requirement. When a trader sells an option, on the other hand, the trader is required to deposit margin in an amount determined by the margin requirements established for the contract underlying the option, and, in addition, an amount substantially equal to the current premium for the option. The margin requirements imposed on the writing of the options, although adjusted to reflect the probability that out-of-the-money options will not be exercised, can in fact be higher than those imposed in dealing in the underlying markets directly. Complicated margin requirements apply to “spreads” and “conversions,” which are complex trading strategies in which a trader acquires a mixture of related securities and options positions.

Margin requirements are computed each day. When the market value of a particular open position changes to a point where the margin on deposit does not satisfy maintenance margin requirements, a margin call is made. If the margin call is not met within a reasonable time, the traders' position may be closed out. With respect to the Partnership's trading, the Partnership, and not the Limited Partners personally, will be subject to margin calls.

To the extent the Partnership has excess funds that are not invested in securities or deposited to satisfy margin requirements, such funds are expected to be held in interest bearing money market or brokerage accounts or high-grade short-term investments, in each case in the United States.

Cash and Cash Equivalents

The Partnership reserves the right to maintain significant amounts in cash, particularly when the General Partner believes the Partnership should follow a temporary defensive posture, or when the General Partner determines that opportunities for investing are unattractive. Among the cash equivalents which the Partnership may acquire are: obligations of the United States Government, its agencies or instrumentalities; commercial paper, and certificates of deposit and bankers' acceptances issued by domestic branches of U.S. banks that are members of the Bank Insurance Fund. The Partnership also may enter into repurchase or reverse repurchase agreements, may purchase shares of money market mutual funds properly registered under the securities laws, and may receive interest paid on its credit balances with securities firms or others. There is no restriction on the amount of time that Partnership funds may be held prior to being utilized. All funds will be received in the name of the Partnership, and funds held as margin deposits will be properly segregated in accordance with applicable regulations.

Other Investment Strategies

In addition to the principal investment strategies previously described, the Partnership may invest in other securities and may use other investment strategies that are not principal investment strategies. Additionally, the Partnership may use derivatives (financial instruments where the value depends upon, or is derived from, the value of something else) to produce incremental earnings, to hedge existing positions or to increase flexibility. Just as with precious metals, securities, instruments or hard assets in which the Partnership invests directly, derivatives are subject to a number of risks, including market, liquidity, interest rate and credit risk. In addition, a relatively small price movement in the underlying security, currency or index may result in a substantial gain or loss for the Partnership using derivatives. Even though the Partnership’s policies permit the use of derivatives in this manner, the General Partner is not required to use derivatives. The gold and silver ETF's (Electronically Traded Funds) are an example of derivatives.

Unusual Market Conditions

During unusual market conditions, the Partnership may temporarily invest more of its assets in money market securities than during normal market conditions. Although investing in these securities would serve primarily to avoid losses, this type of investing also could prevent the Partnership from achieving its investment objective. During these times, the General Partner may make frequent securities trades that could result in increased fees, expenses and taxes, and decreased performance.

Portfolio Turnover

Trading of securities may produce capital gains, which are taxable to shareholders when distributed. Active trading may also increase the amount of commissions or mark-ups paid to broker-dealers that the Partnership pays when it buys and sells securities.

Relationship with Portfolio Companies and Investment Restrictions

The Partnership will not ordinarily acquire investment positions with the intention of seeking control or substantially influencing the control of a particular issuer. However, there may be situations that, in the judgment of the General Partner, require active efforts to seek changes in particular management policies or strategies. In such situations, the General Partner may, either alone or with other investors, make their views known to management and may seek to influence, in a manner consistent with the Partnership's investment objectives and resources, the management or policies of a particular issuer. In no circumstances will the Partnership take legal or management control or become involved in the day-to-day management of a portfolio company.

Diversification and Concentration

It is not a goal of the Partnership to maintain a highly diversified portfolio although the General Partner may cause it to do so. The General Partner may focus on a limited number of investments that it can follow closely. Moreover, the Partnership Agreement imposes no limits on the concentration of the Partnership's investments in particular securities, industries, or sectors.

Inherent Risks

An investment in the Partnership should be viewed as a speculative investment. It is not intended as a complete investment program and is designed only for investors who have adequate means of providing for their needs and contingencies without relying on distributions or withdrawals from their Partnership accounts, who are financially able to maintain their investment and who can afford the loss of their investment. There can be no assurance that the Partnership will achieve its investment objectives. All potential investors in the Partnership should understand the investment approaches and techniques that the General Partner expect to use in the management of the Partnership and the particular risks associated with those approaches and techniques. See "**RISK FACTORS.**"

MANAGEMENT OF THE PARTNERSHIP

The Partnership, Dollars and Sense Growth Fund, LP, is a Delaware limited partnership formed in November 2000. The General Partner of the Partnership, Profits Plus Capital Management, LLC, is a Delaware limited liability company formed in June 2001.

The General Partner of the Partnership will make all the investment decisions for the Partnership. The General Partner will administer the affairs of the Partnership, coordinating and administering all financial activities, including preparation of tax returns, financial statements, and, to the extent deemed advisable or appropriate by the General Partner, special financial reports and quarterly statements to Limited Partners. The General Partner has unlimited authority to administer the financial activities of the Partnership.

A major factor in an Investor's decision to invest in the Partnership is the Investor's opinion of the managing members of the General Partner. Robert Coleman ("Mr. Coleman") is the sole managing member of the General Partner. He will supervise all the Partnership's investment and administrative functions.

Principal of the General Partner

Robert Coleman, 45, is the sole managing member of Profits Plus Capital Management, LLC, a registered investment advisor and the general partner of the Partnership. In addition, Mr. Coleman has been in the Investment securities business since 1992. Mr Coleman currently holds a Series 65, Investment Adviser Representative. Mr. Coleman has been licensed as a Series 7, General Securities Representative, Series 24, General Securities Principal, Series 55, registered Equity Trader, and Series 63, Uniform State Agent, with the Financial Industry Regulatory Authority (FINRA) during this time.. Mr. Coleman has served as a financial consultant and registered representative with Golden Beneficial Securities, ETG LLC, Mutual Securities, Inc, Brookstreet Securities Corporation, Morgan Stanley Dean Witter and American Express Financial Services. Mr. Coleman received his BS in Accounting and Finance from Towson State University. See "**CONFLICTS OF INTEREST**" and "**RISK FACTORS**."

There has never been any material administrative, civil or criminal actions, suits or proceedings brought against the General Partner or any of its principals.

The General Partner may employ additional personnel in the future.

INCENTIVE ALLOCATION

At the end of each calendar quarter, the General Partner shall be allotted an incentive equal to 20% of the Net New Appreciation of each Limited Partner's Book Capital Account during each calendar quarter.

If a Limited Partner experiences net losses following the allocation of an incentive to the General Partner, the General Partner will retain all incentives previously allocated, but no further incentive allocations will be charged to the Limited Partner until additional Net New Appreciation is achieved.

The General Partner may, but is not required to, modify its incentive allocation or expense reimbursement with respect to any Partner who is: (i) a limited partnership, individual, or other entity having other business arrangements with the General Partner, in order to compensate for fees or services or other consideration received by the General Partner through other means, (ii) an individual or entity which makes, in the opinion of the General Partner, an exceptionally large Capital Contribution to the Partnership which improves the Partnership's cash or assets position and thereby results in extraordinary benefits to the Partnership, or (iii) was invested in the Partnership prior July 12, 2001. Such modification may be effectuated by a rebate to such Partner, an adjustment to such Partner's Capital Account, or any other method reasonably determined by the General Partner; provided, however, that such modification shall not affect the rights or obligations of any Partners other than the General Partner and the Partners as to whom the modification is effective.

Net New Appreciation, for the purpose of calculating the incentive allocation shall mean the increase, if any, in a Limited Partner's Book Capital Account over the Limited Partner's highest prior Book Capital Account from which a profit share was allocated to the General Partner, adjusted for contributions and withdrawals. For purposes of calculating Net New Appreciation, extraordinary expenses and taxes shall be excluded. Once an incentive allocation is assessed, it is not refundable even if the Limited Partner incurs losses thereafter.

Prospective investors should note that even though incentive allocations are computed and allocable as of the end of each calendar quarter, such incentive allocations will accrue monthly. Limited Partners who redeem all or a portion of their Interest as of any date other than the end of a calendar quarter will be charged an incentive allocation, if earned, on the amount of the redemption. Incentive allocations will be charged even though the General Partner may not be entitled to an incentive allocation had the Interest been held through the end of the calendar quarter on account of losses incurred subsequent to the redemption. Incentive allocations charged on redemptions prior to the end of the first Calculation Period will be retained by the Partnership and thereafter be allocated to the General Partner. See "**CONFLICTS OF INTEREST**."

SUMMARY OF FEES AND EXPENSES

Management Fee

At the beginning of each calendar month, the General Partner will be paid a monthly management fee equal to 1/12 of 1 ½% (approximately 1.5% th annually) of the Net Asset Value (as defined in the Limited Partnership Agreement) of each Limited Partner's Book Capital Account (as hereinafter defined). For the purpose of calculating the management fee, the Net Asset Value of a Limited Partner's Book Capital Account is determined before reduction for management fees and incentive allocations, if any, accrued or payable as of such date.

Other Expenses
The Partnership will be obligated to pay other annual operating expenses on an ongoing basis, including periodic legal, accounting, auditing, filing, administrative and other regular operating expenses and extraordinary expenses, if any, as well as continuing offering expenses. The General Partner will provide the Partnership with office space, if necessary, and certain support services at no cost to the Partnership. The Partnership, however, will be obligated to pay its other direct and indirect operating and trading related expenses. See "**SUMMARY OF THE LIMITED PARTNERSHIP AGREEMENT**" and "**CONFLICTS OF INTERESTS.**"

TAX CONSIDERATIONS

The following paragraphs summarize certain federal income tax aspects of an investment in the Partnership by investors. The discussion is based on certain provisions of the Code, the applicable Treasury Regulations promulgated or proposed there under (hereinafter the "Regulations"), current positions of the Internal Revenue Service (the "IRS") contained in published Revenue Rulings and Revenue Procedures, current administrative positions of the IRS and existing judicial decisions, all of which are subject to changes or modifications at anytime. The Partnership will not request any rulings from the IRS on the tax consequences described below or any other issues. A court might reach a contrary conclusion with respect to the issues addressed if the matter were contested. Future legislation, administrative action or court decisions may significantly change the conclusions expressed herein, and any such legislation, action or decisions may have a retroactive effect with respect to the transactions contemplated herein.

THE INCOME TAX LAWS APPLICABLE TO PARTNERSHIPS ARE EXTREMELY COMPLEX, AND THE FOLLOWING SUMMARY IS NOT EXHAUSTIVE AND DOES NOT CONSTITUTE TAX ADVICE. A PERSON CONSIDERING INVESTMENT IN THE PARTNERSHIP MUST CONSULT HIS TAX ADVISER IN ORDER TO FULLY UNDERSTAND THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME TAX CONSEQUENCES OF SUCH AN INVESTMENT IN HIS PARTICULAR SITUATION. NO REPRESENTATION IS MADE AS TO THE TAX CONSEQUENCES OF THE OPERATION OF THE PARTNERSHIP.

Tax Status of the Partnership

The federal income tax consequences of an investment in the Partnership will depend in part upon the Partnership being recognized as a partnership for federal income tax purposes and not as an association taxable as a corporation. No ruling will be sought from the IRS nor will an opinion be sought from counsel to the Partnership that the Partnership is taxable as a partnership for federal income tax purposes. Pursuant to Treasury Regulations, the General Partner intends to elect to have the Partnership classified as a partnership for federal income tax purposes.

Publicly Traded Partnerships

The Revenue Act of 1987 (the "1987 Act") enacted various provisions which affect any partnership that is classified as a publicly traded partnership. As discussed below, the General Partner does not believe the Partnership should be classified as a publicly traded partnership.

General Principles of Partnership Taxation

It is assumed in the following discussion that, as discussed in "Tax Status of the Partnership" herein, the Partnership will be treated as such for federal income tax purposes.

Section 721(a) of the Code provides generally that no gain or loss is recognized by a partnership or any of its partners upon the contribution of property to the partnership in exchange for an interest in the partnership. Under section 721(b) of the Code, this general non-recognition rule does not apply to gain realized on a transfer of property to a partnership if (i) more than 80 percent of the value of the partnership's assets (excluding cash and nonconvertible debt obligations) immediately after the transfer are held for investment and are readily marketable stocks or securities, and (ii) the transfer results, directly or indirectly, in diversification of the transferor's interests. A transfer of stocks or securities to a partnership will not be treated as resulting in a diversification of the transferor's interests for these purposes, and consequently will not trigger recognition of gain, if each transferor transfers a diversified portfolio of stocks and securities, which is generally defined as a portfolio not more than 25 percent of the value of which is invested in the stocks or securities of any one issuer (other than the Government) and not more than 50 percent of the value of which is invested in the stocks and securities of five or fewer non-government issuers.

Section 701 of the Code provides that no federal income tax will be paid by the Partnership as an entity. Each limited Partner will report on his federal income tax return his allocable share, determined by the Partnership Agreement, of the income, gains, losses, deductions and credits of the Partnership, whether or not any actual distribution is made to such Partner during his taxable year. A Limited Partner will generally be entitled to deduct on his personal income tax return his allocable share of Partnership losses, if any, but only to the extent of the tax basis of his partnership interest at the end of the Partnership year in which such losses occur. A Partner's right to currently deduct losses from the Partnership's operations will be further limited to the amount for which the Partner is considered "at risk."

Generally, the taxable revenue of the Partnership will be computed in the same manner as the taxable revenue of an individual. Section 703. The character of any items of revenue, including but not limited to income, gain, loss, deduction or credit included in the Partnership's tax return will be reported as though the Partner realized those items directly from the same source as the Partnership. Section 702(b). The Partnership Agreement will determine the Partner's share of such items.

Section 704 of the Code provides that a Partner's share of any item of income, gain, loss, deduction or credit will be governed by the Partnership Agreement unless the Partnership Agreement does not allocate such item or unless the allocation does not have substantial economic effect. The General Partner believes the allocations under the Partnership Agreement have substantial economic effect within the meaning of Section 704 of the Code and the Treasury Regulations promulgated there under. The Partnership Agreement provides that the General Partner may make amendments to the extent necessary to comply with the substantial economic effect test. In the event the allocations are determined not to have substantial economic effect, then each Partner's share of an item will be allocated in accordance with the Partner's

respective interest in the Partnership. This could result in a Partner recognizing a greater or lesser amount of an item than he would have recognized under the Partnership Agreement. The timing in which a Partner recognizes a particular item could also be different than he would have recognized under the Partnership Agreement.

Partnership Not a Dealer

Because the Partnership will purchase and sell securities for its own account and not for the account of others, will not hold itself out as a dealer, and will not maintain an inventory of securities for tax purposes, it is anticipated that the operations of the Partnership will not be such as to render the Partnership a dealer. There can be no assurance that the IRS will not determine that, for tax purposes, the Partnership is a dealer (or should for other reasons be comparably treated). In the event the IRS were to prevail on this issue, transactions which would otherwise have received capital gain or loss treatment may result in ordinary income or loss.

Gains or Losses

Generally, the gains and losses realized by a trader or investor on the sale of securities are capital gains and losses. Thus, the Partnership expects that its gains and losses from its securities transactions typically will be capital gains and capital losses. These capital gains and losses may be long-term or shortterm depending, in general, upon the length of time the Partnership maintains a particular investment position and, in some cases, upon the nature of the transaction. Property held for more one year will be eligible for long-term capital gain or loss treatment. Property held for less than one year generally will be treated as a short-term capital gain or loss. The application of certain rules relating to short sales, to so called “straddle” and “wash sale” transactions and to “Section 1256 contracts” may serve to alter the manner in which the Partnership's holding period for a security is determined or may otherwise affect the characterization of gain or losses as long-term, short-term, or ordinary, and also the timing of the realization of certain gains or losses.

The Partnership may realize ordinary income from interest and dividends on its investments.

Section 1256 Contracts

In the case of “Section 1256 contracts,” the Code generally applies a “mark to market” system of taxing unrealized gains and losses on such contracts and otherwise provides for special rules of taxation. A Section 1256 contract includes certain regulated futures contracts, certain foreign currency forward contracts, and certain options contracts.

Under these rules, Section 1256 contracts held by the Partnership at the end of each taxable year of the Partnership may be treated for federal income tax purposes as if they were sold by the Partnership for their fair market value on the last business day of such taxable year. The net gain or loss, if any, resulting from such deemed sales (known as “marking to market”), together with any gain or loss resulting from actual sales of Section 1256 contracts, must be taken into account by the Partnership in computing its taxable income for such year. If a Section 1256 contract held by the Partnership at the end of a taxable year is sold in the following year, the amount of any gain or loss realized on such sale will be adjusted to reflect the gain or loss previously taken into account under the “mark to market” rules.

On December 21, 2000, The Consolidated Appropriations Act, 2001 (the “CA Act”), was signed into law which includes a new section 1234B and a series of corresponding changes to many of the financial products provisions of the Code. Under the CA Act's tax accounting rules for newly authorized “securities futures contracts,” investors (i.e. nondealers) are taxed on gains or losses only when realized, and such gains or losses are generally treated as short-term capital gains or losses. “Dealer securities futures contracts” will be marked to market, and gains and losses on such contracts will generally be treated as 60 percent long-term and 40 percent short term capital gains or losses. The CA Act also amends existing short sale, wash sale, and straddle rules to incorporate securities futures contracts.

Short Sales/Constructive Sales

Gain or loss from a short sale of property is generally considered as capital gain or loss to the extent the property used to close the short sale constitutes a capital asset in the Partnership's hands. Except with respect to certain situations where the property used by the Partnership to close a short sale has a longterm holding period on the date of the short sale, special rules would generally treat the gains on short sales as short-term capital gains. These rules may also terminate the running of the holding period of "substantially identical property" held by the Partnership. Moreover, a loss on a short sale will be treated as a long-term capital loss if, on the date of the short sale, "substantially identical property" has been held by the Partnership for more than one year.

Section 1259 of the Code requires that the Partnership recognize gain on the constructive sale of any appreciated financial position in stock, a partnership interest, or certain debt instruments. A constructive sale of an appreciated financial position occurs if among other things, the Partnership enters into (1) a short sale of the same or substantially identical property (a transaction commonly known as a "short sale against the box"), (2) an offsetting notional principal contract with respect to the same or substantially identical property, or (3) a futures or forward contract to deliver the same or substantially identical property. Exceptions to the foregoing apply to certain transactions closed within 30 days after the close of the taxable year and to transactions involving non-marketable securities that settle within one year. Future Treasury regulations will determine the extent to which the constructive sale provision will apply to other commonly encountered transactions, such as identified hedging or straddle transactions under Sections 1092, 1221 and 1256 of the Code and "collar" transactions.

Effect of Straddle Rules on Partners' Securities Positions

The Service may treat certain positions in securities held (directly or indirectly) by a Partner and its indirect interest in similar securities held by the Partnership as “straddles” for federal income tax purposes. The application of the “straddle" rules in such a case could affect a Partner's holding period for the securities involved and may defer the recognition of losses with respect to such securities. In addition, if either of the Partner's positions in such a transaction is an “appreciated financial position,” application of the “straddle” rules may trigger a constructive sale of that position under the rules described above.

Conversion of Ordinary Income to Capital Gain

Section 1258 of the Code re-characterizes capital gain from a “conversion transaction” as ordinary income, with certain limitations. Conversion transactions are defined as transactions in which substantially all the expected return is attributable to the time value of money and either (a) the transaction consists of the acquisition of property by the taxpayer and a substantially contemporaneous agreement to sell the same or substantially identical property in the future; (b) the transaction qualifies as a “straddle” (within the meaning of Section 1092(c) of The Code); (c) the transaction is one that was marketed or sold to the taxpayer on the basis that it would have the economic characteristics of a loan but the interest-like return would be taxed as capital gain; or (d) the transaction is described as a conversion transaction in Treasury regulations. The amount of gain so re-characterized will not exceed the amount of interest that would have accrued on the taxpayers' net investment for the relevant period at a yield equal to 120% of the “applicable rate.”

Partner's Deduction of Partnership Losses

Under Section 704(d) of the Code, a Partner is permitted to deduct his share of Partnership losses only to the extent of his adjusted basis in his Partnership interest at the end of the Partnership year in which the losses occurred. Any excess of Partnership losses over the Partner's adjusted basis must be carried over and may be deducted in subsequent taxable years at the time, and to the extent that the Partner's basis in his Partnership Interest exceeds zero.

Generally, a Partner's tax basis for his interest in the Partnership at a particular time represents the sum of (a) the total amount of money he contributed to the Partnership, plus (b) the adjusted basis of any property contributed by him, plus (c) the Partner's share of partnership net income, minus (d) the Partner's share of partnership tax losses and distributions, plus (e) the Partner's pro rata share of certain Partnership liabilities.

Under the Section 752 Regulations, how the Partnership's liabilities are allocated to The Partners depends on whether the liability is recourse or non-recourse. A liability that is recourse to the Partnership is allocated among the General Partners in the manner that they share losses. A non-recourse liability is allocated to a limited partner except to the extent a limited partner is required to contribute additional capital to the Partnership. Non-recourse liabilities are allocated among the Partners based on their sharing of profits of the Partnership.

Limitation of Losses to Amounts at Risk

Section 465 of the Code limits certain taxpayers' losses from certain activities to the amount they are “at risk” in the activities. Taxpayers subject to the “at risk” rules are individuals, an S corporation and certain closely held corporations. The activities subject to the “at risk” limitations are all activities except the holding of real estate. A Partner subject to the “at risk” rules will not be permitted to deduct in any year losses arising from his interest in the Partnership to the extent the losses exceed the amount he is considered to have “at risk” in the Partnership at the close of that year.

A taxpayer is considered to be “at risk” in any activity to the extent of his cash contribution to the activity, his basis in other property contributed to the activity and his personal liability for repayments of amounts borrowed for use in the activity. With respect to amounts borrowed for use in the activity, the taxpayer is not considered to be “at risk” even if he is personally liable for repayment if the borrowing was from a person who has an “interest” in the activity other than an interest as a creditor. Even if a taxpayer is personally liable for repayment of amounts borrowed for use in the activity, and even if the amount borrowed is borrowed from a person whose only interest in the activity is an interest as a creditor, a taxpayer will not be considered “at risk” in the activity to the extent his investment in the activity is protected against loss through guarantees, stop loss agreements, or other similar arrangements.

Each Limited Partner will be at risk initially for the amount of his capital contribution. A Partners amount "at risk" will be increased by his income from the Partnership and will be decreased by his losses from the Partnership and distributions to him. If a Partner's amount “at risk” decreases to zero, he can take no further losses until he has an "at risk" amount to cover the losses. A Partner is subject to a recapture of losses previously allowed to the extent that his amount “at risk” is reduced below zero (limited to loss amounts previously allowed to the Partner over any amounts previously recaptured). The potential recapture effects of distributions of Partnership debts, if any, are uncertain, and the ultimate interpretation of the new recapture mechanism may have adverse affects upon a Limited Partner.

Passive Losses

Section 469 of the Code prohibits individuals, trusts, estates, personal service corporations, and certain closely held C corporations from deducting “passive activity losses” from other income. A passive activity is one that involves the conduct of any trade or business in which the taxpayer does not materially participate. Limited Partnership interests are treated as interests in a passive activity without regard to whether the taxpayer materially participates in the activity. Proposed and Temporary Treasury Regulations provide that the trading of personal property such as stocks, bonds and other securities, for the account of owners of interests in the activity, will not be treated as a passive activity. Temp. Reg. § 1 .469-1T(e)(6). Accordingly, a Limited Partner's distributive share of items of income, gain, deduction, or loss from the Partnership will not be available to offset passive losses from sources outside the Partnership. Partnership gains allowable to Limited Partners will, however, be available to offset losses with respect to "portfolio" investments. Moreover, any Partnership losses allocable to Limited Partners will be available to offset other income, regardless of source. Final Treasury Regulations may modify the Proposed and Temporary Regulations and such regulations may be retroactive in effect.

Sale of Interests

Although the sale and transfer of a Limited Partnership Interest is severely restricted under the Partnership Agreement, in the event a Limited Partner does sell its Partnership Interest, the gain or loss recognized by a Limited Partner who is neither a dealer in securities nor in partnership interests should be treated as capital gain or loss. Gain or loss realized from the sale of a Partnership Interest which has been held for less than one year will generally be taxable as short-term capital gain or loss. Gain or loss realized from the sale of a Partnership Interest that has been held for more than one year will generally be taxable as long-term capital gain or loss.

That portion of the selling Partner's gain allocable to "unrealized receivables" as defined in Section 751 would be treated as ordinary income. Included in "unrealized receivables" is any market discount bond and short-term obligations, but only to the extent they would have given rise to ordinary income if the selling Partner's proportionate share of the Partnership's properties had been sold at that time. Transfers of Partnership Interests by reason of death, gifts, transfers in certain tax free transactions and involuntary conversions in certain circumstances will not be subject to ordinary income treatment.
If the sale or other transfer of a Partnership Interest was made other than at the end of any taxable year, the profits and losses of the Partnership for the entire taxable year will be allocated between the transferor and the transferee based on the period of time during the taxable year that the Partnership Interest was owned.

Termination will cause the Partnership's taxable year to end with respect to all Partners and could have potentially adverse federal income tax consequences, including a change in the adjusted tax basis of Partnership property and the bunching of taxable income within one taxable period.

Profit Motive

Section 183 of the Code provides limitations for deductions attributable to an "activity not engaged in for profit." The term "activity not engaged in for profit" means any activity other than one that constitutes a trade or business or one that is engaged in for the production or collection of income or for the management, conservation, or maintenance of property held for the production of income. The determination of whether an activity is engaged in for profit is based on all the facts and circumstances and no one factor is Determinative.

Section 183 of the Code creates a presumption that an activity is engaged in for profit if, for any three or more years out of five consecutive taxable years, the gross income derived from such activity exceeds the deductions attributable thereto. Thus, while it is the general intention of the Partnership to seek and maintain economic profit, if the Partnership fails to produce a profit in at least three of five consecutive years, this presumption will not be available and the possibility of successful challenge by the IRS substantially increased. If Section 183 of the Code is successfully asserted by the IRS, no deduction will be allowed.

Since the test of whether an activity is deemed to be engaged in for profit is based on the facts and circumstances existing from time to time, no assurance can be given that Section 183 of the Code may not be applied in the future to disallow deductions taken by the investors with respect to their interest in the Partnership.

It should be noted that if the IRS were to challenge the Partners' deduction of Partnership losses for lack of profit motive, each Partner could have the burden of proving that the Partnership did in fact enter into the transaction with a reasonable expectation of profit and that his own investment in the Partnership was made with the requisite profit motive.

Alternative Minimum Tax

In certain cases a Partner's tax savings from the deduction of losses from the Partnership may be reduced by the alternative minimum tax ("AMT").

Potential investors in the Partnership should consult their personal tax advisors to determine whether an investment in the Partnership may subject them to the alternative minimum tax or an increased alternative minimum tax.

Reimbursement of Costs

The General Partner will be entitled to reimbursement for certain expenditures relating to the business of the Partnership. Pursuant to Section 707(c) of the Code, a payment to a partner for services, determined without regard to the income of the partnership, is deductible by the partnership if it is an ordinary and necessary business expense that is reasonable in amount. Therefore, there can be no assurance that the IRS will not take the position that the fees payable to the General Partner or the amounts reimbursed to the General Partner are not deductible by the Partnership in whole or in part. Due to the factual nature of the issue, the General Partner cannot predict the outcome of any challenge as to the reasonableness of the fees paid to the General Partner or as to the characterization of the fees for federal income tax purposes.

Under The Tax Reform Act of 1986, investment expenses (e.g., investment advisory fees) of an individual are deductible only to the extent they exceed 2% of his adjusted gross income. Pursuant to Temporary Regulations issued by the Treasury Department, this limitation on deductibility would not apply to an individual Limited Partner's share of the investment expenses of the Partnership to the extent that the Partnership is engaged in a trade or business within the meaning of the Code.

Whether the Partnership will be held to be engaged in a trade or business or in an investment activity will depend on the extent and nature of the Partnership's trading activity in any taxable year. This

issue is largely resolved on an analysis of facts, any of which will be known only in the future. Moreover, it is unclear what legal standards would be applied to those facts.

The consequences of this limitation will vary depending upon the personal tax situation of each taxpayer. Accordingly, non-corporate Limited Partners should consult their tax advisors with respect to the application of this limitation.

Adjustment of Cost Basis of Partnership Assets

The Partnership may agree, in the sole discretion of the General Partner, to make the election permitted under Section 754 of the Code to have the cost basis of its assets adjusted in the case of a distribution of property or in the case of a transfer of any Partnership Interest or interest therein.

In the case of such a transfer, such election will affect only the transferee party by requiring an adjustment of the basis of Partnership property which will reflect the difference between the cost to him of the Partnership Interest and his proportionate share of the Partnership's basis for its underlying property. Such adjustment may produce a difference between the amount of gains or losses on sales and other dispositions of Partnership property reportable by the transferee Partner, and the amount thereof reportable by other Limited Partners. Because the Partnership may have "unrealized receivables" (as defined in Section 751 of the Code) at the time of any transfer, the failure to make such an election may have adverse tax consequences to a potential transferee. Thus, if the General Partner does not agree in advance to make the election under Section 754 of the Code, the number of prospective transferees of a Partnership Interest may be limited. It should also be noted that once the election under Section 754 of the Code is made, it is applicable to all other and subsequent transfers and may not be revoked without the consent of the IRS.

Limitations on Interest Deductions

Section 265(a)(2) of the Code disallows any deduction for interest paid by a taxpayer on indebtedness incurred or continued for the purpose of purchasing or carrying tax-exempt obligations. In Revenue Procedure 72-18, 1972-l C.B. 740, the IRS stated that the proscribed purpose will he deemed to exist with respect to indebtedness incurred to finance a "portfolio investment," and that a limited partnership interest will be regarded as a "portfolio investment." Therefore, in the case of a Limited Partner owning tax-exempt obligations, the IRS might take the position that his allocable portion of any interest expense of the Partnership, or any interest expense incurred by him to purchase or carry a Partnership Interest, should be considered as incurred to enable him to continue to carry tax-exempt obligations, and that the Limited Partner would not be allowed to deduct all or a portion of such interest.

In general, Section 163(d) of the Code limits the amount of investment interest (other than qualified residence interest and interest expense taken into account in determining income or loss arising from passive activities) that a non-corporate taxpayer can deduct in any taxable year to the net investment income of the taxpayer for the year. Net investment income is the excess of gross income from property held for investment plus any net short-term gain attributable to the disposition of property held for investment over investment expenses (other than interest) which are directly connected with the production of investment income. Net investment income does not include any income that is considered to arise from passive activities.

In the case of the Partnership, each Partner must take into account separately his share of the Partnership's investment interest. If a Partner cannot deduct his investment interest because of the limitations imposed by Section 163(d) of the Code, such excess may be carried forward to future years, when the same limitations would apply.

Tax-Exempt Investors

The Partnership may have income which if derived directly by a Partner that is exempt from tax under Section 501(a) of the Code would be considered unrelated business taxable income, as defined in Section 512(a) of the Code. In addition, a Partner that is an exempt organization under Section 501(a) of the Code will be subject to tax on its "unrelated debt-financed income" pursuant to Section 514 of the Code. Each potential investor that is tax-exempt is urged to consult its own tax advisor about the tax consequences to it of an investment in the Partnership.

Audits

The tax treatment of items of Partnership income, loss, deductions and credit will be determined in the unified audit of the Partnership and in subsequent unified administrative judicial proceedings, rather than in separate proceedings for each of the Partners. Generally, all Partners will be bound by the decision in the unified proceedings. The General Partner, as the “Tax Matters Partner” will represent the Partnership in the unified proceedings. The Tax Matters Partner will have considerable authority to make decisions affecting the tax treatment and procedural rights of all of the Partners. For example, it will decide how to report the Partnership's items on its tax returns. All Partners are required on their own returns, to treat Partnership items in a manner that is consistent with the treatment of the items on the Partnership's return (or attach a statement to the return identifying the inconsistency). In addition, the General Partner will have the right on behalf of all Partners to extend the statute of limitations with respect to the Partners' tax liability on Partnership items.

Simplified unified audit procedures will be available to "electing large partnerships" in taxable years beginning after December 31, 1997. Whether the Partnership will be eligible to elect the application of these procedures cannot be determined at present. The decision to become an "electing large partnership" shall, in any event be made solely by the General Partner.

An audit of The Partnership may result in the disallowance, reallocation, deferral or allocation of income or losses claimed by the Partnership. Any such change may require that a Partner pay additional tax and interest.

An audit of the Partnership's information tax return may cause an audit of the individual income tax returns of a Partner. Hence, any audit might result in adjustments by the IRS to a Partner's items of income or loss unrelated to the Partnership.

The legal and accounting costs incurred in connection with any audit of the Partnership's tax returns will be borne by the Partnership. Partners will bear the costs of audits of their own returns.

Penalties and Interest on Deficiencies

Section 6662 of the Code imposes a penalty of twenty percent of any substantial understatement of federal income tax. There is a substantial understatement of income tax for any taxable year if the amount of the understatement exceeds the greater of ten percent (10%) of the tax required to be shown on the return for the year or $5,000. In the case of a Partnership item not attributable to a tax shelter, the amount of understatement does not include any portion of the understatement attributable to (a) the treatment of any item if there was substantial authority for such treatment or (b) any item with respect to which the relevant facts affecting the item's tax treatment were adequately disclosed in the Partnership's return. In the case of a tax shelter; the penalty for substantial understatements of income tax may be avoided only if a more rigorous set of standards is satisfied. The General Partner believes that the Partnership is not a tax shelter within the standards set forth by certain Treasury Regulations regarding the substantial understatement penalty.

Any additional federal income tax due as a result of any such adjustment will bear interest. Interest will be compounded daily and the rates are adjusted quarterly, determined during the first month of each quarter to take effect the following quarter, and are based upon the federal short-term interest rate plus three percentage points. If the deficiency is deemed to be attributable to a "tax motivated transaction" the deficiency relating to a Partnership item may bear interest at 120% of the normal rate.

Foreign Investors

A Limited Partner who is a nonresident alien individual, foreign corporation, foreign partnership, foreign trust or foreign estate (a "Foreign Person") generally is not subject to taxation by the United States on United States source capital gains from trading in capital assets for a taxable year, provided that such Foreign Person is not engaged in a trade or business within the United States during its taxable year, and provided further that such Foreign Person, in the case of an individual, does not spend more than 182 days in the United States during its taxable year. A Foreign Person is not subject to United States tax on certain original issue discount and certain interest income from United States sources provided that such Foreign Person is not engaged in a trade or business within the United States during such taxable year. However, a Foreign Person is generally subject to United States tax on United States source dividend income. As explained below, an investment in the Partnership could cause a Foreign Person to be engaged in a trade or business within the United States for the foregoing purposes if the Partnership is so engaged. If a Foreign Person is engaged in a trade or business within the United States during a taxable year by reason of owning an Interest, such Foreign Person will be required to file a United States income tax return for such year and pay tax at regular United States rates on its net income which is effectively connected with the trade or business conducted within the United States.

If the Partnership is considered to be engaged in a trade or business within the United States, a Foreign Person which is a Limited Partner would also be considered to be so engaged. In this connection, Treasury regulations provide a general rule that a Foreign Person will not be considered engaged in a trade or business within the United States solely on account of granting the Partnership discretion to effect stock, security or certain exchange-traded commodity transactions for the account of the Partnership. The rule, however, is not available to a Foreign Person which is a dealer in stocks, securities or commodities. Because the Partnership has its principal office in the United States, the rule is also not available if the principal business of the Partnership is trading in stocks or securities. Whether a taxpayer such as the Partnership would be considered to be so engaged in the principal business of trading in stocks or securities or engaged in a trade or business within the United States is a question of fact for which no clear answer is available. Consequently, there is a risk that a Foreign Person's allocable share of income of the Partnership will be treated as effectively connected with the conduct of a United States trade or business and therefore subject to United States Federal income tax at regular rates of tax and, in the case of a Foreign Person which is a foreign corporation, an additional 30% branch profits tax.

If the Partnership has taxable income in any year which is effectively connected with the conduct of a trade or business within the United States, the Partnership will be required to pay a withholding tax with respect to the portion of such taxable income which is allocable to Foreign Persons. The withholding

will be required whether or not the Partnership makes distributions to a Foreign Person. The rate of withholding will be equal to the highest rate of Federal income tax applicable to each such Foreign Person. Each Foreign Person's proportionate share of such withheld tax will be treated as actually distributed to such Foreign Person during the Partnership's taxable year in which the tax was paid and will constitute a refundable credit against the Foreign Person's Federal income tax liability, which may be claimed on the Foreign Person's United States Federal income tax return. Withholding is also required on United States source dividends, certain original issue discount and certain interest which is not effectively connected with a trade or business conducted within the United States at the rate of 30%, unless reduced by treaty. A Foreign Person is generally not subject to United States tax on interest income derived from registered obligations (for which the Foreign Person provides a statement of foreign status) or bank deposits or on the discount earned on non-interest bearing obligations with a maturity date of less than 184 days, provided, that such Foreign Person is not engaged in a trade or business within the United States during such taxable year. The withholding tax on this non-effectively connected income is nonrefundable and is imposed upon gross income, without reduction for expenses. Prospective investors which are not United States persons (as defined in the Code) are urged to consult their tax advisers regarding the potential effect of the United States tax laws (and the rules and regulations promulgated thereunder) upon such persons' investments in the Partnership.

Idaho Tax Considerations

The Partnership expects to qualify as an “investment partnership” within the meaning of Idaho tax laws. As a result, a Limited Partner who is not a resident of Idaho will not be subject to Idaho taxes on income and gains derived from his or her investment in the Partnership, provided the investment is not interrelated with any trade or business activity of that Limited Partner in Idaho.

State and Local Taxes

In addition to the federal income tax consequences described above, prospective investors should consider potential state and local tax consequences of an investment in the Partnership. An investor's distributive share of the taxable income or loss of the Partnership may be required to be included in determining his reportable income for state or local tax purposes in the state or locality in which he is a resident. In addition, other states or localities in which the Partnership may operate may require the filing of returns by nonresident partners and impose a tax on nonresident partners determined with reference to their pro-rata share of Partnership income derived from the state or locality.

Each investor must consult his or her tax advisor for advice as to state and local taxes which may be payable in connection with an investment in the Partnership.

CONFLICTS OF INTEREST

The contractual and other arrangements among the Partnership, the General Partner and their Affiliates have been established by the General Partner and are not the result of arms-length negotiations. Accordingly, prospective investors should carefully consider the following conflicts of interest before purchasing any Interests. The following conflicts of interest do not purport to be a complete or exhaustive explanation of the conflicts involved in this offering. Prospective investors should read the entire investment summary and the exhibits hereto and should ask such questions of and obtain such additional information from the General Partner as they shall deem necessary before deciding to invest in the Partnership.

In evaluating these conflicts of interests, potential investors should be aware that the General Partner has a responsibility to the Limited Partners to exercise good faith and fairness in all dealings affecting the Partnership. In the event that a Limited Partner believes that the General Partner has violated its duty to the Limited Partners, it may seek legal relief for itself, or on behalf of the Partnership under applicable laws and regulations to recover damages from or require an accounting by the General Partner. Limited Partners should be aware that the performance by the General Partner of its responsibilities to the Partnership will be measured by the terms of the Limited Partnership Agreement and applicable law. Limited Partners should be aware that it may be difficult to establish that the Partnership's trading has been excessive due to the broad trading discretion given to the General Partner under the Limited Partnership Agreement, the authority given to the General Partner to enter into the Limited Partnership Agreement under the Subscription Agreement/Power of Attorney, the exculpatory provisions in the Limited Partnership Agreement and the absence of judicial or administrative standards defining excessive trading.

Non-Arms-Length Agreements

All agreements and arrangements, including those relating to compensation, expense reimbursements and indemnification between the Partnership and among the General Partner and their affiliates, are not the result of arms-length negotiations. The General Partner will determine whether the various Affiliates of the General Partner and the Partnership are, in accordance with the terms of the Partnership Agreement, entitled to exculpation and indemnification.

Incentive Allocation and Fees

The structure of the incentive allocation may involve a conflict of interest, because it may create an incentive for the General Partner to cause the Partnership to make riskier or more speculative investments than it otherwise would. In some cases, the incentive allocation together with the fees charged by the General Partner may be greater than the total fees and other benefits provided by other investment advisers for similar services; in other cases the benefits to the General Partner may be lower.

Securities Transactions with Golden Beneficial Securities, Corp

In choosing brokers and dealers, the General Partner will not be required to consider any particular criteria. As discussed below, the General Partner is not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. The broker and dealer can be changed at anytime by the general partner.

The Partnership is expected to establish a securities account and utilize brokerage and other services of GOLDEN BENEFICIAL SECURITIES, CORPORATION, a registered broker-dealer. The compensation from transaction fees charged by GOLDEN BENEFICIAL SECURITIES, CORPORATION may be greater than that total fees and other benefits provided by other broker/dealer's for similar services.

In addition, other broker/dealer's may offer other benefits superior to GOLDEN BENEFICIAL SECURITIES, CORPORATION such as execution, clearance, and settlement and error correction capabilities of the broker or dealer generally and in connection with securities of the type and in the amounts to be bought or sold; the broker's or dealer's willingness to commit capital; reliability and financial stability; availability of securities to borrow for short sales; and the market for the security.

Competition with the Partnership from Affiliated Partnerships for Securities Transactions

The sole managing member of the General Partner, Mr. Coleman, is not presently the general partner or the principal of a investment manager of another investment vehicle. However, Mr. Coleman, pursuant to the Partnership Agreement, may cause to be formed other partnerships in the future, some of which may have investment objectives that are the same or similar to those of the Partnership. Accordingly, the Partnership anticipates that it may, in certain circumstances, compete with such affiliated partnerships as may come into existence for the same or similar securities. This may be the case notwithstanding that the Partnership may have significantly dissimilar investment objectives from the affiliated partnerships.

Notwithstanding significantly different investment objectives, assuming particular securities are "suitable" for the Partnership and other limited partnerships with which the General Partner (or its Affiliates) are affiliated, conflicts of interest may arise as to which of the partnerships (including the Partnership) should proceed to acquire the investment securities. The General Partner will seek to resolve these conflicts in as equitable a manner as possible under the prevailing facts and circumstances, but there is no assurance that any such conflicts will be resolved in a manner advantageous to the Partnership.

Competition with the Partnership from Managed Accounts for Securities Transactions

The sole managing member of the General Partner, Mr. Coleman, is employed as a registered Investment Advisor of Profits Plus Capital Management, LLC a registered Investment Advisor. The General Partner and its principals are free to manage accounts for investors, investment vehicles, itself, its employees, its principals, and their respective families, and is free to trade on the basis of methods similar or identical to those employed by the General Partner in the performance of services for the Partnership, or methods which are entirely independent of such methods. Limited Partners will not be permitted to inspect the records of accounts or any written policies relating to such General Partner or its affiliates, except in the discretion of the General Partner.

It is possible that orders for the account of the General Partner or its principals may be entered in advance of the Partnership for legitimate and explainable reasons such as a neutral order allocation system, a different trading program, or a higher risk level of trading. However, any such proprietary trading is subject to the duty of the General Partner to exercise good faith and fairness in all matters effecting Limited Partners and client accounts, respectively.

Competition with the Partnership from Affiliates of the General Partner for the Time and Services of Common Officers and Directors

Mr. Coleman, the sole managing member of the General Partner, Mr. Coleman, is involved in other activities in addition to the management of the Partnership. Without limiting the generality of the foregoing, Mr. Coleman may become involved in other activities other than the Partnership from time to time. Accordingly, conflicts of interest may arise in the allocation of time to the management of the Partnership. Mr. Coleman will devote such time to the affairs of the Partnership as he, within his sole discretion, determine to be necessary for the benefit of the Partnership in accordance with his fiduciary duties.

Conflicts as to Investment Opportunities

The General Partner is obligated to use its best efforts to provide the Partnership with continuing and suitable investment opportunities consistent with its investment objectives, policies and strategies; however, the General Partner is not required to present to the Partnership any investment opportunity which has come to its attention even if such opportunity is consistent with the investment objectives, policies and strategies of the Partnership. Accordingly, the Partnership may not be given the opportunity to participate in certain investments made by the General Partner and its Affiliates. In addition, if the Partnership rejects an investment opportunity for any reason, the General Partner and its Affiliates may accept it. The General Partner will endeavor to resolve conflicts of interest with respect to investment opportunities in a manner deemed equitable to all to the extent possible under the prevailing facts and circumstances and consistent with the General Partner's fiduciary duties.

RISK FACTORS

Prospective investors should carefully consider the risks involved in an investment in the Partnership, including but not limited to those discussed below. Many of those risks are discussed more fully elsewhere in this Memorandum. Prospective investors should consult their own legal, tax, and financial advisers as to all these risks and an investment in the Partnership generally.

GENERAL

The transactions in which the Partnership will generally engage involve significant trading risks. No assurance can be given that Limited Partners will realize a profit on their investment. Moreover, each Limited Partner may lose some or all of its investment. Because of the nature of the Partnership's investment activities, the results of the Partnership's operations may fluctuate from month to month and from period to period. Accordingly, investors should understand that the results of a particular period will not necessarily be indicative of results in future periods.

Limited Operating History

Although Mr. Coleman has had experience investing assets with investment objectives the same as those of the Partnership, the General Partner was established in 2001. The Partnership's investment objective was created in 2007 and has little history of operating performance. See "**MANAGEMENT OF THE PARTNERSHIP**."

Reliance on the General Partner

The success of the Partnership will depend on the ability of Mr. Coleman to develop and implement investment strategies to achieve the Partnership's investment objectives. The Partnership's investment performance could be materially adversely affected if Mr. Coleman were to die, become ill or disabled, or otherwise cease to be involved in the active management of the Partnership's portfolio. Except under specified circumstances, if the General Partner withdraws, is dissolved, or becomes insolvent, the Partnership will be dissolved.

Limited Partners Will Not Participate In Management

Purchasers of the Interests will become Limited Partners in the Partnership and, as such, will not be entitled to participate in the management of the Partnership. The Limited Partnership Agreement and the Partnership Act, however, provide Limited Partners with certain voting and other rights.

Operating Deficits

The expenses of operating the Partnership (including Management Fees payable to the General Partner and organizational costs and expenses) could exceed its income, requiring that the difference be paid out of the Partnership's capital, reducing the Partnership's investments and potential for profitability. See "**SUMMARY OF FEES AND EXPENSES**" and "**INCENTIVE ALLOCATION**."

INVESTMENT RISKS

All securities investing and trading activities risk the loss of capital. While the General Partner will attempt to moderate these risks, there can be no assurance that the Partnership's investment and trading activities will be successful or that Limited Partners will not suffer losses. The following discussion sets forth some of the more significant risks associated with the Partnership's proposed activities.

Investments May Be Speculative

Substantial risks are involved in investing in and trading equities, options and other securities. For this reason, a potential investor in the Partnership should note that the prices of the Partnership's investments may be highly volatile. Market movements are difficult to predict and are influenced by, among other factors, corporate and industry developments, interest rates, general economic conditions, governmental actions, domestic and international political news, governmental trade and fiscal policies, patterns of trade and other factors. In addition, because the Partnership may invest a significant portion of its assets from time to time on a leveraged basis in either a bullish or bearish position as an outright position speculating on the direction of a market, such speculation may increase the volatility of the Partnerships returns and increases its risk of loss.

Brokerage Commissions/Transaction Costs

The Partnership's activities may involve a high level of trading, and the turnover of its portfolio is expected to generate transaction costs. These costs will be borne by the Partnership regardless of its profitability.

Risks of Options Trading

The General Partner does not intend to use options. In seeking to enhance performance or hedge assets, the Partnership may purchase and sell call and put options. Both the purchasing and selling of call and put options entail risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying security. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying security may fall below the exercise price. Successful use of options will depend upon the ability of the General Partner to predict correctly movements in the direction of the underlying security generally.

Short Selling

Short sales can, in some circumstances, substantially increase the impact of adverse price movements on the Partnership's portfolio. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Partnership of buying securities to cover the short position.

Use of Leverage

The General Partner does not intend to use leverage. The Partnership Agreement authorizes the General Partner, in the General Partner's sole discretion, to leverage the Partnership's investment positions by borrowing funds from securities broker-dealers, banks, or others. Such leverage, if employed, would increase both the possibilities for profit and the risk of loss. Margin borrowings are usually from securities brokers and dealers and typically are secured by the borrower's securities and other assets. Under certain circumstances, such a lender may demand an increase in the collateral that secures the borrower's obligations, and if the borrower were unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy the borrower's obligation. If the Partnership were to become subject to liquidation in that manner it could suffer extremely adverse consequences. In addition, the amount of the Partnership's borrowings (if any) and the interest rates on those borrowings, which would fluctuate, could have a significant effect on the Partnership's profitability.

Concentration of Investments

The Partnership Agreement does not limit the amount of the Partnership's capital that may be committed to any single investment, industry or sector. The General Partner will attempt to spread the Partnership's capital among a number of investments. However, the Partnership Agreement imposes no limits on the concentration of the Partnership's investments in particular securities, industries, or sectors and at times the Partnership may hold a relatively small number of securities positions, each representing a relatively large portion of the Partnership's capital. Losses incurred in such positions could have a materially adverse effect on the Partnership's overall financial condition.

General Economic and Market Conditions

The success of the Partnership's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Partnership's investments. Unexpected volatility or illiquidity could impair the Partnership's profitability or result in losses.

Changes in Investment Strategies

The Limited Partnership Agreement gives the General Partner broad discretion to expand, revise or contract the Partnership's business without the consent of the Limited Partners. Thus, the investment strategies of the General Partner may be altered without prior approval by, or notice to, the Limited Partners if the General Partner determines that such change is in the best interests of the Partnership. Any such decision to engage in a new activity could result in the exposure of the Partnership's capital to additional risks that may be substantial. See "**SUMMARY OF LIMITED PARTNERSHIP AGREEMENT.**"

Limited Liquidity of Some Investments

Some of the securities in which the Partnership invests may be relatively illiquid, either because they are thinly traded, or because they are subject to transfer restrictions. The Partnership may not be able promptly to liquidate those investments if the need should arise, and its ability to realize gains, or to avoid losses in periods of rapid market activity may therefore be affected. In addition, the value assigned to such securities for purposes of determining Limited Partners' partnership percentages and determining Net Profits and Net Losses may differ from the value the Partnership is ultimately able to realize.

Insolvency of Brokers and Others

The Partnership will be subject to the risk of failure of the brokerage firms that execute its trades, the clearing firms that such brokers use, or the clearinghouses of which such clearing firms are members. In the event of a failure of a broker/dealer used by the Partnership, the United States Securities Investor Protection Company ("SIPC") provides a maximum of $500,000 of account insurance, only $100,000 of which may be taken in cash.

PARTNERSHIP RISKS

Tax Liability Without Distributions

Partners will be liable to pay taxes on their allocable shares of Partnership taxable income. However, the General Partner does not intend to make significant distributions to the Limited Partners corresponding to profits, but instead intends to re-invest substantially all of the Partnership's income and gains for the foreseeable future. Taxable income can be expected to differ from Net Profit, primarily because generally only realized gains and losses are considered for income tax purposes but Net Profit and Net Loss will include unrealized gains and losses. It is possible that sales of appreciated securities in a particular period could cause some Partners to have taxable gain for that period at the same time that unrealized losses result in an overall Net Loss. It will generally be necessary for Partners to pay such tax liabilities out of separate funds or withdrawals from the Partnership. There are limitations on a Partner's right to withdraw funds from the Partnership. See "**OFFERING OF INTERESTS"** and "**TAX CONSIDERATIONS**."

Limited Liquidity

An investment in the Partnership is relatively illiquid and is not suitable for an investor who needs liquidity. There is no public market for Interests and the Partnership Agreement imposes significant limitations on Limited Partners' abilities to transfer Interests. In addition, rights to withdraw funds from the Partnership are subject to several limitations. A Limited Partner may withdraw funds only at the end of a calendar quarter and then only after giving 30 days' notice and subject to certain dollar limitations unless the General Partner consents (which it may decline to do, in its sole and absolute discretion) to a deviation from one or more of such procedures or limitations. In addition, any Interest or portion thereof which is redeemed prior to the end of the first full 12-month period following its purchase unless the General Partner consents (which it may decline to do, in its sole and absolute discretion) may be charged a Redemption Fee equal to 3.0% of the Net Asset Value of the Interest being redeemed. The General Partner has the discretion to deliver amounts withdrawn in securities rather than cash. Further, as to all or a portion of a withdrawn amount, the General Partner may establish a segregated portfolio of some of the Partnership's securities and liquidate those securities for the withdrawing Limited Partner's account. In either such case, the securities so delivered or segregated may be relatively illiquid and the Limited Partner would bear the risk of a decline in their value after the effective time of his or her withdrawal. These facts, taken together, will significantly affect the liquidity of a Limited Partner's investment in the Partnership, See "**OFFERING OF INTERESTS**" and "**SUMMARY OF THE LIMITED PARTNERSHIP AGREEMENT**."

Effect of Substantial Withdrawals

Substantial withdrawals by Limited Partners within a short period of time could require the Partnership to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the Partnership's assets and/or disrupting the General Partner's investment strategy. Reduction in the size of the Partnership could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Partnership's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

Potential Mandatory Withdrawal

The General Partner may, in its sole discretion at any month-end on 10 days notice, require a Limited Partner to withdraw all or a portion of his or her capital account balance. Such mandatory withdrawal could result in adverse tax and/or economic consequences to such Limited Partner. See "**SUMMARY OF THE LIMITED PARTNERSHIP AGREEMENT**."

OTHER RISKS

Tax Considerations

For a more detailed discussion of the income tax considerations associated with an investment in the Partnership, see the discussion below under "**TAX CONSIDERATIONS**."

Limitations on Deductions

Tax laws in certain cases may limit a Partner's ability to deduct certain losses and expenditures allocable to such Partner.

Foreign Investors

The Partnership may be subject to certain reporting and withholding obligations as to foreign investors. Foreign investors should consult with their own advisors regarding the federal, state and foreign income tax consequences of an investment in the Partnership. See "**TAX CONSIDERATIONS - FOREIGN INVESTORS.**"

Allocations

The Partnership intends to allocate all items of taxable income, gain, loss, deduction and credit among the Partners in a manner that is generally consistent with the economic sharing arrangements. It is currently expected that the Partnership will use a method of allocation that complies with one of the "safe harbors" provided in applicable Treasury Regulations. However, the General Partner retains discretion to allocate items in a manner that deviates from such safe harbor, and there can be no assurance that the Internal Revenue Service will respect such allocations. See "**TAX CONSIDERATIONS.**"

Possibility of Taxation as a Corporation

It is the General Partner's belief that under current Federal income tax law, the Partnership will be taxed as a partnership and not as a corporation. This status has not been confirmed by a ruling from, and such opinion is not binding upon, the IRS. No such ruling has been or will be requested. The facts and authorities relied upon by counsel in their opinion may change in the future, including with respect to regulations which may be promulgated under recent amendments to Federal tax statutes. If the Partnership were treated as a corporation for Federal income tax purposes, the income and deductions of the Partnership would be reflected only on its own tax return rather than being passed through to the partners, and income would be taxed to the Partnership at corporate rates. No losses of the Partnership would be allowable as deductions of the partners. In addition, all or a portion of any distributions made by the Partnership to the partners, other than liquidating distributions, would constitute dividends to the extent of the Partnership's current or accumulated earnings and profits, and the amount of such distributions would not be deductible by the Partnership in computing its taxable income. See "**TAX CONSIDERATIONS**."

Possibility of Tax Audits

Under the terms of the allocation provisions in the Limited Partnership Agreement, partners experiencing depreciation in their Book Capital Accounts during the fiscal year may be allocated capital loss for Federal income tax purposes even though the Partnership realized a net capital gain for the year. Conversely, partners experiencing appreciation in their Book Capital Accounts during the fiscal year may be allocated capital gain for Federal income tax purposes even though the Partnership realized a net capital loss for the year. As a result, the Partnership's method of allocating gain and loss to the partners may enhance the possibility that the Partnership's tax return and individual partners' returns might be audited by the IRS. See "**TAX CONSIDERATIONS**."

If the Partnership's tax return were to be audited by the IRS, there can be no assurance that adjustments would not be made to the return as a result of such an audit The Partnership audit procedures have been simplified and adjustments may be made at the Partnership level that will bind all the partners. A general partner of a partnership is to be designated as the "tax matters partner," who is to be the Partnership's primary representative with respect to the IRS and will possess the power to extend the statute of limitations for assessment and collection with respect to such audits for all partners. By executing the Limited Partnership Agreement, the Limited Partners appoint the General Partner to act as the "tax matters partner" of the Partnership. If an audit of the Partnership return results in an adjustment, the Limited Partners' returns may be audited. Any expenses incurred in an audit of their individual returns must be borne by the Limited Partners. Furthermore, interest charged by the IRS on tax deficiencies is substantial and is compounded daily.

Other Possible Tax Law Changes

No assurance can be given that legislative, administrative or judicial changes will not occur which will alter either prospectively or retroactively, the tax considerations or risk factors discussed in this Memorandum. Existing and prospective Limited Partners should seek, and must rely on, the advice of their own tax advisers with respect to the possible impact on their investment of any future proposed tax legislation or administrative or judicial action.

Regulatory Matters

Investment Company Regulation

The Partnership intends to rely on the provisions of Section 3(c)(1) of the Federal Investment Company Act of 1940 (the “ICA”) to avoid requirements that it register as an "investment company" under and comply with the substantive provisions of the ICA. If the Partnership were registered as an investment company, the ICA would require, among other things, that the Partnership have a board of directors some of whom were unrelated to the General Partner, compel certain custodial arrangements, and regulate the relationship and transactions between the Partnership and the General Partner. Compliance with some of those provisions could possibly reduce certain risks of loss by the Partnership or Limited Partners, although such compliance could significantly increase the Partnership's operating expenses and limit the Partnership's investment and trading activities. Interpretations of Section 3(c)(1) are complex and uncertain in several respects and, as a result, there can be no assurance that the Partnership will remain entitled to rely on that Section. If the Partnership were found not to have been entitled to such reliance, it and the General Partner could be subject to legal actions by the SEC and others and the Partnership could be forced to terminate its business under adverse circumstances.

Private Offering Exemption

The Partnership intends to offer Interests on a continuing basis without registration under any securities laws in reliance on an exemption for "transactions by an issuer not involving any public offering.” While the General Partner believes reliance on such exemptions is justified, there can be no assurance that factors such as the manner in which offers and sales are made, concurrent offerings by other partnerships, the scope of disclosure provided, failures to make notices, filings, or changes in applicable laws, regulations, or interpretations will not cause the Partnership to fail to qualify for such exemptions under Federal or one or more states' laws. Failure to so qualify could result in the rescission of sales of Interests at prices higher than the current value of those Interests, potentially affecting materially the Partnership's performance and business, Further, even nonmeritorious claims that offers and sales of Interests were not made in compliance with applicable securities laws could materially and adversely affect the General Partner's ability to conduct the Partnership's business.

Other

The Partnership and the General Partner will be subject to various other regulations, securities laws and others rules, laws or regulations that could limit some aspects of the Partnership's operations or subject the Partnership or the General Partner to the risk of sanctions for noncompliance.

Litigation

The Partnership might be named as a defendant in a lawsuit or regulatory action stemming from the activities of the General Partner. In the event that such litigation did occur, the Partnership would bear the additional costs of defending against it, be at further risk if the case were to be lost and may be forced to suspend redemptions of Interests due to the resulting illiquidity of the Partnership's investments.

Possible Indemnification Obligations

The Partnership is generally obligated to indemnify the General Partner under the Limited Partnership Agreement against any liability they or their respective affiliates may incur in connection with their relationship with the Partnership.

No Minimum Size of Partnership

The Partnership may begin operations without attaining any particular level of capitalization. At low asset levels, the Partnership may be unable to diversify its investments as fully as would otherwise be desirable or to take advantage of potential economies of scale, including the ability to obtain the most timely and valuable research and trading information from securities brokers. It is possible that even if the Partnership operates for a period with substantial capital, Limited Partners' withdrawals could diminish the Partnership's assets to a level that does not permit the most efficient and effective implementation of the Partnership's investment program.

THIS FOREGOING LIST OF CONFLICTS OF INTEREST AND RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN THIS OFFERING. POTENTIAL INVESTORS SHOULD READ THE ENTIRE MEMORANDUM BEFORE DETERMINING TO INVEST IN THE PARTNERSHIP.

BROKERAGE AND TRANSACTIONAL PRACTICES

In the course of its investment activities the Partnership will incur transaction expenses, including brokerage commissions. The General Partner will have complete discretion in deciding what brokers and dealers the Partnership will use and in negotiating rates of brokerage compensation. In addition to using brokers as agents and paying commissions, the Partnership may buy or sell securities directly from or to dealers acting as principal at prices that include markups or markdowns.

Selection Criteria, Generally

In choosing brokers and dealers, the General Partner will not be required to consider any particular criteria. For the most part, the General Partner will seek the best combination of brokerage expenses and execution quality but, as discussed below, the General Partner is not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. In evaluating "execution quality" - historical net prices (after markups, markdowns or other transaction-related compensation) on other transactions will be a principal factor, but other factors will also be relevant, including: the execution, clearance, and settlement and error correction capabilities of the broker or dealer generally and in connection with securities of the type and in the amounts to be bought or sold; the broker's or dealer's willingness to commit capital; reliability and financial stability; the size of the transaction; availability of securities to borrow for short sales; and the market for the security.

Brokerage, Custody, and Clearing and Settling

The Partnership intends to enter into a "brokerage" arrangement with a registered broker/dealer (the "Broker"). Under this arrangement, the Broker will provide certain recordkeeping services and perform the following functions, among others: (i) arrange for the receipt and delivery of securities bought, sold, borrowed, and lent, (ii) make and receive payments for securities; (iii) maintain custody of cash and securities; (iv) deliver cash to the Partnership's bank accounts; and (v) tender securities in connection with tender offers, exchange offers, mergers, or other corporate reorganizations.

The Partnership may pay for custodial and related services either in cash or by allocating a portion of its brokerage business to the Broker. The Partnership is not committed to continue its "brokerage" relationship with the Broker for any minimum period. If the Partnership uses another custodian, it may be required to pay separate fees in cash.

The Partnership may pay for custodial and related services to store and insure the physical precious metals and other hard assets under the custodian's possession. The General Partner reserves the right to change the location of storage of the precious metals as it deems fit and appropriate assuming the protection of such is equal or greater.

"Soft Dollars"

In addition to execution quality, the General Partner may consider the value of various services or products, beyond execution, that a broker-dealer provides to the Partnership or the General Partner. Selecting a broker-dealer in recognition of such other services or products is known as paying for those services or products with “soft dollars.” Because many of those services could benefit the General Partner, the General Partner may have a conflict of interest in allocating Partnership brokerage business.

Under Section 28(e) of the Securities Exchange Act of 1934, the General Partner's use of the Partnership's commission dollars to acquire “research” products and services is not a breach of the General Partner's fiduciary duty to the Partnership-even if the brokerage commissions paid are higher than the lowest available--as long as (among certain other requirements)--the General Partner determines that the commissions are reasonable compensation for both the brokerage services and the "research” acquired. For these purposes, “research" means services or products used to provide lawful and appropriate assistance to the General Partner in making investment decisions for its clients. The types of “research" the General Partner may acquire include: quotation equipment and other computer hardware for use in running software used in investment decision making, computerized news, reports on or other information about particular companies or industries; financial database software and services; economic surveys and analyses; recommendations as to specific securities, financial publications; portfolio evaluation services; pricing and order-entry services; and other products or services that may enhance the General Partner's investment decision making. Section 28(e)'s "safe harbor"’ applies to the use of Partnership “soft dollars” even when the "research" acquired is used in making investment decisions for clients other than the Partnership. The safe harbor is not available where transactions are effected on a principal basis, with a markup or markdown paid to the broker/dealer and it is not available for the services or products that do not constitute “research.”

Payments of "soft dollars” outside the Section 28(e) safe harbor do not necessarily involve a breach of fiduciary duty, and the Partnership Agreement authorizes the General Partner to acquire some services and/or products without complying with Section 28(e)'s conditions. For example, the Partnership compensates the Broker for recordkeeping, custodial, and related services to the Partnership through brokerage compensation. And the Partnership may effect transactions with market makers on a principal basis in recognition of such market makers' provision of services or products used in connection with Partnership activities.

The General Partner may also use Partnership “soft dollars” to pay expenses that the General Partner would otherwise have to bear or that otherwise provide benefits to the General Partner, Those expenses include office rent, the salaries, benefits and other compensation of employees or of consultants to the General Partner, telephone charges, and office services, equipment and supplies. The General Partner may or may not use other clients' “soft dollars” to pay such expenses and, if it does, such use may not be directly proportionate to the benefits to the Partnership and such other clients.

A broker or dealer through which the General Partner wishes to use “soft dollars” may establish “credits” relating to brokerage commissions paid in the past, which may be used to pay, or reimburse the General Partner for, specified expenses, in other cases, a broker or dealer may provide or pay for the service or product and suggest a level of future business that would fully compensate. The Partnership's actual transactional business with such a broker-dealer may be less than the suggested level but can-and often will-exceed that level. This may be in part because the Partnership's investment activities generate aggregate commissions in excess of the aggregate suggestions from all broker-dealers providing services and products. And it may be in part because those broker-dealers may also provide superior execution and may therefore be most appropriate for particular transactions. Broker-dealers are not excluded from Partnership business simply because they have not provided “research” or other services or products.

In addition to the factors described above, the General Partner may consider a broker/dealer's referrals of investors to the Partnership or the potential for future referrals. As with “soft dollar” payments for research, in some cases the transaction compensation paid might be higher than that obtainable from another broker/dealer who did not provide (or undertake to provide) referrals, although the General Partner

will seek to avoid such a result and will generally seek “best execution.” Awarding transaction business to broker/dealers in recognition of past or future referrals may involve an incentive for the General Partner to cause the Partnership to effect more transactions than it might otherwise do in order to stimulate more referrals.

SUMMARY OF THE LIMITED PARTNERSHIP AGREEMENT

The rights and duties of the General Partner and the Limited Partners are governed by provisions of the Partnership Act and by the Limited Partnership Agreement. Certain features of the Limited Partnership Agreement are outlined below, but reference is made to the Limited Partnership Agreement for complete details of its terms and conditions.

Management Responsibilities of the General Partner

Under the terms of the Limited Partnership Agreement, the General Partner is vested with exclusive responsibility for managing the business and the affairs of the Partnership. Limited Partners will not participate in management decisions affecting the Partnership and they will have no voice in the operations of the Partnership. The responsibilities of the General Partner include, without limitation, making all investment decisions for the Partnership, selecting brokers and dealers to execute transactions for the Partnership, determining whether the Partnership will make distributions, administering redemptions and the admission of Limited Partners, preparing and distributing quarterly and annual reports to the partners, filing reports required by governmental agencies, and administering other matters relevant to the business of the Partnership.

The General Partner also has the power on behalf of the Partnership (a) to purchase, hold, sell, sell short and trade securities, (b) to borrow money, on a secured or unsecured basis, from banks, brokers, financial institutions or other persons, (c) to open, maintain and close bank accounts, (d) to appoint other investment managers and/or investment vehicles for the investment of the Partnership's assets, and (e) generally to act for the Partnership in all matters incidental to the foregoing including the preparation and filing of all Partnership tax returns and the making of such tax elections and determinations as appear to it appropriate.

Exercise of Rights by Limited Partners

The Limited Partnership Agreement provides that meetings of the Limited Partners may be called by the General Partner for any matters for which the Limited Partners may vote as set forth in the Limited Partnership Agreement. The General Partner may not withdraw from the Partnership without 90 days' prior written notice thereof to the Limited Partners.

Sharing of Profits and Losses

Under the terms of the Limited Partnership Agreement, the General Partner has sole discretion as to the distribution of profits, if any, to the Limited Partners. The General Partner does not intend to make a distribution if, in its opinion, the reduction in the amount of assets under management after giving effect to the distribution would not be in the best interests of the Partnership or the Limited Partners. Any distributions made by the Partnership to the partners shall be made in cash or in securities, at the sole discretion of the General Partner, on a pro rata basis based upon the relative balance in each partner's Book Capital Account as of the last day of the period to which the distribution relates. See "**RISK FACTORS"** and "**CONFLICTS OF INTERESTS**."

Each Limited Partner in the Partnership and the General Partner (individually, a "partner" and collectively, the "partners") will have a book capital account ("Book Capital Account") and a tax capital account ("Tax Capital Account"), the initial balance of each of which will be the amount contributed to the Partnership by such partner. Any increase or decrease in the Net Asset Value of the Partnership will be allocated among the partners on a monthly basis and will be added to or subtracted from the Book Capital Accounts of the partners in the ratio that each partner's Book Capital Account bears to all partners' Book Capital Accounts.

In general, for Federal income tax purposes, all items of ordinary income and deduction are allocated among the partners in proportion to their relative Book Capital Account balances during the period when such income is earned or such expense is incurred. Capital gain [including gain attributable to Section 1256 contracts ("Section 1256 contracts") under the Internal Revenue Code of 1986, as amended (the "Code")] shall generally be allocated among the partners experiencing appreciation in their Book Capital Accounts during the year in proportion to the relative appreciation experienced. Capital loss (including loss attributable to Section 1256 contracts) shall generally be allocated among the partners experiencing depreciation in their Book Capital Accounts during the year in the same manner. See "**TAX CONSIDERATIONS**."

Redemptions
All or a portion of an investor's Interest may be redeemed upon the close of business on the last business day of each calendar month ("Redemption Date"). Redemptions may be subject to certain restrictions and to the establishment of reserves in respect of undetermined and contingent liabilities. The General Partner must receive 30 days' prior written notice (including by facsimile) of a request for redemption. The General Partner, in its sole discretion, may waive the foregoing restriction from time to time; however, any Interest or portion thereof which is redeemed prior to the end of the first full 12-month period following its purchase will be charged a Redemption Fee equal to 3.0% of the Net Asset Value of the Interest being redeemed. Distribution of the amount of redemption shall be made as soon as practicable following said Redemption Date; and final settlement of the full amount of such distribution shall be made as promptly as possible after completion of final reconciliation of valuations for the Redemption Date (generally not to exceed 120 days after withdrawal). Liquidations may come in the form of cash, distributions in-kind, precious metals, or other hard assets.

The General Partner may, in its sole discretion (a) postpone the distribution of any Partnership assets which cannot be properly valued on the redemption date until such time when the assets can be properly valued; (b) establish a reserve against any undetermined or contingent liability in an amount deemed reasonable by the General Partner; and (c) amend, modify, liberalize or restrict the terms and conditions of the Limited Partners' redemption privileges to the extent deemed necessary or advisable in connection with any further offerings (public or private) of Interests for sale.

A Limited Partner will be deemed to have withdrawn from the Partnership upon its giving notice of redemption of its entire Interest in the Partnership. The withdrawal of a Limited Partner will not terminate the Partnership. It will terminate the interest of the withdrawn partner in the Partnership except that such partner shall have access to the books and records of the Partnership and to such data as may be necessary to give full information with respect to its distributive interest.

The General Partner, in its sole and absolute discretion, may cause the Partnership to purchase and redeem all of the Partnership Interests of any Limited Partner effective any month-end upon ten (10) days prior written notice. The purchase and redemption price payable to the Limited Partner after the giving of such notice shall be the value of the Limited Partner's Book Capital Account on the effective date. A Limited Partner who withdraws all of his Capital Account will be deemed to have withdrawn from the Partnership as a Limited Partner.

Accounts, Records and Reports and Pricing

The books of accounts and records of the Partnership will be maintained using generally accepted accounting principles, and will be open for inspection at the Partnership's office by any partner at reasonable times and reasonable intervals.

As of the end of each calendar month, the General Partner will prepare and send to each partner an unaudited monthly statement. The General Partner may, but is not required to, disclose to the Limited Partners the investments that the Partnership has made. The monthly statement will report performance of the fund, the value of a Partner's Capital Account and other information. For purposes of preparing such monthly statements, the General Partner will price the Partnership's portfolio of securities based upon the prices for such securities. In addition, as of the end of each fiscal year, an audited annual report of the Partnership shall be prepared and mailed to each partner. This report will contain a Statement of Financial Condition for the fiscal year, information necessary for the preparation of Federal income tax returns and other information. The General Partner may elect to have the first audit period be inception through December 31, 2001.

New Issues

The Partnership may purchase securities that are part of public distributions of new securities being sold by an issuing company, commonly known as Initial Public Offerings ("IPOs") or ("new issues"). Investments in a new issue may invoke certain rules governing Partners who are involved in the securities industry.

On October 23, 2003, the SEC approved new NASD Rule 2790, replacing the old Free-Riding and Withholding Interpretation (IM-2110-1) that addressed the distribution of "hot issues" during an initial public offering. The NASD was permitted 60 days to finalize any details and published a Notice to Members (NOTAM 03-79) on December 23, 2003. Either the old or new rule may be relied upon during a transitional period through March 22, 2004. Thereafter, conformity to the new is mandatory.

"New Issues" and Limitation to Equity Securities

The term "new issue" generally means "any initial public offering of an equity security" and specifically excludes convertible and preferred securities, most ADRs, investment grade asset backed securities, and mutual fund shares.

The "de minimis" provision for collective investment accounts

An exemption is available for a Partnership whose beneficial interests of restricted persons do not exceed in the aggregate 10% or more. In addition, a collective investment account in which restricted persons held an interest of 10% or greater will be able to participate in new issues, provided that such restricted persons received no more than 10% of the notional pro rata proceeds of the new issue. Accordingly, if the Partnership has 15% worth of restricted persons it will allocate a 2/3 pro rata share of new issue gains to restricted Partners and abide by the 10% limit.

General Partner/Investment Manager Accounts

The definition of beneficial interest excludes the receipt of a management fee or incentive allocation received for operating the Partnership. However, once earned and reinvested in the Partnership (or earned but deferred in a deferred compensation arrangement offshore), such capital is restricted.

Representations from the Fund Manager to the Broker

The General Partner will ensure that a representation will be obtained within the previous 12 months from the account holder(s), or a person authorized to represent the beneficial owners of the account, that the account is eligible to purchase new issues.

The initial verification of compliance must be a positive affirmation; however, the Partnership will obtain subsequent annual verifications in the form of negative consents. Accordingly, the Partnership's broker/dealers may inquire whether anything in the initial representation has changed; and, in the absence of a reply, assume continued compliance.

Trade mechanics

Formerly, the NASD required that the Partnership to purchase hot issues in an account separate from its normal trading accounts. Now it is permissible to "maintain one account but adjust the capital accounts of restricted persons to remove any gains (or losses) attributable to new issues." In addition, the Partnership will permit restricted persons to participate in subsequent gains after the initial IPO, without a sale from the separate account and a repurchase in the general account of the Partnership. The Partnership intends to use the closing price on the first day of public trading while attempting to accomplish the transfer as early as possible (and where an easily obtainable and objective price is available) which should limit the time period where all Partners' interests are not entirely aligned.

Funds-of-Funds

The Partnership must solicit sufficient information from its investors in order to ascertain restricted status. For direct investors, a person is either restricted or not; however, an investor which is itself a fund — a fund-of-funds or "feeder fund as termed in the NOTAM" — can be partially restricted. Accordingly, the restricted percentage of a fund-of-funds may affect whether the underlying hedge fund (the "master fund" in the NOTAM) will exceed the 10% de minimis threshold and be required to effect a pro rata allocation adjustment. While this restricted percentage could change monthly, the NASD says it "will allow the representative of a master fund to rely on information from any feeder fund that is no more than 12 months old." Similarly, the representative of a feeder fund that in turn receives investments from other feeder funds may rely on information that is no more than 12 months old.

Thus, a "feeder" fund-of-funds having 25% restricted persons will have its restricted percentage diluted below a 10% de minimis level if the underlying hedge fund purchasing the new issue had few other restricted investors. At the same time, a different underlying hedge fund could have a high percentage of restricted investors and need to apply a de minimis adjusted allocation.

This fund-of-funds model requires that all "master" hedge funds have the accounting capability to test their de minimis status and perform the adjusted allocation if necessary. Since this is where the new issue purchase occurs, it is the appropriate focus for the NASD. However, one alternative that may evolve is that some hedge funds with no direct restricted investors (and perhaps many fund-of-funds) may desire that each "feeder" fund-of-funds certify that it meets the 10% de minimis criteria at its "feeder" level. In that case, with no direct restricted investors and funds-of-funds all at 10% or less (due to each providing a de minimis certification), the "master" hedge fund could certify itself without any special allocation procedures.

However, it is expected that the former NASD-envisioned process will prevail. Accordingly, a fund-of-funds should not need to perform a special de minimis allocation — merely be able to report its restricted percentage to underlying funds as required.

Liabilities

A Limited Partner's capital contribution is subject to the risks of the Partnership's business. However, under the provisions of the Partnership Act, a Limited Partner will not be personally liable for any debts or losses of the Partnership beyond the amount of its capital contribution and profits attributable thereto (if any), plus interest thereon. Each Interest, when issued, will be fully paid and non-assessable. Losses in excess of the Partnership's assets will be the obligation of the General Partner. It should be noted that a Limited Partner would not be able to exercise any management functions with respect to the Partnership's operations. See "**RISK FACTORS**."

The Limited Partnership Agreement provides that the General Partner and its affiliates shall not be liable to the Partnership or to any of the partners for any act or failure to act taken or omitted by them in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Partnership if such act or failure to act did not involve negligence, misconduct or a breach of fiduciary obligations.

Indemnification

The Limited Partnership Agreement provides that in any threatened, pending or completed action, suit or proceeding to which the General Partner was or is a party or is threatened to be made a party by reason of the fact that it is or was the General Partner of the Partnership, the Partnership shall indemnify, defend, and hold harmless the General Partner and its “affiliates” (as defined below) from and against any loss, liability, damage, cost, expense (including, without limitation, attorneys' and accountants' fees and expenses incurred in defense of any demands, claims or lawsuits), judgments and amounts paid in settlement (collectively, “Losses”), incurred by them if the General Partner acted in good faith and in a manner it reasonably believed to be in or not opposed to, the best interests of the Partnership and, provided that the omission, act or conduct that was the basis for such Losses was not the result of misconduct or negligence and was taken or omitted in good faith and in the reasonable belief that it was taken or omitted in, or not opposed to the best interests of the Partnership. Any indemnification under the Limited Partnership Agreement, unless ordered by a court, shall be made by the Partnership only as authorized in the specific case and only upon a determination by independent legal counsel in a written opinion that indemnification of the General Partner is proper under the circumstances. To the extent that the General Partner has been successful on the merits or otherwise in defense of any action, claim, suit or proceeding, or issue or matter presented therein, the opinion of independent legal counsel shall not be required and the Partnership shall indemnify them against any Losses incurred by them in connection therewith.

The Partnership may advance funds to the General Partner and its affiliates for legal expenses and other costs incurred as a result of a legal action if the General Partner or its affiliates, as applicable, undertake to repay the advanced funds to the Partnership in cases in which they would not be entitled to indemnification under the Limited Partnership Agreement.

For purposes of indemnification as used in the Limited Partnership Agreement, the term "affiliate" of the General Partner shall mean: (a) any natural person, partnership, corporation, association or other legal entity directly or indirectly owning, controlling or holding with power to vote 10% or more of the outstanding voting securities of the General Partner; (b) any partnership, corporation, association or other legal entity 10% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote by the General Partner; (c) any natural person, partnership, corporation, association or other legal entity directly or indirectly controlling, controlled by, or under common control with, the General Partner; or (d) any person who is a partner, officer or director of the General Partner.

In the event the Partnership or the General Partner or any of its affiliates is made a party to any claim, dispute or litigation or otherwise incurs any Losses as a result of or in connection with (a) any Partner's (or its assignee's) activities, obligations or liabilities unrelated to the Partnership's business, or (b) any failure or alleged failure on the part of the Partnership or the General Partner to withhold from income allocated or deemed to be allocated to any Partner or its assignees (whether or not distributed) any amounts with respect to which Federal income tax withholding was required or alleged to have been required, such Partner (or its assignees cumulatively) shall indemnify and reimburse the Partnership and the General Partner for all Losses incurred by the Partnership and the General Partner in connection therewith.

Termination

Unless earlier dissolved, the Partnership shall cease doing business on December 31, 2050 and shall thereupon be dissolved. The Partnership also shall cease doing business and shall be dissolved upon the occurrence of certain other events, including the following:

(a) The insolvency or bankruptcy of the Partnership;

(b) The dissolution or other cessation to exist as a legal entity of the General Partner, at the election of the General Partner or upon the retirement, adjudication of bankruptcy or insolvency of the General Partner, unless a successor general partner has been elected by the Limited Partners or admitted by the General Partner prior to the date of any such event and such successor general partner elects to continue the business of the Partnership

The Limited Partnership Agreement provides that in the event of the dissolution of or liquidation of the Partnership, its affairs shall be wound up and all assets shall be liquidated as promptly as is consistent with obtaining the fair value thereof and the proceeds therefrom shall be applied and distributed in the following order: (a) to the expenses of liquidation and termination and to creditors, in the order of priority as provided by law; and (b) to the partners in accordance with their respective Book Capital Account balances.

Fiscal Year

The Partnership's fiscal year will end on December 31 of each year.

Arbitration

The Partnership Agreement and Subscription Agreement provide that any dispute involving the Partnership, the Partnership Agreement, or any subscription for Interests will be settled by arbitration in the county and state in which the General Partner maintains its principal office at the time of such dispute in accordance with the rules of the Arbitration Association of America ("AAA") applying Idaho law. By signing those agreements, each Limited Partner agrees to waive his or her right to seek remedies in court, including any right to a jury trial. Among other things, this means that discovery will not be permitted except as required by the AAA's rules, that no punitive damages will be awarded and that a party's right to appeal or seek modification of any arbitration ruling or award will be severely limited. Judgment may be entered upon any arbitration award in any court of competent jurisdiction in the county and state in which the General Partner maintains its principal office at the time the award is rendered or as otherwise provided by law.

Miscellaneous Provisions

The Partnership may do business with any person, firm or corporation notwithstanding that such person, firm or corporation is a partner or an affiliate of any partners or of the Partnership.

The General Partner is not required to devote its full business time to the Partnership and will continue to have other business interests, including acting in the same or similar capacity for other partnerships or entities.