

CONFIDENTIAL PRIVATE OFFERING MEMORANDUM

NORTHWEST QUADRANT ALTERNATIVE INVESTMENTS OPPORTUNITY FUND, LLC

\$5,000,000

Maximum Membership Units Offered: 5,000,000

Price Per Unit: \$1.00

Minimum Investment: \$25,000.00 (25,000 Units)⁽¹⁾

Northwest Quadrant Alternative Investments Opportunity Fund, LLC, a Delaware Company, is offering a maximum of 5,000,000 membership units for \$1.00 per unit. The offering price per unit has been arbitrarily determined by the Company

See Risk Factors: Offering Price.

ACCREDITED INVESTORS ONLY

THESE ARE SPECULATIVE SECURITIES WHICH INVOLVE A HIGH DEGREE OF RISK. ONLY THOSE INVESTORS WHO CAN BEAR THE LOSS OF THEIR ENTIRE INVESTMENT SHOULD INVEST IN THESE UNITS.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), THE SECURITIES LAWS OF THE STATE OF DELAWARE, OR UNDER THE SECURITIES LAWS OF ANY OTHER STATE OR JURISDICTION IN RELIANCE UPON THE EXEMPTIONS FROM REGISTRATION PROVIDED BY THE ACT AND REGULATION D RULE 506(c) PROMULGATED THEREUNDER, AND THE COMPARABLE EXEMPTIONS FROM REGISTRATION PROVIDED BY OTHER APPLICABLE SECURITIES LAWS.

	Sale Price	Selling Commissions (2)	Proceeds to Company (3)
Per Unit	\$1.00	\$0.10	\$0.90
Minimum	N/A	N/A	\$N/A
Maximum	\$5,000,000	\$500,000	\$4,500,000

The Date of this Memorandum is June 1, 2025

- (1) The Company reserves the right to waive the 25,000 Unit minimum subscription for any investor. The Offering is not underwritten. The Units are offered on a “best efforts” basis by the Company through its officers and directors. All proceeds from the sale of Units will be delivered directly to the Company’s corporate account and be available for use by the Company at its discretion.
- (2) Units may also be sold by FINRA member brokers or dealers who enter into a Participating Dealer Agreement with the Company, who will receive commissions of up to 10% of the price of the Units sold. The Company reserves the right to pay expenses related to this Offering from the proceeds of the Offering. See “PLAN OF PLACEMENT and USE OF PROCEEDS” section.
- (3) The Offering will terminate on the earliest of: (a) the date the Company, in its discretion, elects to terminate, or (b) the date upon which all Units have been sold, or (c) June 30, 2026, or such date as may be extended from time to time by the Company (the “Offering Period”).

THIS OFFERING IS NOT UNDERWRITTEN. THE OFFERING PRICE HAS BEEN ARBITRARILY SET BY THE MANAGEMENT OF THE COMPANY. THERE CAN BE NO ASSURANCE THAT ANY OF THE SECURITIES WILL BE SOLD.

THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY, NOR HAS ANY SUCH REGULATORY BODY REVIEWED THIS OFFERING MEMORANDUM FOR ACCURACY OR COMPLETENESS. BECAUSE THESE SECURITIES HAVE NOT BEEN SO REGISTERED, THERE MAY BE RESTRICTIONS ON THEIR TRANSFERABILITY OR RESALE BY AN INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD PROCEED ON THE ASSUMPTION THAT HE MUST BEAR THE ECONOMIC RISKS OF THE INVESTMENT FOR AN INDEFINITE PERIOD, SINCE THE SECURITIES MAY NOT BE SOLD UNLESS, AMONG OTHER THINGS, THEY ARE SUBSEQUENTLY REGISTERED UNDER THE APPLICABLE SECURITIES ACTS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. THERE IS NO TRADING MARKET

FOR THE COMPANY'S MEMBERSHIP UNITS AND THERE CAN BE NO ASSURANCE THAT ANY MARKET WILL DEVELOP IN THE FUTURE OR THAT THE UNITS WILL BE ACCEPTED FOR INCLUSION ON NASDAQ OR ANY OTHER TRADING EXCHANGE AT ANY TIME IN THE FUTURE. THE COMPANY IS NOT OBLIGATED TO REGISTER FOR SALE UNDER EITHER FEDERAL OR STATE SECURITIES LAWS THE UNITS PURCHASED PURSUANT HERETO, AND THE ISSUANCE OF THE UNITS IS BEING UNDERTAKEN PURSUANT TO RULE 506 OF REGULATION D UNDER THE SECURITIES ACT. ACCORDINGLY, THE SALE, TRANSFER, OR OTHER DISPOSITION OF ANY OF THE UNITS, WHICH ARE PURCHASED PURSUANT HERETO, MAY BE RESTRICTED BY APPLICABLE FEDERAL OR STATE SECURITIES LAWS (DEPENDING ON THE RESIDENCY OF THE INVESTOR) AND BY THE PROVISIONS OF THE SUBSCRIPTION AGREEMENT REFERRED TO HEREIN. THE OFFERING PRICE OF THE SECURITIES TO WHICH THE CONFIDENTIAL TERM SHEET RELATES HAS BEEN ARBITRARILY ESTABLISHED BY THE COMPANY AND DOES NOT NECESSARILY BEAR ANY SPECIFIC RELATION TO THE ASSETS, BOOK VALUE OR POTENTIAL EARNINGS OF THE COMPANY OR ANY OTHER RECOGNIZED CRITERIA OF VALUE.

DURING ANY PERIOD OF TIME IN WHICH THE FUND WOULD BE AN "INVESTMENT COMPANY" WITHIN THE MEANING OF SECTION 3(A) OF THE 1940 ACT, THE FUND CURRENTLY INTENDS TO RELY ON THE EXCEPTION AFFORDED BY SECTION 3(C)(1) THEREOF, WHICH EXCEPTS AN ISSUER OF SECURITIES FROM THE DEFINITION OF INVESTMENT COMPANY IF ITS OUTSTANDING SECURITIES ARE BENEFICIALLY OWNED BY 100 OR FEWER INVESTORS AND IF IT IS NOT MAKING AND DOES NOT PRESENTLY PROPOSE TO MAKE A PUBLIC OFFERING OF ITS SECURITIES.

No person is authorized to give any information or make any representation not contained in the Memorandum and any information or representation not contained herein must not be relied upon. Nothing in this Memorandum should be construed as legal or tax advice.

The Management of the Company has provided all of the information stated herein. The Company makes no express or implied representation or warranty as to the completeness of this information or, in the case of projections, estimates, future plans, or forward looking assumptions or statements, as to their attainability or the accuracy and completeness of the

assumptions from which they are derived, and it is expected that each prospective investor will pursue his, her, or its own independent investigation. It must be recognized that estimates of the Company's performance are necessarily subject to a high degree of uncertainty and may vary materially from actual results.

Other than the Company's Management, no one has been authorized to give any information or to make any representation with respect to the Company or the Units that is not contained in this Memorandum. Prospective investors should not rely on any information not contained in this Memorandum.

This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy to anyone in any jurisdiction in which such offer or solicitation would be unlawful or is not authorized or in which the person making such offer or solicitation is not qualified to do so. This Memorandum does not constitute an offer if the prospective investor is not qualified under applicable securities laws.

This offering is made subject to withdrawal, cancellation, or modification by the Company without notice and solely at the Company's discretion. The Company reserves the right to reject any subscription or to allot to any prospective investor less than the number of units subscribed for by such prospective investor.

This Memorandum has been prepared solely for the information of the person to whom it has been delivered by or on behalf of the Company. Distribution of this Memorandum to any person other than the prospective investor to whom this Memorandum is delivered by the Company and those persons retained to advise them with respect thereto is unauthorized. Any reproduction of this Memorandum, in whole or in part, or the divulgence of any of the contents without the prior written consent of the Company is strictly prohibited. Each prospective investor, by accepting delivery of this Memorandum, agrees to return it and all other documents received by them to the Company if the prospective investor's subscription is not accepted or if the Offering is

terminated.

By acceptance of this Memorandum, prospective investors recognize and accept the need to conduct their own thorough investigation and due diligence before considering a purchase of the Units. The contents of this Memorandum should not be considered to be investment, tax, or legal advice and each prospective investor should consult with their own counsel and advisors as to all matters concerning an investment in this Offering.

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Exhibits:

Exhibit A - Northwest Quadrant Alternative Investments Opportunity Fund, LLC. Operating Agreement

Exhibit B - Subscription Agreement

Exhibit C - Investor Suitability Questionnaire

Exhibit D – Financial Statements

Exhibit E – ADISA Guide to Alternative Investment

Exhibit F - Northwest Quadrant Alternative Investments, LLC Marketing Brochure

I. JURISDICTIONAL (NASAA) LEGENDS

FOR RESIDENTS OF ALL STATES: THE PRESENCE OF A LEGEND FOR ANY GIVEN STATE REFLECTS ONLY THAT A LEGEND MAY BE REQUIRED BY THAT STATE AND SHOULD NOT BE CONSTRUED TO MEAN AN OFFER OR SALE MAY BE MADE IN A PARTICULAR STATE. IF YOU ARE UNCERTAIN AS TO WHETHER OR NOT OFFERS OR SALES MAY BE LAWFULLY MADE IN ANY GIVEN STATE, YOU ARE HEREBY ADVISED TO CONTACT THE COMPANY. THE SECURITIES DESCRIBED IN THIS MEMORANDUM HAVE NOT BEEN REGISTERED UNDER ANY STATE SECURITIES LAWS (COMMONLY CALLED "BLUE SKY" LAWS) THESE SECURITIES MUST BE ACQUIRED FOR INVESTMENT PURPOSES ONLY AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION OF SUCH SECURITIES UNDER SUCH LAWS, OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED. THE PRESENCE OF A LEGEND FOR ANY GIVEN STATE REFLECTS ONLY THAT A LEGEND MAY BE REQUIRED BY THE STATE AND SHOULD NOT BE CONSTRUED TO MEAN AN OFFER OF SALE MAY BE MADE IN ANY PARTICULAR STATE.

Jurisdictional Legends

FOR RESIDENTS OF ALL STATES: THE PRESENCE OF A LEGEND FOR ANY GIVEN STATE REFLECTS ONLY THAT A LEGEND MAY BE REQUIRED BY THAT STATE AND SHOULD NOT BE CONSTRUED TO MEAN AN OFFER OR SALE MAY BE MADE IN A PARTICULAR STATE. IF YOU ARE UNCERTAIN AS TO WHETHER OR NOT OFFERS OR SALES MAY BE LAWFULLY MADE IN ANY GIVEN STATE, YOU ARE HEREBY ADVISED TO CONTACT THE COMPANY. THE SECURITIES DESCRIBED IN THIS MEMORANDUM HAVE NOT BEEN REGISTERED UNDER ANY STATE SECURITIES LAWS (COMMONLY CALLED "BLUE SKY" LAWS). THESE SECURITIES MUST BE ACQUIRED FOR INVESTMENT PURPOSES ONLY AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION OF SUCH SECURITIES UNDER SUCH LAWS, OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED. THE PRESENCE OF A LEGEND FOR ANY GIVEN STATE REFLECTS ONLY THAT A LEGEND MAY BE REQUIRED BY THE STATE AND SHOULD NOT BE CONSTRUED TO MEAN AN OFFER OF SALE MAY BE MADE IN ANY PARTICULAR STATE.

1. NOTICE TO ALABAMA RESIDENTS ONLY: THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE ALABAMA SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ALABAMA SECURITIES COMMISSION. THE COMMISSION DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR

COMPLETENESS OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

2. NOTICE TO ALASKA RESIDENTS ONLY: 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.

THESE SECURITIES 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 DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE 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

3. NOTICE TO ARIZONA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE ARIZONA SECURITIES ACT IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION PURSUANT TO A.R.S. SECTION 44-1844 (1) AND THEREFORE CANNOT BE RESOLD UNLESS THEY ARE ALSO REGISTERED OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

4. NOTICE TO ARKANSAS RESIDENTS ONLY: THESE SECURITIES ARE OFFERED IN RELIANCE UPON CLAIMS OF EXEMPTION UNDER THE ARKANSAS SECURITIES ACT AND SECTION 4(a)(2) OF THE SECURITIES ACT OF 1933. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ARKANSAS SECURITIES DEPARTMENT OR WITH THE SECURITIES AND EXCHANGE COMMISSION. NEITHER THE DEPARTMENT NOR THE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THIS OFFERING OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

5. FOR CALIFORNIA RESIDENTS ONLY: THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS OFFERING HAS NOT BEEN QUALIFIED WITH COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF SUCH SECURITIES OR PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFORE PRIOR TO SUCH QUALIFICATIONS IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPTED FROM QUALIFICATION BY SECTION 25100, 25102, OR 25105 OF THE CALIFORNIA

CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS OFFERING ARE EXPRESSLY CONDITION UPON SUCH QUALIFICATIONS BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

6. FOR COLORADO RESIDENTS ONLY: THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE COLORADO SECURITIES ACT OF 1991 BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE RESOLD, TRANSFERRED OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE COLORADO SECURITIES ACT OF 1991, IF SUCH REGISTRATION IS REQUIRED.

7. NOTICE TO CONNECTICUT RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE BANKING COMMISSIONER OF THE STATE OF CONNECTICUT NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

8. NOTICE TO DELAWARE RESIDENTS ONLY: IF YOU ARE A DELAWARE RESIDENT, YOU ARE HEREBY ADVISED THAT THESE SECURITIES ARE BEING OFFERED IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE DELAWARE SECURITIES ACT. THE SECURITIES CANNOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER THE ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR IN A TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE ACT.

9. NOTICE TO DISTRICT OF COLUMBIA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES BUREAU OF THE DISTRICT OF COLUMBIA NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

10. NOTICE TO FLORIDA RESIDENTS ONLY: THE SHARES DESCRIBED HEREIN HAVE NOT BEEN REGISTERED WITH THE FLORIDA DIVISION OF SECURITIES AND INVESTOR PROTECTION UNDER THE FLORIDA SECURITIES ACT. THE SHARES REFERRED TO HEREIN WILL BE SOLD TO, AND ACQUIRED BY THE HOLDER IN A TRANSACTION EXEMPT UNDER SECTION 517.061 OF SAID ACT. THE SHARES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF FLORIDA. IN ADDITION, ALL OFFEREEES WHO ARE FLORIDA RESIDENTS SHOULD BE AWARE THAT SECTION 517.061(11)(a)(5) OF THE ACT PROVIDES, IN RELEVANT PART, AS FOLLOWS: "WHEN SALES ARE MADE TO FIVE OR MORE PERSONS IN [FLORIDA], ANY SALE IN [FLORIDA] MADE PURSUANT TO [THIS SECTION] IS VOIDABLE BY THE PURCHASER IN SUCH SALE EITHER WITHIN 3 DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY THE PURCHASER TO THE ISSUER, AN

AGENT OF THE ISSUER OR AN ESCROW AGENT OR WITHIN 3 DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER." THE AVAILABILITY OF THE PRIVILEGE TO VOID SALES PURSUANT TO SECTION 517.061(11) IS HEREBY COMMUNICATED TO EACH FLORIDA OFFEREE. EACH PERSON ENTITLED TO EXERCISE THE PRIVILEGE TO AVOID SALES GRANTED BY SECTION 517.061 (11) (A)(5) AND WHO WISHES TO EXERCISE SUCH RIGHT, MUST, WITHIN 3 DAYS AFTER THE TENDER OF ANY AMOUNT TO THE COMPANY OR TO ANY AGENT OF THE COMPANY (INCLUDING THE SELLING AGENT OR ANY OTHER DEALER ACTING ON BEHALF OF THE PARTNERSHIP OR ANY SALESMAN OF SUCH DEALER) OR AN ESCROW AGENT CAUSE A WRITTEN NOTICE OR TELEGRAM TO BE SENT TO THE COMPANY AT THE ADDRESS PROVIDED IN THIS CONFIDENTIAL EXECUTIVE SUMMARY. SUCH LETTER OR TELEGRAM MUST BE SENT AND, IF POSTMARKED, POSTMARKED ON OR PRIOR TO THE END OF THE AFOREMENTIONED THIRD DAY. IF A PERSON IS SENDING A LETTER, IT IS PRUDENT TO SEND SUCH LETTER BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ASSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE TIME IT WAS MAILED. SHOULD A PERSON MAKE THIS REQUEST ORALLY, HE MUST ASK FOR WRITTEN CONFIRMATION THAT HIS REQUEST HAS BEEN RECEIVED.

11. NOTICE TO GEORGIA RESIDENTS ONLY: THESE SECURITIES ARE OFFERED IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE GEORGIA SECURITIES ACT PURSUANT TO REGULATION 590-4-2-02. THE SECURITIES CANNOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER THE ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR IN A TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE ACT.

12. NOTICE TO HAWAII RESIDENTS ONLY: NEITHER THIS MEMORANDUM NOR THE SECURITIES DESCRIBED HEREIN BEEN APPROVED OR DISAPPROVED BY THE COMMISSIONER OF SECURITIES OF THE STATE OF HAWAII NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM.

13. NOTICE TO IDAHO RESIDENTS ONLY: THESE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE IDAHO SECURITIES ACT IN RELIANCE UPON EXEMPTION FROM REGISTRATION PURSUANT TO SECTION 30-14-203 OR 302(c) THEREOF AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER SAID ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION UNDER SAID ACT.

14. NOTICE TO ILLINOIS RESIDENTS: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECRETARY OF THE STATE OF ILLINOIS NOR HAS THE STATE OF ILLINOIS PASSED UPON THE ACCURACY OR ADEQUACY OF THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS

UNLAWFUL.

15. NOTICE TO INDIANA RESIDENTS ONLY: THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER SECTION 23-19-2-1 OF THE INDIANA SECURITIES LAW AND HAVE NOT BEEN REGISTERED UNDER SECTION 23-19-3. THEY CANNOT THEREFORE BE RESOLD UNLESS THEY ARE REGISTERED UNDER SAID LAW OR UNLESS AN EXEMPTION FORM REGISTRATION IS AVAILABLE. A CLAIM OF EXEMPTION UNDER SAID LAW HAS BEEN FILED, AND IF SUCH EXEMPTION IS NOT DISALLOWED SALES OF THESE SECURITIES MAY BE MADE. HOWEVER, UNTIL SUCH EXEMPTION IS GRANTED, ANY OFFER MADE PURSUANT HERETO IS PRELIMINARY AND SUBJECT TO MATERIAL CHANGE.

16. NOTICE TO IOWA RESIDENTS ONLY: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED; THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

17. NOTICE TO KANSAS RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 81-5-15 OF THE KANSAS SECURITIES ACT AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

18. NOTICE TO KENTUCKY RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER TITLE 808 KAR 10:210 OF THE KENTUCKY SECURITIES ACT AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

19. NOTICE TO LOUISIANA RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER

IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER RULE 1 OF THE LOUISIANA SECURITIES LAW AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

20. NOTICE TO MAINE RESIDENTS ONLY: The issuer is required to make a reasonable finding that the securities offered are a suitable investment for the purchaser and that the purchaser is financially able to bear the risk of losing the entire amount invested.

These securities are offered pursuant to an exemption under §16202(15) of the Maine Uniform Securities Act and are not registered with the Securities Administrator of the State of Maine.

The securities offered for sale may be restricted securities and the holder may not be able to resell the securities unless:

- (1) the securities are registered under state and federal securities laws, or
- (2) an exemption is available under those laws.

21. NOTICE TO MARYLAND RESIDENTS ONLY: IF YOU ARE A MARYLAND RESIDENT AND YOU ACCEPT AN OFFER TO PURCHASE THESE SECURITIES PURSUANT TO THIS MEMORANDUM, YOU ARE HEREBY ADVISED THAT THESE SECURITIES ARE BEING SOLD AS A TRANSACTION EXEMPT UNDER SECTION 11-602(9) OF THE MARYLAND SECURITIES ACT. THE SHARES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF MARYLAND. ALL INVESTORS SHOULD BE AWARE THAT THERE ARE CERTAIN RESTRICTIONS AS TO THE TRANSFERABILITY OF THE SHARES.

22. NOTICE TO MASSACHUSETTS RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE MASSACHUSETTS UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THIS OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

23. NOTICE TO MICHIGAN RESIDENTS ONLY: IN MAKING AN INVESTMENT DECISION, PURCHASERS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE [SECURITIES](#) 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 DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE [SECURITIES](#) ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED BY

SUBSECTION (E) OF SEC RULE 147, 17 CFR 230.147(E), OR SUBSECTION (E) OF SEC RULE 147A, 17 CFR 230.147A(E), AS PROMULGATED UNDER THE [SECURITIES](#) ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE [SECURITIES](#) LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. PURCHASERS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

24. NOTICE TO MINNESOTA RESIDENTS ONLY: THESE SECURITIES BEING OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER CHAPTER 80A OF THE MINNESOTA SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO REGISTRATION, OR AN EXEMPTION THEREFROM.

25. NOTICE TO MISSISSIPPI RESIDENTS ONLY: THE SHARES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE MISSISSIPPI SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE MISSISSIPPI SECRETARY OF STATE OR WITH THE SECURITIES AND EXCHANGE COMMISSION. NEITHER THE SECRETARY OF STATE NOR THE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, OR APPROVED OR DISAPPROVED THIS OFFERING. THE SECRETARY OF STATE DOES NOT RECOMMEND THE PURCHASE OF THESE OR ANY OTHER SECURITIES. EACH PURCHASER OF THE SECURITIES MUST MEET CERTAIN SUITABILITY STANDARDS AND MUST BE ABLE TO BEAR AN ENTIRE LOSS OF THIS INVESTMENT. THE SECURITIES MAY NOT BE TRANSFERRED FOR A PERIOD OF ONE (1) YEAR EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER THE MISSISSIPPI SECURITIES ACT OR IN A TRANSACTION IN COMPLIANCE WITH THE MISSISSIPPI SECURITIES ACT.

26. FOR MISSOURI RESIDENTS ONLY: THE SECURITIES OFFERED HEREIN WILL BE SOLD TO, AND ACQUIRED BY, THE PURCHASER IN A TRANSACTION EXEMPT UNDER SECTION 4.G OF THE MISSOURI SECURITIES LAW OF 1953, AS AMENDED. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF MISSOURI. UNLESS THE SECURITIES ARE SO REGISTERED, THEY MAY NOT BE OFFERED FOR SALE OR RESOLD IN THE STATE OF MISSOURI, EXCEPT AS A SECURITY, OR IN A TRANSACTION EXEMPT UNDER SAID ACT.

27. NOTICE TO MONTANA RESIDENTS ONLY: IN ADDITION TO THE INVESTOR SUITABILITY STANDARDS THAT ARE OTHERWISE APPLICABLE, ANY INVESTOR WHO IS A MONTANA RESIDENT MUST HAVE A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) IN EXCESS OF FIVE (5) TIMES THE AGGREGATE AMOUNT INVESTED BY SUCH INVESTOR IN THE SHARES.

28. NOTICE TO NEBRASKA RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER

IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER CHAPTER 15 OF THE NEBRASKA SECURITIES LAW AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

29. NOTICE TO NEVADA RESIDENTS ONLY: IF ANY INVESTOR ACCEPTS ANY OFFER TO PURCHASE THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION NRS 92.520 OF THE NEVADA SECURITIES LAW. THE INVESTOR IS HEREBY ADVISED THAT THE ATTORNEY GENERAL OF THE STATE OF NEVADA HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING AND THE FILING OF THE OFFERING WITH THE BUREAU OF SECURITIES DOES NOT CONSTITUTE APPROVAL OF THE ISSUE, OR SALE THEREOF, BY THE BUREAU OF SECURITIES OR THE DEPARTMENT OF LAW AND PUBLIC SAFETY OF THE STATE OF NEVADA. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. NEVADA ALLOWS THE SALE OF SECURITIES TO 25 OR FEWER PURCHASERS IN THE STATE WITHOUT REGISTRATION. HOWEVER, CERTAIN CONDITIONS APPLY, I.E., COMMISSIONS ARE LIMITED TO LICENSED BROKER-DEALERS. THIS EXEMPTION IS GENERALLY USED WHERE THE PROSPECTIVE INVESTOR IS ALREADY KNOWN AND HAS A PRE-EXISTING RELATIONSHIP WITH THE COMPANY. (SEE NRS 90.530.11.)

30. NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE UNDER THIS CHAPTER HAS BEEN FILED WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

31. NOTICE TO NEW JERSEY RESIDENTS ONLY: IF YOU ARE A NEW JERSEY RESIDENT AND YOU ACCEPT AN OFFER TO PURCHASE THESE SECURITIES PURSUANT TO THIS MEMORANDUM, YOU ARE HEREBY ADVISED THAT THIS MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL OF THE STATE OF NEW JERSEY PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW JERSEY HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

32. NOTICE TO NEW MEXICO RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES DIVISION OF THE NEW MEXICO DEPARTMENT OF BANKING NOR HAS THE SECURITIES DIVISION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

33. NOTICE TO NEW YORK RESIDENTS ONLY: THIS DOCUMENT HAS NOT BEEN REVIEWED BY THE ATTORNEY GENERAL OF THE STATE OF NEW YORK PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE COMPANY HAS TAKEN NO STEPS TO CREATE AN AFTER MARKET FOR THE SHARES OFFERED HEREIN AND HAS MADE NO ARRANGEMENTS WITH BROKERS OF OTHERS TO TRADE OR MAKE A MARKET IN THE SHARES. AT SOME TIME IN THE FUTURE, THE COMPANY MAY ATTEMPT TO ARRANGE FOR INTERESTED BROKERS TO TRADE OR MAKE A MARKET IN THE SECURITIES AND TO QUOTE THE SAME IN A PUBLISHED QUOTATION MEDIUM, HOWEVER, NO SUCH ARRANGEMENTS HAVE BEEN MADE AND THERE IS NO ASSURANCE THAT ANY BROKERS WILL EVER HAVE SUCH AN INTEREST IN THE SECURITIES OF THE COMPANY OR THAT THERE WILL EVER BE A MARKET THEREFORE.

34. NOTICE TO NORTH CAROLINA RESIDENTS ONLY: IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FORGOING AUTHORITIES HAVE NOT CONFIRMED ACCURACY OR DETERMINED ADEQUACY OF THIS DOCUMENT. REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

35. NOTICE TO NORTH DAKOTA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

36. NOTICE TO OHIO RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY

ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 1707.3(X) OF THE OHIO SECURITIES LAW AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

37. NOTICE TO OKLAHOMA RESIDENTS ONLY: THESE SECURITIES ARE OFFERED FOR SALE IN THE STATE OF OKLAHOMA IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION FOR PRIVATE OFFERINGS. ALTHOUGH A PRIOR FILING OF THIS MEMORANDUM AND THE INFORMATION HAS BEEN MADE WITH THE OKLAHOMA SECURITIES COMMISSION, SUCH FILING IS PERMISSIVE ONLY AND DOES NOT CONSTITUTE AN APPROVAL, RECOMMENDATION OR ENDORSEMENT, AND IN NO SENSE IS TO BE REPRESENTED AS AN INDICATION OF THE INVESTMENT MERIT OF SUCH SECURITIES. ANY SUCH REPRESENTATION IS UNLAWFUL.

38. NOTICE TO OREGON RESIDENTS ONLY: THE SECURITIES OFFERED HAVE BEEN REGISTERED WITH THE CORPORATION COMMISSION OF THE STATE OF OREGON UNDER PROVISIONS OF ORS 59.049. THE INVESTOR IS ADVISED THAT THE COMMISSIONER HAS MADE ONLY A CURSORY REVIEW OF THE REGISTRATION STATEMENT AND HAS NOT REVIEWED THIS DOCUMENT SINCE THE DOCUMENT IS NOT REQUIRED TO BE FILED WITH THE COMMISSIONER. THE INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATION OF THE COMPANY CREATING THE SECURITIES, AND THE TERMS OF THE OFFERING INCLUDING THE MERITS AND RISKS INVOLVED IN MAKING AN INVESTMENT DECISION ON THESE SECURITIES.

39. NOTICE TO PENNSYLVANIA RESIDENTS ONLY: EACH PERSON WHO ACCEPTS AN OFFER TO PURCHASE SECURITIES EXEMPTED FROM REGISTRATION BY SECTION 203(d), DIRECTLY FROM THE ISSUER OR AFFILIATE OF THIS ISSUER, SHALL HAVE THE RIGHT TO WITHDRAW HIS ACCEPTANCE WITHOUT INCURRING ANY LIABILITY TO THE SELLER, UNDERWRITER (IF ANY) OR ANY OTHER PERSON WITHIN TWO (2) BUSINESS DAYS FROM THE DATE OF RECEIPT BY THE ISSUER OF HIS WRITTEN BINDING CONTRACT OF PURCHASE OR, IN THE CASE OF A TRANSACTION IN WHICH THERE IS NO BINDING CONTRACT OF PURCHASE, WITHIN TWO (2) BUSINESS DAYS AFTER HE MAKES THE INITIAL PAYMENT FOR THE SECURITIES BEING OFFERED. IF YOU HAVE ACCEPTED AN OFFER TO PURCHASE THESE SECURITIES MADE PURSUANT TO A PROSPECTUS WHICH CONTAINS A NOTICE EXPLAINING YOUR RIGHT TO WITHDRAW YOUR ACCEPTANCE PURSUANT TO SECTION 207(m) OF THE PENNSYLVANIA SECURITIES ACT OF 1972 (70 PS § 1-207(m)), YOU MAY ELECT, WITHIN TWO (2) BUSINESS DAYS AFTER THE FIRST TIME YOU HAVE RECEIVED THIS NOTICE AND A PROSPECTUS TO WITHDRAW FROM YOUR PURCHASE AGREEMENT AND RECEIVE A FULL REFUND OF ALL MONEYS PAID BY YOU. YOUR WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH THIS WITHDRAWAL, YOU NEED ONLY SEND A LETTER OR TELEGRAM TO THE ISSUER (OR UNDERWRITER IF ONE IS LISTED

ON THE FRONT PAGE OF THE PROSPECTUS) INDICATING YOUR INTENTION TO WITHDRAW. SUCH LETTER OR TELEGRAM SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED SECOND BUSINESS DAY. IF YOU ARE SENDING A LETTER, IT IS PRUDENT TO SEND IT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND ALSO EVIDENCE THE TIME WHEN IT WAS MAILED. SHOULD YOU MAKE THIS REQUEST ORALLY, YOU SHOULD ASK WRITTEN CONFIRMATION THAT YOUR REQUEST HAS BEEN RECEIVED. NO SALE OF THE SECURITIES WILL BE MADE TO RESIDENTS OF THE STATE OF PENNSYLVANIA WHO ARE NON-ACCREDITED INVESTORS. EACH PENNSYLVANIA RESIDENT MUST AGREE NOT TO SELL THESE SECURITIES FOR A PERIOD OF TWELVE (12) MONTHS AFTER THE DATE OF PURCHASE, EXCEPT IN ACCORDANCE WITH WAIVERS ESTABLISHED BY RULE OR ORDER OF THE COMMISSION. THE SECURITIES HAVE BEEN ISSUED PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENT OF THE PENNSYLVANIA SECURITIES ACT OF 1972. NO SUBSEQUENT RESALE OR OTHER DISPOSITION OF THE SECURITIES MAY BE MADE WITHIN 12 MONTHS FOLLOWING THEIR INITIAL SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION, EXCEPT IN ACCORDANCE WITH WAIVERS ESTABLISHED BY RULE OR ORDER OF THE COMMISSION, AND THEREAFTER ONLY PURSUANT TO AN EFFECTIVE REGISTRATION OR EXEMPTION.

40. NOTICE TO RHODE ISLAND RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE DEPARTMENT OF BUSINESS REGULATION OF THE STATE OF RHODE ISLAND NOR HAS THE DIRECTOR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

41. NOTICE TO SOUTH CAROLINA RESIDENTS ONLY: THESE SECURITIES ARE BEING OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE SOUTH CAROLINA UNIFORM SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE SOUTH CAROLINA SECURITIES COMMISSIONER. THE COMMISSIONER DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

42. NOTICE TO SOUTH DAKOTA RESIDENTS ONLY: THESE SECURITIES ARE BEING OFFERED FOR SALE IN THE STATE OF SOUTH DAKOTA PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SOUTH DAKOTA BLUE SKY LAW, CHAPTER 47-31, WITH THE DIRECTOR OF THE DIVISION OF SECURITIES OF THE DEPARTMENT OF COMMERCE AND REGULATION OF THE STATE OF SOUTH DAKOTA. THE EXEMPTION DOES NOT CONSTITUTE A FINDING THAT THIS MEMORANDUM IS TRUE, COMPLETE, AND NOT MISLEADING, NOR HAS THE DIRECTOR OF THE DIVISION OF SECURITIES PASSED IN ANY WAY UPON THE MERITS OF, RECOMMENDED, OR GIVEN APPROVAL TO THESE SECURITIES. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

43. NOTICE TO TENNESSEE RESIDENT ONLY: 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.

THESE SECURITIES 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 DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD. EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

44. NOTICE TO TEXAS RESIDENTS ONLY: THE SECURITIES OFFERED HEREUNDER HAVE NOT BEEN REGISTERED UNDER APPLICABLE TEXAS SECURITIES LAWS AND, THEREFORE, ANY PURCHASER THEREOF MUST BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME BECAUSE THE SECURITIES CANNOT BE RESOLD UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER SUCH SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. FURTHER, PURSUANT TO §109.13 UNDER THE TEXAS SECURITIES ACT, THE COMPANY IS REQUIRED TO APPRISE PROSPECTIVE INVESTORS OF THE FOLLOWING: A LEGEND SHALL BE PLACED, UPON ISSUANCE, ON CERTIFICATES REPRESENTING SECURITIES PURCHASED

HEREUNDER, AND ANY PURCHASER HEREUNDER SHALL BE REQUIRED TO SIGN A WRITTEN AGREEMENT THAT HE WILL NOT SELL THE SUBJECT SECURITIES WITHOUT REGISTRATION UNDER APPLICABLE SECURITIES LAWS, OR EXEMPTIONS THEREFROM.

45. NOTICE TO UTAH RESIDENTS ONLY: THESE SECURITIES ARE BEING OFFERED IN A TRANSACTION EXEMPT FROM THE REGISTRATION

REQUIREMENTS OF THE UTAH SECURITIES ACT. THE SECURITIES CANNOT BE TRANSFERRED OR SOLD EXCEPT IN TRANSACTIONS WHICH ARE EXEMPT UNDER THE ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR IN A TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE ACT.

46. NOTICE TO VERMONT RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES DIVISION OF THE STATE OF VERMONT NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

47. NOTICE TO VIRGINIA RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION UNDER SECTION 13.1-514 OF THE VIRGINIA SECURITIES ACT AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

48. NOTICE TO WASHINGTON RESIDENTS ONLY: ANY PROSPECTIVE PURCHASER IS ENTITLED TO REVIEW FINANCIAL STATEMENTS OF THE ISSUER WHICH SHALL BE FURNISHED UPON REQUEST."; (ii) "RECEIPT OF NOTICE OF EXEMPTION BY THE WASHINGTON ADMINISTRATOR OF SECURITIES DOES NOT SIGNIFY THAT THE ADMINISTRATOR HAS APPROVED OR RECOMMENDED THESE SECURITIES, NOR HAS THE ADMINISTRATOR PASSED UPON THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE."; and (iii) "THE RETURN OF THE FUNDS OF THE PURCHASER IS DEPENDENT UPON THE FINANCIAL CONDITION OF THE ORGANIZATION.

49. NOTICE TO WEST VIRGINIA RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 15.06(b)(9) OF THE WEST VIRGINIA SECURITIES LAW AND MAY NOT BE REOFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

50. NOTICE TO WISCONSIN RESIDENTS ONLY: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES 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 DOCUMENT. ANY

REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IT IS THE RESPONSIBILITY OF ANY PERSON WISHING TO PURCHASE THE SECURITIES TO SATISFY HIMSELF AS TO FULL OBSERVANCE OF THE LAWS OF ANY RELEVANT TERRITORY OUTSIDE THE U.S. IN CONNECTION WITH ANY SUCH PURCHASE, INCLUDING OBTAINING ANY REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER APPLICABLE FORMALITIES.

51. FOR WYOMING RESIDENTS ONLY: ALL WYOMING RESIDENTS WHO SUBSCRIBE TO PURCHASE SHARES OFFERED BY THE COMPANY MUST SATISFY THE FOLLOWING MINIMUM FINANCIAL SUITABILITY REQUIREMENTS IN ORDER TO PURCHASE SHARES:

(1) A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) OF TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000); AND

(2) THE PURCHASE PRICE OF SHARES SUBSCRIBED FOR MAY NOT EXCEED TWENTY PERCENT (20%) OF THE NET WORTH OF THE SUBSCRIBER; AND

(3) "TAXABLE INCOME" AS DEFINED IN SECTION 63 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, DURING THE LAST TAX YEAR AND ESTIMATED "TAXABLE INCOME" DURING THE CURRENT TAX YEAR SUBJECT TO A FEDERAL INCOME TAX RATE OF NOT LESS THAN THIRY-THREE PERCENT (33%).

IN ORDER TO VERIFY THE FOREGOING, ALL SUBSCRIBERS WHO ARE WYOMING RESIDENTS WILL BE REQUIRED TO REPRESENT IN THE SUBSCRIPTION AGREEMENT THAT THEY MEET THESE WYOMING SPECIAL INVESTOR SUITABILITY REQUIREMENTS.

During the course of the Offering and prior to any sale, each offeree of the Shares and his or her professional advisor(s), if any, are invited to ask questions concerning the terms and conditions of the Offering and to obtain any additional information necessary to verify the accuracy of the information set forth herein. Such information will be provided to the extent the Company possess such information or can acquire it without unreasonable effort or expense.

EACH PROSPECTIVE INVESTOR WILL BE GIVEN AN OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, MANAGEMENT OF THE COMPANY CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING AND TO OBTAIN ANY ADDITIONAL INFORMATION, TO THE EXTENT THE COMPANY POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORTS OR EXPENSE, NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED IN THIS MEMORANDUM. IF YOU HAVE ANY QUESTIONS WHATSOEVER REGARDING THIS OFFERING, OR DESIRE ANY ADDITIONAL INFORMATION OR DOCUMENTS TO VERIFY OR SUPPLEMENT THE INFORMATION CONTAINED IN THIS MEMORANDUM, PLEASE WRITE OR CALL:

Dr. Paul M. Wendee
pwendee@pmwassoc.com
949-246-1694

II. SUMMARY OF THE OFFERING

The following material is intended to summarize information contained elsewhere in this Limited Offering Memorandum (the “Memorandum”). This summary is qualified in its entirety by express reference to this Memorandum and the materials referred to and contained herein. Each prospective subscriber should carefully review the entire Memorandum and all materials referred to herein and conduct his or her own due diligence before subscribing for Membership Units.

A. The Company

Northwest Quadrant Alternative Investments Opportunity Fund, LLC, or the “Company”, began operations in July 2024, with the purpose to be a manager of investment managers that specialize in each of the asset classes in which the Fund seeks to invest. The Fund may also invest in individual assets. The Company may also enter into any other business arrangement or relationship to exercise all rights and powers and engage in all activities as determined by the Manager in its sole discretion. The Company’s legal structure was formed as a limited liability company (LLC) under the laws of the State of Delaware on November 22, 2022. Its principal offices are presently located at 720 Silver Drive, Vista, CA 92083. The Company’s telephone number is (949) 919-2853. The Managing Member of the Company is Dr. Paul M. Wendee.

To select assets for our portfolio, we survey the entire universe of alternative investments and pick what we believe are the best asset classes and individual assets. From there we pick investments from asset managers who we believe are proven performers and who offer the best potential for future performance. Then our due diligence partners inspect and thoroughly vet the sponsors and the investments. We then construct our portfolio from the chosen asset classes, asset managers, and individual assets.

The fundamental mission of the Northwest Quadrant Alternative Investments Opportunity Fund, LLC is to create Intrinsic Value for our investor partners. While intrinsic value may be an unfamiliar term to some people, intrinsic value can be thought of simply as shareholder value. We create intrinsic value with our Double Alpha Strategy of picking highly qualified asset managers; and diversifying across asset classes, individual assets, and asset managers.

While we use many sources to source and have due diligence conducted on our investment candidates, the following are some examples of firms with which we have been associated in the past.

Industry Trade Groups

[The Alternative & Direct Investment Securities Association \(ADISA\)](#)

[Institute for Portfolio Alternatives \(IPA\)](#)

Third-Party Due Diligence Firms

[Mick Law PC](#)

[Buttonwood Due Diligence](#)

[Factright LLC](#)

B. The Benefits of LLC Membership

The limited liability company (LLC) is a relatively new form of doing business in the United States (in 1988 all 50 states enacted LLC laws). The best way to describe an LLC is to explain what it is not. An LLC is not a corporation, a partnership nor is it a sole proprietorship. The LLC is a new hybrid that combines the characteristics of a corporate structure and a partnership structure. It is a separate legal entity like a corporation but it has entitlement to be treated as a partnership for tax purposes and therefore carries with it certain tax benefits for the investors.

The owners and investors are called *members* and can be virtually any entity including individuals (domestic or foreign), corporations, other LLCs, trusts, pension plans etc. Unlike corporate stocks and shares, members purchase membership units. *Members* who hold the majority of the membership units maintain controlling management of the LLC as specified in the LLC operating agreement.

The primary advantage of an LLC is limiting the liability of its members. Unless personally guaranteed, members are not personally liable for the debts and obligations of the LLC. Additionally, “pass-through” or “flow-through” taxation is available, meaning that (generally speaking) the earnings of an LLC are not subject to double taxation unlike that of a “standard” corporation. However, they are treated like the earnings from partnerships, sole proprietorships and S corporations with an added benefit for all of its members. There is greater flexibility in structuring the LLC than is ordinarily the case with a corporation, including the ability to divide ownership and voting rights in unconventional ways while still enjoying the benefits of “pass-through” taxation. The limited liability company is becoming the entity of choice for business in every realm. Due to its flexibility and tax advantages for all of its members, it will continue to gain momentum as more and more people learn of its existence.

C. Operations

Northwest Quadrant Alternative Investments Opportunity Fund, LLC, began operations in July 2024, with the purpose to be a manager of investment managers that specialize in each of the asset classes in which the Fund seeks to invest. The Fund may also invest in individual assets. The Company may also enter into any other business arrangement or relationship to exercise all rights and powers and engage in all activities as determined by the Manager in its sole discretion.

D. The Offering

The Company is offering a maximum of 5,000,000 Units at a price of \$1.00 per Unit, \$.001 par value per unit. Each purchaser must execute a Subscription Agreement making certain representations and warranties to the Company, including such purchaser's qualifications as an Accredited Investor as defined by the Securities and Exchange Commission in Rule 501(a) of Regulation D promulgated. See "REQUIREMENTS FOR PURCHASERS" section.

E. Risk Factors

See "RISK FACTORS" section in this Memorandum for certain factors that could adversely affect an investment in the Units.

F. Use of Proceeds and Financial Statements

See "USE OF PROCEEDS" section.

Financial statements are in Exhibit D.

G. Registrar

The Company will serve as its own registrar and transfer agent with respect to its Membership Units.

H. Subscription Period

The Offering will terminate on the earliest of: (a) the date the Company, in its discretion, elects to terminate, or (b) the date upon which all Units have been sold, or (c) June 30, 2026, or such date as may be extended from time to time by the Company.

III. REQUIREMENTS FOR PURCHASERS

Prospective purchasers of the Units offered by this Memorandum should give careful consideration to certain risk factors described under "RISK AND OTHER IMPORTANT FACTORS" section and especially to the speculative nature of this investment and the limitations described under that caption with respect to the lack of a readily available market for the Units and the resulting long term nature of any investment in the Company. This Offering is available only to suitable Accredited Investors, having adequate means to assume such risks and of otherwise providing for their current needs and contingencies should consider purchasing Units.

A. General Suitability Standards

The Units will not be sold to any person unless such prospective purchaser or his or her duly authorized representative shall have represented in writing to the Company in a Subscription Agreement that:

- a) The prospective purchaser has adequate means of providing for his or her current needs and personal contingencies and has no need for liquidity in the investment of the Units;
- b) The prospective purchaser's overall commitment to investments which are not readily marketable is not disproportionate to his, her, or its net worth and the investment in the Units will not cause such overall commitment to become excessive; and
- c) The prospective purchaser is an "Accredited Investor" (as defined below) suitable for purchase in the Units.
- d) Each person acquiring Units will be required to represent that he, she, or it is purchasing the Units for his, her, or its own account for investment purposes and not with a view to resale or distribution. See "SUBSCRIPTION FOR UNITS" section.

B. Accredited Investors

The Company will conduct the Offering in such a manner that Units may be sold only to "Accredited Investors" as that term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933 (the "Securities Act"). In summary, a prospective investor will qualify as an "Accredited Investor" if he, she, or it meets any one of the following criteria:

- a) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase, exceeds \$1,000,000 excluding the value of the primary residence of such natural person;
- b) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and who has a reasonable expectation of reaching the same income level in the current year;
- c) Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities and Exchange Act of 1934 (the "Exchange Act"); any insurance company as defined in Section 2(13) of the Exchange Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small

Business Investment Company (SBIC) licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any 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; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self directed plan, with investment decisions made solely by persons who are Accredited Investors;

- d) Any private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940;
- e) Any organization described in Section 501(c)(3)(d) of the Internal Revenue Code, corporation, business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;
- f) Any director or executive officer, or general partner of the issuer of the securities being sold, or any director, executive officer, or general partner of a general partner of that issuer;
- g) Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Section 506(b)(2)(ii) of Regulation D adopted under the Act; and
- h) Any entity in which all the equity owners are Accredited Investors.
- i) A natural person holding, in good standing, one or more professional certifications, designations or other credentials issued by an accredited educational institution, which the Securities and Exchange Commission may designate from time to time, as qualifying. Presently holders in good standing of the Series 7, Series 65, and Series 82 licenses will qualify as an accredited investor.
- j) Natural persons who are "knowledgeable employees" as defined in Rule 3c- 5(a)(4) under the Investment Company Act of 1940, of the private-fund issuer of the securities being offered or sold.
- k) Entities, including, but not limited to, limited liability companies, of a type not listed in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) of Regulation D promulgated under the Act, not formed for the specific purpose of acquiring the securities offered, owning investments in excess of \$5 million.

- l) Securities and Exchange Commission and state-registered investment advisers, exempt reporting advisers, and rural business investment companies.
- m) Indian tribes, governmental bodies, funds, and entities organized under the laws of foreign countries, that own “investments,” as defined in Rule 2a51-1(b) under the Investment Company Act, in excess of \$5 million and that was not formed for the specific purpose of investing in the securities offered.
- n) Family client (as defined in Rule 202(a)(11)(G)-1 under the Advisers Act with (i) assets under management in excess of \$5 million, (ii) that are not formed for the specific purpose of acquiring the securities offered and (iii) whose prospective investments are directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment.
- o) "Spousal equivalent" (cohabitant occupying a relationship generally equivalent to that of a spouse) may pool their finances for the purpose of qualifying as accredited investors.

C. Other Requirements

No subscription for the Units will be accepted from any investor unless he is acquiring the Units for his own account (or accounts as to which he has sole investment discretion), for investment and without any view to sale, distribution or disposition thereof. Each prospective purchaser of Units may be required to furnish such information as the Company may require to determine whether any person or entity purchasing Units is an Accredited Investor.

D. USA PATRIOT ACT

Federal law requires Manager to obtain, verify, and record information that identifies each Person who subscribes to the Offering. (See Investor Questionnaire). This information will assist the Manager in ensuring that Prospective Investor is not engaging in any money laundering activities and assist the government in fighting the funding of terrorism.

IV. FORWARD LOOKING INFORMATION

Some of the statements contained in this Memorandum, including information incorporated by reference, discuss future expectations, or state other forward-looking information. Those statements are subject to known and unknown risks, uncertainties and other factors, several of which are beyond the Company's control, which could cause the actual results to differ materially from those contemplated by the statements. The forward-looking information is based on various factors and was derived using numerous assumptions. In light of the risks, assumptions, and uncertainties involved, there can be no assurance that the forward looking information contained in this Memorandum will in fact transpire or prove to be accurate.

Important factors that may cause the actual results to differ from those expressed within may include, but are not limited to:

- The success or failure of the Company's efforts to successfully market its products and services as scheduled;
- The Company's ability to attract, build, and maintain a customer base;
- The Company's ability to attract and retain quality employees;
- The effect of changing economic conditions;
- The ability of the Company to obtain adequate debt financing if only a fraction of this Offering is sold;

These along with other risks, which are described under "RISK FACTORS" may be described in future communications to members. The Company makes no representation and undertakes no obligation to update the forward-looking information to reflect actual results or changes in assumptions or other factors that could affect those statements.

V. RISK FACTORS

Investing in the Company's Units is very risky. You should be able to bear a complete loss of your investment. You should carefully consider the following factors.

A. Development Stage Business

Northwest Quadrant Alternative Investments Opportunity Fund, LLC commenced operations in July 2024 and is organized as a Limited Liability Company under the laws of the State of Delaware. Accordingly, the Company has only a limited history upon which an evaluation of its prospects and future performance

can be made. The Company's proposed operations are subject to all business risks associated with new enterprises. The likelihood of the Company's success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the expansion of a business, operation in a competitive industry, and the continued development of advertising, promotions and a corresponding customer base. There is a possibility that the Company could sustain losses in the future. There can be no assurances that Northwest Quadrant Alternative Investments Opportunity Fund, LLC will even operate profitably.

B. Inadequacy of Funds

Gross offering proceeds of a maximum of \$5,000,000 may be realized. Management believes that such proceeds will capitalize and sustain Northwest Quadrant Alternative Investments Opportunity Fund, LLC sufficiently to allow for the implementation of the Company's Business Plans. If only a fraction of this Offering is sold, or if certain assumptions contained in Management's business plans prove to be incorrect, the Company may have inadequate funds to fully develop its business and may need debt financing or other capital investment to fully implement the Company's business plans.

C. Dependence on Management

The Company's business will be significantly dependent on the Company's management team. The Company's success will be particularly dependent upon: Dr. Paul Wendee. The loss of this individuals could have a material adverse effect on the Company. See "MANAGEMENT" section.

D. Competition

Northwest Quadrant Alternative Investments Opportunity Fund, LLC competes with other investment funds for investment capital.

E. Risks of Borrowing

If the Company incurs indebtedness, a portion of its cash flow will have to be dedicated to the payment of principal and interest on such indebtedness. Typical loan agreements also might contain restrictive covenants, which may impair the Company's operating flexibility. Such loan agreements would also provide for default under certain circumstances, such as failure to meet certain financial covenants. A default under a loan agreement could result in the loan becoming immediately due and payable and, if

unpaid, a judgment in favor of such lender which would be senior to the rights of members of the Company. A judgment creditor would have the right to foreclose on any of the Company's assets resulting in a material adverse effect on the Company's business, operating results or financial condition.

F. Unanticipated Obstacles to Execution of the Business Plan

The Company's business plans may change significantly. Many of the Company's potential business endeavors are capital intensive and may be subject to statutory or regulatory requirements. Management believes that the Company's chosen activities and strategies are achievable in light of current economic and legal conditions with the skills, background, and knowledge of the Company's principals and advisors. Management reserves the right to make significant modifications to the Company's stated strategies depending on future events.

G. Management Discretion as to Use of Proceeds

The net proceeds from this Offering will be used for the purposes described under "Use of Proceeds." The Company reserves the right to use the funds obtained from this Offering for other similar purposes not presently contemplated which it deems to be in the best interests of the Company and its members in order to address changed circumstances or opportunities. As a result of the foregoing, the success of the Company will be substantially dependent upon the discretion and judgment of Management with respect to application and allocation of the net proceeds of this Offering. Investors for the Units offered hereby will be entrusting their funds to the Company's Management, upon whose judgment and discretion the investors must depend.

H. Control By Management

As of July 2024, the Company's Managing Members owned approximately 100% of the Company's outstanding units. Upon completion of this Offering, the Company's Managing Members will own a percentage of the issued and outstanding units, and will be able to continue to control Northwest Quadrant Alternative Investments Opportunity Fund, LLC. Investor members may own a minority percentage of the Company and may have minority voting rights. Investor members will not have the ability to control either a vote of the Company's Managing Members or any appointed officers. See "MANAGING MEMBERS" section.

I. Return of Profits

The Company intends to retain any initial future earnings to fund operations and expand the Company's business. A member will be entitled to receive revenue profits proportionate to the amount of units held by

that member. The Company's Managing Members will determine a profit distribution plan based upon the Company's results of operations, financial condition, capital requirements, and other circumstances. See "DESCRIPTION OF SECURITIES" section.

J. No Assurances of Protection for Proprietary Rights; Reliance on Trade Secrets

In certain cases, the Company may rely on trade secrets to protect intellectual property, proprietary technology and processes, which the Company has acquired, developed or may develop in the future. There can be no assurances that secrecy obligations will be honored or that others will not independently develop similar or superior products or technology. The protection of intellectual property and/or proprietary technology through claims of trade secret status has been the subject of increasing claims and litigation by various companies both in order to protect proprietary rights as well as for competitive reasons even where proprietary claims are unsubstantiated. The prosecution of proprietary claims or the defense of such claims is costly and uncertain given the uncertainty and rapid development of the principles of law pertaining to this area. The Company, in common with other firms, may also be subject to claims by other parties with regard to the use of intellectual property, technology information and data, which may be deemed proprietary to others.

K. Dilution

Purchasers of Units may experience immediate and substantial dilution in net tangible book value per unit. Additional Units issued by the Company in the future will also dilute a purchaser's investment in the Units.

L. Limited Transferability and Liquidity

To satisfy the requirements of certain exemptions from registration under the Securities Act, and to conform with applicable state securities laws, each investor must acquire his Units for investment purposes only and not with a view towards distribution. Consequently, certain conditions of the Securities Act may need to be satisfied prior to any sale, transfer, or other disposition of the Units. Some of these conditions may include a minimum holding period, availability of certain reports, including financial statements from Northwest Quadrant Alternative Investments Opportunity Fund, LLC, limitations on the percentage of Units sold and the manner in which they are sold. Northwest Quadrant Alternative Investments Opportunity Fund, LLC can prohibit any sale, transfer or disposition unless it receives an opinion of counsel provided at the holder's expense, in a form satisfactory to Northwest Quadrant Alternative Investments Opportunity Fund, LLC, stating that the proposed sale, transfer or other disposition will not result in a violation of applicable federal or state securities laws and regulations. No public market exists for the Units and no market is expected to develop. Consequently, owners of the Units may have to hold their investment

indefinitely and may not be able to liquidate their investments in Northwest Quadrant Alternative Investments Opportunity Fund, LLC or pledge them as collateral for a loan in the event of an emergency.

M. Broker - Dealer Sales of Units

The Company's Membership Units are not presently included for trading on any exchange, and there can be no assurances that the Company will ultimately be registered on any exchange due to the fact that it is a limited liability company and not a corporation.

No assurance can be given that the Membership Unit of the Company will ever qualify for inclusion on any trading market until such time as the Managing Members deem it necessary and the limited liability company is converted to a corporation. As a result, the Company's Membership Units are covered by a Securities and Exchange Commission rule that opposes additional sales practice requirements on broker-dealers who sell such securities to persons other than established customers and accredited investors. For transactions covered by the rule, the broker-dealer must make a special suitability determination for the purchaser and receive the purchaser's written agreement to the transaction prior to the sale. Consequently, the rule may affect the ability of broker-dealers to sell the Company's securities and will also affect the ability of members to sell their units in the secondary market.

N. Long Term Nature of Investment

An investment in the Units may be long term and illiquid. As discussed above, the offer and sale of the Units will not be registered under the Securities Act or any foreign or state securities laws by reason of exemptions from such registration, which depends in part on the investment intent of the investors. Prospective investors will be required to represent in writing that they are purchasing the Units for their own account for long-term investment and not with a view towards resale or distribution. Accordingly, purchasers of Units must be willing and able to bear the economic risk of their investment for an indefinite period of time. It is likely that investors will not be able to liquidate their investment in the event of an emergency.

O. No Current Market For Units

There is no current market for the Units offered in this private Offering and no market is expected to develop in the near future.

P. Compliance with Securities Laws

The Units are being offered for sale in reliance upon certain exemptions from the registration requirements of the Securities Act, applicable Delaware Securities Laws, and other applicable state securities laws. If

the sale of Units were to fail to qualify for these exemptions, purchasers may seek rescission of their purchases of Units. If a number of purchasers were to obtain rescission, Northwest Quadrant Alternative Investments Opportunity Fund, LLC would face significant financial demands, which could adversely affect Northwest Quadrant Alternative Investments Opportunity Fund, LLC as a whole, as well as any non-rescinding purchasers.

Q. Offering Price

The price of the Units offered has been arbitrarily established by Northwest Quadrant Alternative Investments Opportunity Fund, LLC, considering such matters as the state of the Company's business development and the general condition of the industry in which it operates. The Offering price bears little relationship to the assets, net worth, or any other objective criteria of value applicable to Northwest Quadrant Alternative Investments Opportunity Fund, LLC.

R. Lack of Firm Underwriter

The Units are offered on a "best efforts" basis by the Managing Members of Northwest Quadrant Alternative Investments Opportunity Fund, LLC without compensation and on a "best efforts" basis through certain FINRA registered broker-dealers, which enter into Participating Broker-Dealer Agreements with the Company. Accordingly, there is no assurance that the Company, or any FINRA broker-dealer, will sell the maximum Units offered or any lesser amount.

S. Projections: Forward Looking Information

Management has prepared projections regarding Northwest Quadrant Alternative Investments Opportunity Fund, LLC's anticipated financial performance. The Company's projections are hypothetical and based upon a presumed financial performance of the Company, the addition of a sophisticated and well-funded marketing plan, and other factors influencing the business of Northwest Quadrant Alternative Investments Opportunity Fund, LLC. The projections are based on Management's best estimate of the probable results of operations of the Company, based on present circumstances, and have not been reviewed by Northwest Quadrant Alternative Investments Opportunity Fund, LLC's independent accountants. These projections are based on several assumptions, set forth therein, which Management believes are reasonable. Some assumptions upon which the projections are based, however, invariably will not materialize due the inevitable occurrence of unanticipated events and circumstances beyond Management's control. Therefore, actual results of operations will vary from the projections, and such variances may be material. Assumptions regarding future changes in sales and revenues are necessarily speculative in nature. In addition, projections do not and cannot take into account such factors as general economic conditions,

unforeseen regulatory changes, the entry into Northwest Quadrant Alternative Investments Opportunity Fund, LLC's market of additional competitors, the terms and conditions of future capitalization, and other risks inherent to the Company's business. While Management believes that the projections accurately reflect possible future results of Northwest Quadrant Alternative Investments Opportunity Fund, LLC's operations, those results cannot be guaranteed.

T. General Economic Conditions

The financial success of the Company may be sensitive to adverse changes in general economic conditions in the United States, such as recession, inflation, unemployment, and interest rates. Such changing conditions could reduce demand in the marketplace for the Company's products. Northwest Quadrant Alternative Investments Opportunity Fund, LLC has no control over these changes.

U. CERTAIN OTHER INVESTMENTS AND RISK FACTORS

The purchase of an Interest in the Fund involves a high degree of risk that should be considered before making any investment. An investment in the Fund may be considered speculative depending upon the underlying allocations chosen and executed by the Investor and Manager, and is suitable only for Investors who are willing to accept substantial risks of loss, including entire loss of principal. There can be no assurance that the Fund's or Fund' investment objectives will be achieved. The possibility of partial or total loss of capital will exist and Investor Purchasers must be prepared to bear capital losses that could result from investments. Potential investors should carefully consider the risks of an investment in the Fund, and, indirectly, the risks of an investment in the Fund.

This Memorandum contains statements which constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Prospective Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various facts.

Business and Investment Risks

No Assurance of Investment Return. The Fund cannot provide assurance that it will be able to choose, make, and realize investments in any particular Private Fund, company or portfolio of companies or securities or instruments thereof. There can be no assurance that the Fund will be able to generate returns

for the Fund or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. There can be no assurance that the Fund will receive any distribution from the Fund. Accordingly, an investment in the Fund should only be considered by persons who can afford a loss of their entire investment. Past activities of investment entities associated with the Manager provide no assurance of future success.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing, and realizing attractive investments is highly competitive, and involves a high degree of uncertainty. The Fund will be competing for investments with other private equity and debt investors, as well as companies, individuals, financial institutions, and other institutional investors and credit vehicles, including Fund. As a result of the recent dislocations in the credit market, other firms and institutions are seeking to capitalize on the perceived opportunities with vehicles, funds and other products that are expected to compete with the Fund for investments. Additional funds with similar investment objectives may be formed in the future by other unrelated parties. There can be no assurance that the Fund will be able to locate, complete, and exit Investments that satisfy the Fund objectives, or realize upon their values, or that they will be able to invest fully their committed capital.

Role of Professionals. The success of the Fund will depend in part upon the skill and expertise of their Managers. There can be no assurance that such professionals will continue to be associated with the Managers or their affiliates throughout the life of the Fund.

Nature of the Fund' Credit Related Investments. The Fund will have broad discretion in making investments. The Fund' investments may consist of equity, debt obligations, debt securities and other credit products, investments and instruments, each of which may potentially have significant risks as a result of business, financial, market or legal uncertainties. Debt securities in which the Fund may invest may in many cases be unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured, and in such circumstances the ability of the Fund to influence a portfolio company's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. For example, under terms of subordination agreements, senior creditors are typically able to block the acceleration of the mezzanine debt or other exercises by the Fund of their rights as creditors. Accordingly, the Fund may not be able to take the steps necessary to protect their investments in a timely manner or at all. In addition, the debt securities in which the Fund may invest may not be protected by financial covenants or limitations upon additional indebtedness, may have limited liquidity and may not be rated by a credit rating agency. Debt instruments are also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws, (ii) so-called lender liability claims by the issuer of the obligations

and (iii) environmental liabilities that may arise with respect to collateral securing the obligations. The Fund' investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Fund earlier than expected.

Bank Loans and Participations. A portion of the Fund' investments may potentially consist of interests in loans originated by banks and other financial institutions. The special risks associated with these obligations include (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws, (ii) environmental liabilities that may arise with respect to collateral securing the obligations, (iii) adverse consequences resulting from participating in such instruments with other institutions with lower credit quality and (iv) limitations on the ability of the Fund or the Managers to directly enforce their rights with respect to participations. It is expected that the Managers will generally seek to balance the magnitude of these risks against the potential investment gain prior to entering into each such investment. Successful claims by third parties arising from these and other risks, absent bad faith, may be borne by the Fund. The loans invested in by the Fund may include term loans and revolving loans, may pay interest at a fixed or floating rate and may be senior or subordinated.

The Fund may acquire interests in bank loans either directly (by way of sale or assignment) or indirectly (by way of participation). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. Participation interests in a portion of a debt obligation typically result in a contractual relationship only with the institution participating out the interest, not with the borrower. In purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, and the Fund may not directly benefit from the collateral supporting the debt obligation in which they have purchased the participation. As a result, the Fund will assume the credit risk of both the borrower and the institution selling the participation. Some of the bank loans acquired by the Fund are likely to be below investment-grade. In terms of liquidity with respect to such investments, there can be no assurance that levels of supply and demand in bank loan trading will provide an adequate degree of liquidity for the Fund' investments therein. In addition, the Fund may make investments in stressed or distressed bank loans which are often less liquid than performing bank loans.

In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a

duty (whether implied or contractual) of good faith and fair dealing owed to a borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain of the Fund' investments, the Fund could be subject to allegations of lender liability.

High Yield Debt. A portion (which may be substantial) of the debt in which the Fund may invest may be rated below investment-grade by one or more nationally recognized statistical rating organizations or are unrated but of comparable credit quality to obligations rated below investment- grade, and have greater credit and liquidity risk than more highly rated debt obligations. High yield debt is generally secured in first position, but the Fund may invest in unsecured high yield debt and may be subordinate to other obligations of the obligor. The lower rating of high yield debt reflects a greater possibility that adverse changes in the financial condition of the obligor or in general economic conditions (including, for example, a substantial period of rising interest rates or declining earnings) or both may impair the ability of the obligor to make payment of principal and interest. Many issuers of high yield debt are highly leveraged, and their relatively high debt-to-equity ratios create increased risks that their operations might not generate sufficient cash flow to service their debt obligations. The Manager, however, does not favor opportunities which expose themselves to high leverage. Overall declines in the below investment grade bond and other markets may adversely affect such issuers by inhibiting their ability to refinance their debt at maturity. High yield debt is often less liquid than higher rated securities. High yield debt is often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. High yield debt has historically experienced greater default rates than has been the case for investment-grade securities.

Bridge Financings. From time to time, the Fund may lend to companies on a short-term, unsecured basis, purchase such debt obligations from other lenders or otherwise invest on an interim basis in companies in anticipation of a future issuance of long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Fund' control, such long-term securities issuance or other refinancing or syndication may not occur and such bridge loans and interim investments may remain outstanding. In such event, the interest rate on such loans or the terms of such interim investments may not adequately reflect the risk associated with the position taken by the Fund.

Option Transactions. The purchase or sale of an option involves the payment or receipt of a premium payment by the investor and the corresponding right or obligation, as the case may be, either to purchase or sell the underlying security or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument does not change price in the

manner expected, so that the option expires worthless and the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of either a change in the volatility of the underlying security or the actual price movement in the underlying security in excess of the premium payment received. The Fund may purchase or sell customized options and other derivatives in the over-the-counter market that may have features different from traditional exchange-traded options (in which the Fund may also invest), though they also share the same risks. These options and derivative instruments may also subject the Fund to risk of default by the counterparty. Investments in these financial instruments may also be subject to additional risks such as interest rate and other risks. The ability of the Fund to close out a position as purchaser of an exchange-listed option would be dependent upon the existence of a liquid secondary market on an exchange. Among the possible reasons for the absence of a liquid secondary market on an exchange are (i) insufficient trading interest in certain options; (ii) restrictions on transactions imposed by an exchange; (iii) trading halts, suspensions or other restrictions imposed with respect to particular classes or series of options or underlying securities; (iv) interruption of the normal operations on an exchange; (v) inadequacy of the facilities of an exchange or similar facility to handle current trading volume or (vi) a decision by one or more exchanges to discontinue the trading of options (or a particular class or series of options), in which event the secondary market on that exchange (or in that class or series of options) would cease to exist, although outstanding options on that exchange would generally continue to be exercisable in accordance with their terms.

Derivative Instruments. Use of derivative instruments presents various risks. For example, when used for hedging or synthetic investment purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged or tracked may prevent the Fund from achieving the intended hedging effect or expose the Fund to the risk of loss. Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the Fund may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which the Fund may conduct their transactions in derivative instruments may prevent prompt liquidation of positions, subjecting the Fund to the potential of greater losses. Derivative instruments that may be purchased or sold by the Fund may include instruments not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions. The risk of nonperformance by the obligor on such an instrument may be greater and the ease with which the Fund can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange traded instrument. In addition, significant disparities may exist between “bid” and “asked” prices for derivative instruments that are not traded on an exchange.

Additionally, when a company defaults or files for Chapter 11 bankruptcy court protection, the use of derivative instruments presents special risks associated with the potential imbalance between the derivatives market and the underlying securities market. In such a situation, physical certificates representing such securities may be required to be delivered to settle trades and the potential shortage of such actual certificates relative to the number of derivative instruments may cause the price of the actual certificated debt securities to rise, which may adversely affect the holder of such derivative instruments.

Short Sales. The Fund may sell debt securities short. Selling securities short runs the risk of losing an amount greater than the amount invested. Short selling is subject to the theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. In addition, the supply of securities which can be borrowed fluctuates from time to time. The Fund may be subject to losses if a security lender demands return of the lent securities and an alternative lending source cannot be found or if the Fund, as the case may be, are otherwise unable to borrow securities which are necessary to hedge their positions.

Structured Products. The Fund may invest in structured products. These investments will typically consist of subordinated debt securities issued by a private investment fund that invests, on a leveraged basis, in the bank loan, high yield debt or other asset groups. The Fund' investments in structured products will be subject to a number of risks, including risks related to the fact that the structured products will be leveraged. Utilization of leverage is a speculative investment technique and will generally magnify the opportunities for gain and risk of loss borne by an investor in the subordinated debt securities issued by a structured product. Many structured products contain covenants designed to protect the providers of debt financing to such structured products. A failure to satisfy those covenants could result in the untimely liquidation of the structured product and a complete loss of the Fund' investment therein. In addition, if the particular structured product is invested in a security in which the Fund are also invested, this would tend to increase overall exposure to the credit of the issuer of such securities, at least on an absolute, if not on a relative basis. The value of an investment in a structured product will depend on the investment performance of the assets in which the structured product invests and will therefore be subject to all of the risks associated with an investment in those assets. These risks include the possibility of a default by, or bankruptcy of, the issuers of such assets or a claim that the pledging of collateral to secure any such asset constituted a fraudulent conveyance or preferential transfer that can be subordinated to the rights of other credits of the issuer of such asset or nullified under applicable law.

Stressed and Distressed Securities; Defaulted Securities. The Fund may invest in securities and/or obligations of U.S. and non-U.S. companies that are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganization and liquidation

proceedings. These types of investments are commonly referred to as “special situations.” Stressed investments would generally include companies whose debt securities and/or obligations trade between par and 75% of par and are in jeopardy of missing a coupon payment or in need of bank covenant waivers to avoid default. Distressed investments would generally include companies whose debt securities trade below 75% of par, are in default, in need of restructuring or reorganization, have limited access to the capital markets, or have indebtedness which yields 1,000 basis points or more over the 10-year U.S. Treasury bond. Although such investments may result in significant returns to the Fund, they involve a substantial degree of risk. Among the risks inherent in troubled entities is the inability to obtain information as to the true condition of such issuers. Such investments also may be affected adversely by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and a bankruptcy court’s power to disallow, reduce, subordinate or disenfranchise particular claims. Any one or all of such companies may be unsuccessful in their reorganization and their ability to improve their operating performance. In the case of liquidations, the proceeds realized through the liquidation process may be significantly less than originally projected at the time of investment. Further, the level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Managers will correctly evaluate the intrinsic value of any or all of the companies, the securities and/or obligations of which the Fund may acquire. There is also no assurance that the Managers will correctly evaluate how such value will be distributed among the different classes of creditors, nor that the Managers will have properly assessed the steps and timing thereof in the bankruptcy or liquidation process. In any reorganization or liquidation proceeding relating to a company in which the Fund invest, the Fund may lose their entire investment, and may be required to accept cash or securities with a value less than the Fund’ original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Fund’ investments may not compensate the Fund adequately for the risks assumed.

Troubled company and other asset-based investments require active monitoring and will, at times, require participation in business strategy or reorganization proceedings by the Managers. In addition, involvement by the Managers in a company’s reorganization proceedings could result in the imposition of restrictions limiting the Fund’ ability to liquidate their position in the securities of the company. When investing in distressed securities, there is a risk that the total amount of the investment may be lost.

Investments in Restructurings. The Fund may make investments in the debt securities or other instruments of portfolio companies involved in restructurings associated with financial difficulties. These financial difficulties may never be overcome and may cause such portfolio company to become subject to bankruptcy

proceedings. Such investments could, in certain circumstances, subject the Fund to certain additional potential liabilities that may exceed the value of the Fund' original investment therein. For example, under certain circumstances, a lender who has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to the Fund and distributions by the Fund to the Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment, or similar transaction under applicable bankruptcy and insolvency laws.

Investments in Undervalued Assets. The Fund will invest in undervalued assets. The identification of investment opportunities in undervalued assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued assets offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Fund' investments may not adequately compensate for the business and financial risks assumed.

The Fund may be forced to sell, at a substantial loss, assets which it believes are undervalued, if they are not in fact undervalued. In addition, the Fund may be required to hold such assets for a substantial period of time before realizing their anticipated value. During this period, a portion of the Fund' funds would be committed to the assets purchased, thus possibly preventing the Fund from investing in other opportunities. In addition, the Fund may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

Bankruptcy and Other Proceedings. When a company seeks relief under the U.S. Federal Bankruptcy Code (or has a petition filed against it), an automatic stay prevents all entities, including creditors, from foreclosing or taking other actions to enforce claims, perfect liens or reach collateral securing such claims. Creditors who have claims against the company prior to the date of the bankruptcy filing must petition the court to permit them to take any action to protect or enforce their claims or their rights in any collateral. Such creditors may be prohibited from doing so if the court concludes that the value of the property in which the creditor has an interest will be “adequately protected” during the proceedings. If the bankruptcy court’s assessment of adequate protection is inaccurate, a creditor’s collateral may be wasted without the creditor being afforded the opportunity to preserve it. Thus, even if the Fund hold secured claims, they may be prevented from collecting the liquidation value of the collateral securing their debt, unless relief from the automatic stay is granted by the court.

Security interests held by creditors are closely scrutinized and frequently challenged in bankruptcy proceedings and may be invalidated for a variety of reasons. For example, security interests may be set

aside because, as a technical matter, they have not been perfected properly under the Uniform Commercial Code or other applicable law. If a security interest is invalidated, the secured creditor loses the value of the collateral and because loss of the secured status causes the claim to be treated as an unsecured claim, the holder of such claim will almost certainly experience a significant loss of its investment. There can be no assurance that the security interests will not be challenged vigorously and found defective in some respect, or that the Fund will be able to prevail against the challenge.

Moreover, debt may be disallowed or subordinated to the claims of other creditors if the creditor is found guilty of certain inequitable conduct resulting in harm to other parties with respect to the affairs of a company filing for protection from creditors under the U.S. Federal Bankruptcy Code. Creditors' claims may be treated as equity if they are deemed to be contributions to capital, or if a creditor attempts to control the outcome of the business affairs of a company prior to its filing under the Bankruptcy Code. Serving on an official or unofficial creditors' committees, for example, increases the possibility that the Fund will be deemed an "insider" or a "fiduciary" of the portfolio company it has so assisted and may increase the possibility that the Bankruptcy Court invokes the doctrine of "equitable subordination" with respect to any claim or equity interest held by the Fund in such company and subordinate any such claim or equity interest in whole or in part to other claims or equity interests in such company. Claims of equitable subordination may also arise outside of the context of the Fund's committee activities. If a creditor is found to have interfered with the company's affairs to the detriment of other creditors or shareholders, the creditor may be held liable for damages to injured parties. While it is expected that the Fund will attempt to avoid taking the types of action that would lead to equitable subordination or creditor liability, there can be no assurance that such claims will not be asserted or that the Fund will be able successfully to defend against them. In addition, if representation of a creditors' committee of a company causes the Fund or the Managers to be deemed an affiliate of the company, the securities of such company held by the Fund may become restricted securities, which are not freely tradable.

While the challenges to liens and debt described above normally occur in a bankruptcy proceeding, the conditions or conduct that would lead to an attack in a bankruptcy proceeding could in certain circumstances result in actions brought by other creditors of the debtor, shareholders of the debtor or even the debtor itself in other state or federal proceedings. As is the case in a bankruptcy proceeding, there can be no assurance that such claims will not be asserted or that the Fund will be able successfully to defend against them. To the extent that the Fund assume an active role in any legal proceeding involving the debtor, the Fund may be prevented from disposing of securities issued by the debtor due to the Fund's possession of material, non-public information concerning the debtor.

Leverage. Some of the Fund' investments may include portfolio companies whose capital structures may have significant leverage. This is not the Manager's preferred method of management to be employed. Notwithstanding, these portfolio companies may be subject to restrictive financial and operating covenants. The leverage may impair these companies' ability to finance their future operations and capital needs. The leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as rising interest rates, downturns in the economy, or deteriorations in the condition of the portfolio company or its industry. The Managers may also obtain leverage at the Fund level and, furthermore, the Manager may obtain leverage at the Fund level. Although borrowings by the Fund have the potential to enhance overall returns that exceed the Fund' cost of funds, they will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Fund' cost of funds. In addition, borrowings by the Fund may be secured by their investors' capital commitments as well as by the Fund' assets. The Fund may also utilize leverage including engaging in trading on margin by borrowing funds and pledging securities as collateral. In addition to the general risk posed by using leverage, any use by the Fund of short-term margin borrowings will result in certain additional risks to the Fund. For example, the securities pledged to brokers to secure the Fund' margin accounts could be subject to a "margin call," pursuant to which the Fund would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. A sudden, precipitous drop in value of the Fund' assets accompanied by corresponding margin calls could force the Fund to liquidate assets quickly, and not for fair value, in order to pay off their margin debt. The Fund may also use leverage by participating in total rate of return swaps.

Non-U.S. Investments. Investments in non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the Fund' non-U.S. investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; (iii) the absence of uniform accounting, auditing, and financial reporting standards, practices and disclosure requirements, and less government supervision and regulation; (iv) certain economic and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, the risks of political, economic, or social instability and the possibility of expropriation or confiscatory taxation; and (v) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities. While it is expected that the Managers will, where deemed appropriate, manage the Fund in a manner that will minimize exposure to the foregoing risks, there can be no assurance

that adverse developments with respect to such risks will not adversely affect the assets of the Fund that are held in certain countries.

Financial Market and Interest Rate Fluctuations. General fluctuations in the market prices of securities and interest rates may affect the value of the investments held by the Fund. Instability in the securities markets may also increase the risks inherent in the Fund' investments. The ability of companies or businesses in which the Fund may invest to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

Developments in the credit market may have a substantial impact on the Fund' investment activities, and may in large part affect the success thereof. Recent events in the sub-prime mortgage market have caused a decrease in global liquidity and significant dislocations and volatility in the structured credit, leveraged loan and high-yield bond markets, as well as in the wider global financial markets. On the one hand, successful implementation of many of the Fund' investment strategies depends on continued disruption and volatility in the credit markets along with a favorable trend on covenant packages and other lending terms, at least on a relatively short-term basis. However, a prolonged disruption may prevent the Fund from advantageously realizing on or disposing of their investments. Moreover, to the extent that such marketplace events are not temporary and continue, this may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such an economic downturn could adversely affect the financial resources of corporate borrowers in which the Fund have invested and result in the inability of such borrowers to make principal and interest payments on outstanding debt when due. In the event of such defaults, the Fund may suffer a partial or total loss of capital invested in such companies, which could, in turn, have an adverse effect on the Fund' returns. Such marketplace events also may restrict the ability of the Fund to sell or liquidate investments at favorable times or for favorable prices. In particular, the Fund' investment strategy relies in part on the stabilization or improvement of the conditions in the global financial markets generally and credit markets specifically.

General Economic and Market Conditions; Legal, Tax and Regulatory Risks. The success of the Fund' investment activities will be affected by general economic and market conditions, including by global high-

yield default rates, continued dislocation of the credit markets in the United States and abroad, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. Any of the foregoing events could result in a decrease in investment opportunities for the Fund and/or substantial or total losses to the Fund in respect of certain investments, which losses will likely be exacerbated by the presence of leverage. Legal, tax and regulatory changes could occur during the term of the Fund that may adversely affect the Fund.

Extraordinary Events. Terrorist activity and United States involvement in armed conflict may negatively affect general economic fortunes, including sales, profits and production, and may lead to depressed securities prices and problems with trading facilities and infrastructure.

Financial Fraud. Instances of fraud and other deceptive practices committed by senior management of certain companies in which the Fund invest may undermine the Managers' due diligence efforts with respect to such companies, and if such fraud is discovered, negatively affect the valuation of the Fund' investments. In addition, when discovered, financial fraud may contribute to overall market volatility which can negatively impact the Fund' investment program.

Changes in Bankruptcy Law. Amendments to the U.S. Bankruptcy Code or other relevant laws, as well as application of recently enacted legislation, could alter an expected outcome or introduce greater uncertainty regarding the likely outcome of an investment situation. For example, on April 20, 2005, the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 ("BAPCPA") was enacted. BAPCPA became effective on October 17, 2005 and contains material changes to the U.S. Bankruptcy Code, including the provisions governing business reorganization and the relative payment priority of unsecured creditors. Application of BAPCPA could introduce significant delays and uncertainties in the bankruptcy reorganization process for business enterprises.

Uncertainty of Financial Projections. The Managers may determine the suitability of investments based in part on the basis of financial projections for such portfolio companies. Projections, forecasts and estimates are forward-looking statements and are based upon certain assumptions. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.

Investments Longer than Term. The Fund may make investments which may not be advantageously disposed of prior to the date the Fund will be dissolved, either by expiration of the Fund' term or otherwise.

Although it is expected that investments will be disposed of prior to dissolution, the Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Illiquid and Long-Term Investments. Although investments by the Fund may generate income, the return of capital and the realization of gains, if any, from an investment generally will occur only upon the partial or complete disposition of such investment. In addition, the lack of an established, liquid secondary market for some of the Fund' investments may have an adverse effect on the market value of the Fund' investments and on the Fund' ability to dispose of them. Additionally, the Fund' investments may be subject to certain transfer restrictions that may also contribute to illiquidity. Finally, assets of the Fund that are typically traded in a liquid market may become illiquid if the applicable trading market tightens as a result of a significant macro-economic shock or for any other reason. Therefore, no assurance can be given that, if the Fund are determined to dispose of a particular investment held by the Fund, they could dispose of such investment at the prevailing market price. The Fund may sometimes not be able to sell securities they hold publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases the Fund may be prohibited by contract or legal or regulatory reasons from selling certain securities for a period of time.

Certain of the Fund may invest in highly illiquid investments valued at cost until disposition ("Restricted Assets"). In the event of a complete or partial withdrawal by the Fund from any Private Fund holding Restricted Assets, the Fund may not be able to obtain its interest in such Restricted Assets until disposition of such Restricted Assets by the Private Fund. In addition, the Fund may require minimum investments or have holding periods and/or other withdrawal provisions more restrictive than those of the Fund. For example, some Fund may have lock-up periods of 6 to 8 years and they do not allow redemption during such periods. Other Fund may have lock-up periods ranging from 1 to 5 years (some series of which, but not all, permit early redemptions subject to early redemption fees ranging from 3% - 5% of the amount withdrawn) with quarterly redemptions thereafter, subject to a 20% gate provision. As a result, such requirements may cause substantial delays in payments to a withdrawing Investor Purchasers. Notwithstanding any other statement herein, the Fund may treat withdrawals by its Partners in a parallel manner to investors in the Fund and subject such Partners to all limits applicable to investors in the Fund. Furthermore, the Fund may, as described elsewhere herein, designate certain Fund and any other Security as Designated Investments. As a result of the foregoing, a Investor Purchasers should view its investment in the Fund as a potentially longer-term investment than other private investment funds.

Investments in Real Estate. While direct real estate investment is not intended to be the focus of the Fund, it is possible that, from time to time, the Fund may invest a portion of their assets directly in real estate and/or real estate related securities that the Managers believe are undervalued, non-recourse mortgages

where the mortgagor is not a significant operating company and in the securities or obligations of single purpose companies whose primary asset is real estate. Special risks associated with such investments include changes in the general economic climate or local conditions (such as an oversupply of space or a reduction in demand for space), competition based on rental rates, attractiveness and location of the properties, changes in the financial condition of tenants, and changes in operating costs. Real estate values are also affected by such factors as government regulations (including those governing usage, improvements, zoning and taxes), interest rate levels, the availability of financing and potential liability under changing environmental and other laws.

Swaps; Generally. Investments in swaps involve the exchange by the Fund with other parties of all or a portion of their respective interests or commitments. For example, in the case of currency swaps, a Private Fund may exchange with another party their respective commitments to pay or receive currency. Use of swaps may subject a Private Fund to risk of default by the counterparty. If there is a default by the counterparty to such a transaction, a Private Fund will have contractual remedies pursuant to the agreements related to the transaction. The Fund may enter into currency, interest rate, total return or other swaps which may be surrogates for other instruments such as currency forwards, interest rate options and equity instruments and indices on the foregoing. The value of such instruments generally depends upon changes in volatility, price movements in the underlying assets and counterparty risk.

Futures. Futures markets are inherently leveraged and highly volatile. To the extent the Fund engage in transactions in futures contracts and options on futures contracts, the profitability of such Fund will depend to some degree on the ability of the Managers to correctly analyze the futures markets, which are influenced by, among other things, changing supply and demand relationships, governmental policies, commercial and trade programs, world political and economic events and changes in interest rates. Moreover, investments in commodity futures and options contracts involve additional risks including, without limitation, leverage (margin is usually only 5-15% of the face value of the contract but exposure can be nearly unlimited) and credit risk vis-à-vis the contract counterparty. Finally, the CFTC and futures exchanges have established limits referred to as “speculative position limits” on the maximum net long or net short position which any person may hold or control in particular commodity contracts.

Preferred Stock. The Fund may invest in preferred stock. Preferred stock has a preference over common stock in liquidation (and generally dividends as well) but is subordinated to the liabilities of the issuers in all respects. As a general rule, the market value of preferred stock with a fixed dividend rate and no conversion element varies inversely with interest rates and perceived credit risk, while the market price of convertible preferred generally also reflects some element of conversion value. Because preferred stock is

junior to debt securities and other obligations of the issuer, deterioration in the credit quality of the issuer will cause greater changes in the value of a preferred stock than in a more senior debt security with similar stated yield characteristics. Unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Preferred stock also may be subject to optional or mandatory redemption provisions.

Private Placements. In addition to the risks that exist with respect to privately-placed securities due to the nature of such securities (i.e., risks associated with common stock), privately-placed securities are often illiquid. Illiquid securities include most securities the disposition of which is subject to substantial legal or contractual restrictions and are generally viewed as securities that cannot be disposed of within seven business days at approximately the amount which the Managers have valued the securities. The Managers may experience significant delays in disposing of illiquid securities and may not be able to sell them for the price the Fund paid or the price which the Managers have valued them. Transactions in illiquid securities may entail registration expenses and other transaction costs that are higher than those for transactions in liquid securities.

Convertible Securities. The Fund may invest in convertible securities, which are debt securities or preferred equity securities that are exchangeable for other debt or equity securities of the issuer at a predetermined price. Convertible securities entitle the holder to receive interest payments paid on corporate debt securities or the dividend preference on preferred equity securities until such time as the convertible security matures or is redeemed or until the holder elects to exercise the conversion privilege. As a result of the conversion feature, convertible securities typically offer lower interest rates than if the securities were not convertible. It is possible that the potential for appreciation on convertible securities may be less than that of a common stock equivalent.

Convertible securities may or may not be rated within the four highest categories by S&P and Moody's and if not so rated, would not be investment grade. To the extent that convertible securities are rated lower than investment grade or not rated, there would be greater risk as to timely repayment of the principal of, and timely payment of interest or dividends on, those securities.

Also, in the absence of adequate anti-dilution provisions in a convertible security, dilution in the value of the Private Fund's holding may occur in the event the underlying stock is subdivided, additional securities are issued, a stock dividend is declared or the issuer enters into another type of corporate transaction which increases its outstanding securities.

Common Stock. The Fund may invest in common stock. Although common stock has historically generated higher average total returns than fixed-income securities over the long term, common stock also has

experienced significantly more volatility in those returns. An adverse event, such as an unfavorable earnings report, may depress the value of a particular common stock held by the Fund. Also, the price of common stock is sensitive to general movements in the stock market and a drop in the stock market may depress the price of common stock in which the Fund invest. Common stock prices fluctuate for several reasons, including changes in investors' perceptions of the financial condition of an issuer or the general condition of the relevant stock market or when political or economic events affecting the issuers occur. In addition, common stock prices may be particularly sensitive to rising interest rates, as the cost of capital rises and borrowing costs increase. Interest rates are at historical lows and, accordingly, it is likely that they will rise.

Analytical Model Risks. The Fund may employ certain strategies which depend upon the reliability, accuracy and analyses of any of the Managers analytical models. To the extent such models (or the assumptions underlying them) do not prove to be correct, the Fund may not perform as anticipated, which could result in substantial losses. All models ultimately depend upon the judgment of the investment team and the assumptions embedded in the models. To the extent that with respect to any investment, the judgment or assumptions are incorrect, the Fund can suffer substantial losses.

Portfolio Turnover. The Fund may engage in frequent trading and thus, the Fund' brokerage commissions to assets ratio may significantly exceed those of other investment entities.

Risk of Limited Number of Investments. The Fund may not be restricted as to the percentage of their assets that may be invested in any particular instrument or market in order to optimize the risk-reward profile of the Fund. To the extent a Manager concentrates a Private Fund's investments in a particular issuer, security, currency or market, such Private Fund's investments will become more susceptible to fluctuations in value resulting from adverse economic or business conditions affecting that particular issuer, security, currency or market.

Contingent Liabilities on Disposition of Investments. In connection with the disposition of an investment, the Fund may be required to indemnify the purchasers of such investment with respect to certain potential liabilities. These arrangements may result in the incurrence of contingent liabilities for which the Managers may establish reserves or escrow accounts. In that regard, the Fund may be required to return amounts distributed to it to fund a Private Fund's obligations, including indemnity obligations. Furthermore, under the Delaware Revised Uniform Investor Purchashership Act, each investor in the Fund that receives a distribution in violation of such Act will, under certain circumstances, be obligated to re-contribute such distribution to the Fund.

Failure to Make Capital Contributions. If an investor of the Fund fails to pay any when due installments of its capital commitment, and the contributions made by non-defaulting investors and borrowings by the Fund

are inadequate to cover the defaulted capital contribution, the Fund may be unable to pay their obligations when due. As a result, the Fund may be subjected to significant penalties that could materially adversely affect the returns to the Fund. If an investor in the Fund defaults, it may be subject to various remedies, including, without limitation, reductions in its capital account balance, forced sale of its interest at a discount, and preclusion from further investment in the Fund.

Investments in Less Established Companies. The Fund may invest in the debt securities or other instruments of less established companies. Investments in such early stage companies may involve greater risks than generally are associated with investments in more established companies. To the extent there is any public market for the securities held by the Fund, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. Start-up enterprises in the communications and related industries may not have significant or any operating revenues, and any such investment should be considered highly speculative and may result in the loss of the Fund's entire Investment therein. There can be no assurance that any such losses will be offset by gains (if any) realized on the Fund's other investments.

Recycling; Reinvestment. During certain investment periods, the Managers have the right to generally recall capital contributions applied to an investment that has been disposed of (or retain such amounts) as long as such Private Fund's investor has not incurred a loss on such investment. Accordingly, during the term of the Fund, the Fund may be required to make capital contributions in excess of its capital commitment and to the extent such recalled or retained amounts are reinvested in investments, the Fund will remain subject to investment and other risks associated with such investments.

Risks Associated with Life Settlements. An investment entails numerous risks, including, but not limited to the following:

Lawsuits by former beneficiaries. There is the possibility that a former family member or beneficiary may challenge a transaction claiming it is void because of undue influence, duress, or unsoundness of mind. Where these claims are made, then there is a risk the proceeds from a matured policy will not be realized by the Fund or proceeds will be shared with the family member or beneficiary.

Regulatory Intervention. Life Settlement transactions in many States in the United States are unregulated. However, a growing number of States have introduced regulations and there can be no assurance that future regulations will not be introduced which could adversely affect the Fund.

Policy acquisition costs. The world market and demand for Life Settlements is increasing and this will affect bidding prices for policies, which could adversely affect returns on these types of investments.

Life expectancy estimates to actual results will vary. Life expectancy estimates compared to actual results will vary and any extension to the estimated life of the insured person will reduce the Fund's return on investment. If the insured lives longer than anticipated, then the return on investment will diminish with time (however, the payment of death benefits by the insurance company is not at risk⁰). In extreme circumstances, it is possible the insured may live well beyond their life expectancy in which case the cost of paying premiums, in addition to the initial cost of the policy, may result in a loss to the Fund when the policy matures. It is possible that some policies will, over time, be allowed to lapse or be unsold in circumstances where it becomes uneconomic for the Fund to continue making premium payments.

Inaccurate premium calculations or unforeseen premium increases. Where premium calculations are incorrectly estimated or, if unforeseen increases are incurred, then the Fund will be required to fund the excess amounts which will affect the profitability of the Fund.

Misrepresentations or fraud by the insured or third parties to the transaction. False or misleading information, or the withholding of information from or by the insured or third parties to the transaction, could substantially affect the life expectancy evaluation of an insured.

To the extent the Fund invests any or all of its assets directly instead of indirectly through the Fund, the foregoing “Business and Investment Risks” should be read to apply equally to any such direct investment activity of the Fund.

Certain Risks of the Fund

Since the Fund currently intends, but is not required, to invest substantially all its assets in the Fund, certain risks accompany such a “fund of funds” approach to investing.

Inconsequential Effect of Fund of Funds Investing. While use of a fund of funds approach may provide some diversification of investment risk, no assurance can be given that such diversification will occur, or that if it does, it will increase, rather than reduce, potential net profits. The Fund may invest a substantial portion of its assets with a limited number of Fund, which may result in minimal diversification. Also, the use of the fund of funds approach may cause the Fund indirectly to hold opposite positions in an investment, thereby decreasing or eliminating the possibility of positive returns from such investment. The diversification that may be afforded by the fund of funds approach may not insulate investors against major

disruptions or turmoil in the global financial markets generally, which could result in some or all of the underlying investment vehicles suffering substantial losses simultaneously.

Fund Not Registered. The Fund invested in by the Fund will generally not be registered under neither the 1940 Act nor the Investment Advisers Act of 1940, each as amended (or any other similar state or federal laws). The foregoing acts provide certain protections to investors and impose certain restrictions on registered investment companies and registered investment advisers, none of which may be applicable to Fund invested into by the Fund.

Lack of Operating Histories. Some of the Fund may also be recently organized and have no operating history upon which the Fund may evaluate their possible performance.

Indirect Exposure to Leverage (i.e., margin). Regardless of whether the Fund utilizes leverage, the Investor Purchasers may indirectly be exposed to the use of leverage through the Fund's investments in the Fund. The use of leverage, which can be described as exposure to changes in price at a ratio greater than the amount of equity invested, magnifies both the favorable and unfavorable effects of price movements in the investments made by Fund. Inasmuch as its Fund are likely to employ a very high degree of leverage in their investment operations, the Fund and its Partners will be subject to substantial risk of loss. With volatile instruments, downward price swings can result in margin calls that could require liquidation of investments at inopportune times.

Lack of Diversification in Fund. Some of the Fund that the Fund may invest in may concentrate their investments in only a few Securities, industries or countries. Accordingly, concentration by the Fund's individually owned Fund may cause a proportionately greater loss than if such investments in Fund had been spread over a larger number of investments.

Proprietary Investment Strategies of Fund. Certain Fund may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to the Manager. These strategies may involve risks under some market conditions that are not anticipated by the Manager or the Managers. Certain Fund generally use investment strategies that are different than those typically employed by traditional managers of portfolios of stocks and bonds. The investment niche, arbitrage opportunity or market inefficiency employed by such Fund may become less profitable over time as such Fund and competing asset managers or investors manage a larger group of assets in the same or similar manner or market conditions change. The strategies employed by the Fund may involve significantly more risk and higher transaction costs than more traditional investment methods. It is possible that the performance of the Fund may be closely correlated in some market conditions, resulting (if those returns are negative) in significant losses to the Fund and its Investors.

Access to Information. As an investor in the Fund, the Fund will receive periodic reports at the same time as, and containing the same information provided to, any other investor in such Fund. The Manager may make requests for additional, more detailed information from its Fund and their Managers, but there can be no assurance that any such additional information will be provided. This lack of access to information may make it more difficult for the Manager to select, allocate among and evaluate the Fund and their Managers. Such lack of access may also impact the Manager's ability to value the Fund's assets.

Investment History. The past investment performance of the advisers to the Fund may not be construed as an indication of the future results of an investment in the Fund. The Fund's investment program should be evaluated on the basis that there can be no assurance that the Manager's assessments of the Managers, and in turn their assessments of the short-term or long-term prospects of investment, will prove accurate or that the Fund will achieve its investment objective.

Illiquid Investments. The ability of the Fund to withdraw all or part of its investment from any of the Fund is generally limited to a quarterly, semiannual or annual basis depending upon the investment, and may be subject to lock-ups and additional restrictions imposed by the Managers. The Fund may be unable to make withdrawal payments to the Investor Purchasers to the extent it has invested in Fund that do not permit withdrawals, will not honor the Fund's withdrawal requests or that have invested in or distributed to the Fund a Designated Investment. In such event, in the sole and absolute discretion of the Manager, payment to such withdrawing Investor Purchasers of the portion of the Investor Purchasers's requested withdrawal attributable to such Designated Investment will be delayed until such time as such Fund, or the Fund, dispose of such Designated Investment. In order to make withdrawal payments to Investor Purchasers, the Fund may be required to liquidate all or a portion of its investment in the Fund at a time when it may be subject to a withdrawal fee or penalty or at a time when it might not otherwise wish to effectuate such liquidation.

Lack of Management Control by Investor Purchasers. Investor Purchasers will generally have no right to participate in the management, control or operation of the Fund or to remove their Managers.

Multiple Levels of Expense. To the extent that the Fund invests in the Fund, the Fund will bear additional costs and expenses in addition to the Fund's own expenses and Management Fee. The Fund will charge their own advisory fees (which may include both management fees and performance fees) and expenses. As a result, the Fund, and indirectly Investor Purchasers in the Fund, will bear multiple levels of expense, which, in the aggregate, will exceed the expenses that would typically be incurred by an investment with a single investment pool or investment manager.

Investments in Passive Foreign Investment Companies. Some Fund may fall under the definition of a passive foreign investment company (“PFICs”) under the Code and to the extent any of the other Fund are, or invest in stock of non-U.S. corporations that are, classified as PFICs, U.S. investors will be subject to special rules with respect to the Fund's or its Fund' interest in such PFICs. In this regard, gain (but not loss) recognized upon the sale, exchange or redemption of an equity interest in a PFIC would be treated as ordinary income, and, in addition, a portion of the distributions received with respect to such equity interest could, and any gain realized from the sale, exchange or redemption of such interest would, be subject to the tax imposed on excess distributions under the PFIC provisions of the U.S. Internal Revenue Code of 1986, as amended (the “Code”).

Investing in Master-Feeder Structures. The Fund may invest in Fund that invest substantially all of their assets (“feeder funds”) into a master fund, which is a vehicle (a “master fund”) utilized to pool assets of multiple feeder funds in order to attempt to optimize each feeder fund's portfolio (a “master-feeder structure”). Therefore, any interest of the Fund in the assets of a master fund is indirect vis-a-vis an interest in a feeder fund.

Feeder funds and master funds bear additional costs and expenses. As a result, the Fund, and indirectly Investors in the Fund, when investing in a master-feeder structure, will bear multiple levels of expense, which in the aggregate will exceed the expenses which would typically be incurred by an investment with a single investment pool. However, the Fund will generally only be charged one management fee and performance fee when investing in a master-feeder structure, which will generally occur at the feeder fund level and not at the master fund level. However, Investors will be exposed to management fees at both the Fund and, indirectly, feeder fund levels.

Other investors in a master fund may be much bigger than the feeder fund in which the Fund will invest, and alone or collectively may acquire sufficient voting interests at such master fund's level to control matters relating to the operation of such master fund, or may redeem from such master fund, which may result in a less diversified portfolio of investments and could indirectly and adversely affect the liquidity and performance of the Fund's investment in the feeder fund. Additionally, other investors in a master fund may have competing interests with the feeder fund in which the Fund may invest; in light of such other investor's competing interests, the master fund may make investment and other decisions at times that are adverse or not as favorable to the interests of the Fund's feeder fund.

There may be additional factors in making investments or entering such transactions which may also cause significant delays, during which a master fund's capital will be committed and interest charges on any funds borrowed to finance the master fund's investments may be incurred.

There is no assurance that the Fund's indirect interest in a master fund by investing in a feeder fund will result in superior performance to that which would have been achieved without the use of a master-feeder structure.

Any interest in a master fund may be illiquid and may not be freely transferable, which may affect the feeder fund, and ultimately, the Fund.

Management Risks

Officers of the Manager and Managers of the Fund Not Full Time. The Manager and its members, officers and employees, and their respective affiliates, will devote the time and effort that they deem adequate to develop and operate the Fund's business, but may not devote their full working time to the operations of the Fund. In addition, they are not prohibited from engaging in other investment related activities similar to or different from the investment activities engaged in by the Fund. The members, managers and employees of the Manager and its respective affiliates who perform services for the Fund, may also perform similar or different services for others or for their own account and, accordingly, may have conflicts in allocating management time, services and functions among the Fund and other accounts for which they provide services, including other affiliates of the Manager. In addition, the Manager may manage accounts for other clients. There is no specific limit as to the number of accounts which may be managed or advised by the Manager. In connection with its advisory activities on behalf of other accounts or entities, the Manager may receive compensation which exceeds that which is received from the Fund. In such event, the Manager may have an incentive to favor such other accounts and/or entities. The performance of the Fund could also be adversely affected by the manner in which particular orders are entered or trades are allocated for all such other accounts and entities; however, the Manager will allocate trades fairly and reasonably with respect to the Fund. The foregoing risks generally also apply to the Fund and their Managers as well.

Lack of Management Control by Investor Purchasers. Under the LLC Operating Agreement, the Investor Purchasers do not have the right to participate in the management, control or operation of the Fund or to remove the Manager. The foregoing generally also applies to the Fund's investment in the Fund as well.

Reliance upon Manager. The success of the Fund depends on the ability of the Manager to identify, select and realize investments consistent with the Fund's objectives. Similarly, the success of the Fund depends on the ability of their Managers to identify, select, and realize investments consistent with the Fund's objectives.

Dependence of the Fund on Key Individuals. The Fund and Fund are dependent on the experience and expertise of the principal officers of the Manager and Managers, respectively. In the event of death, disability or departure of such persons, the business of the Fund and Fund could be adversely affected.

Fund Risks

Proprietary Investment Strategies. The Manager may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to the Investors. These strategies may involve risks under some market conditions that are not anticipated by the Manager. The Manager generally uses investment strategies that are different than those typically employed by traditional managers of portfolios of stocks and bonds. Such strategies may not be, or may become less, profitable over time, if at all, as the Manager and competing asset managers or investors manage a larger group of assets in the same or similar manner or market conditions change. The strategies employed by the Manager may involve significantly more risk and higher transactions costs than more traditional investment methods.

Lack of Transferability of Interests. At present there is no public market for the Interests, and no public market for the Interests is contemplated. The Interests have not been registered under the 1933 Act or the 1940 Act and may not be transferred unless so registered or an exemption from registration is available. Consequently, the Interests are restricted securities and will not be liquid investments. Even if a purchaser for a Investor Purchasers's Interest is available, approval of the transfer by the Manager (which may deny such approval in its absolute discretion) and satisfaction of certain requirements specified in the LLC Operating Agreement will be required before any transfer may occur. In addition, no interests in the Fund may be transferred if such transfer would result in Benefit Plan Investors holding 25% or more of the Interests in the Fund (or such other amounts that may be deemed “significant” pursuant to 29 C.F.R. 2510.3-101 or other relevant ERISA guidelines).

Distributions. There is no guarantee that the Fund will generate any income or gains. Distributions, if any, will be made in cash or in kind in the discretion of the Manager. The Manager may make distributions to itself from its Capital Account without making distributions to Investor Purchasers at any time. Investors should be aware that they will be taxed annually on Fund income and realized gains, if any, whether or not they receive any cash distributions from the Fund.

Negotiation of the LLC Operating Agreement. The Manager has generally determined the terms of the LLC Operating Agreement, which were not negotiated on an arm’s-length basis. Legal counsel for the Manager has not acted as counsel for or represented the interests of the Investor Purchasers. Potential Investors should consult with their own legal counsel with respect to the Fund.

Incentive Allocation. Although the Incentive Allocation is generally thought to create an incentive for the Manager to achieve the Fund's investment objective and thereby receive additional benefit from the Fund (indirectly), such structure may also create an incentive for the Manager to make investments that are riskier and more speculative than would be the case absent the Incentive Allocation. In addition, Incentive Allocations to be made will be based on realized and unrealized gains and losses as of the end of the applicable period. As a result, Incentive Allocations could be made on gains that may never be realized. Therefore, it is possible that the Investor Purchasers could incur substantial Incentive Allocations in a year in which it had no net trading profits or net realized trading profits.

Lack of Insurance. The assets of the Fund are not insured by any government or private insurer except to the extent portions may be deposited in bank accounts insured by the Federal Deposit Insurance Corporation or with brokers insured by the Securities Investor Protection Corporation and such deposits and securities are subject to such insurance coverage (which, in any event, is limited in amount). Therefore, in the event of the insolvency of a depository or custodian, the Fund may be unable to recover all of its funds or the value of its securities so deposited.

Lack of Operating History. The Fund is newly organized and has no operating history upon which Investors may evaluate its possible performance. However, the Manager has previous experience managing other investments and funds.

Withdrawals. There are a number of restrictions on withdrawals.

Effect of Withdrawals. Withdrawals by Investor Purchasers could require the Fund to liquidate or close out positions more rapidly than would otherwise be desirable, which could reduce the value of Fund assets, disrupt the Fund's investment strategy, and cause a resulting reduction in the value of Investor Purchasers interests, and can lead to increased trading costs and negative tax effects. Reduction in the size of the Fund could make it more difficult to generate a positive return or to recapture losses due, among other things, to reductions in the Fund's ability to take advantage of particular investment opportunities. Substantial withdrawals could also force the Fund to sell its more liquid holdings, leaving it with a higher proportion of relative illiquid securities in its portfolio and further reducing the Fund's ability to distribute in the event of further withdrawals. Withdrawals could also cause increased brokerage commissions and realization of taxable gains if the Fund needs to sell securities in order to raise cash for redemptions.

Effect of Fund Size and Growth. Early Investors to the Fund may find risks and expenses amplified by the small size of the Fund. As the Fund grows, it may experience greater difficulty in finding acceptable investments, especially without adverse consequences to the Fund.

Involuntary Liquidation of a Investor Purchasers' Interest. The Manager may, in its sole discretion, upon written notice to any Investor Purchasers, terminate the interest of any Investor Purchasers in the Fund.

Valuation Risks. The Fund's assets will be valued periodically. However, mistakes may be made in valuations, which may cause them to be inaccurate. There is no guarantee that valuations will represent the value that will be realized by the Fund on the eventual disposition of any Security. Absent bad faith or manifest error, the Manager's asset value determinations are conclusive and binding on all Investor Purchasers.

Absence of Regulatory Oversight. This offering has not been registered under the 1933 Act in reliance on the exemptive provisions of Section 4(2) of the 1933 Act and Regulation D promulgated thereunder. Similar reliance has been placed on apparently available exemptions from securities qualification requirements under applicable state securities laws. No assurance can be given that the offering currently qualifies or will continue to qualify under one or more of such provisions due to, among other things, the adequacy of disclosure and the manner of distribution, the existence of similar offerings in the past or in the future, or the retroactive change of any securities law or regulation. If, and to the extent that, claims or suits for rescission are brought and successfully concluded for failure to register this offering or other offerings or for acts or omissions constituting offenses under the 1933 Act, the Securities Exchange Act of 1934 or applicable state securities laws, the Fund could be materially and adversely affected, jeopardizing the ability of the Fund to operate successfully. Furthermore, the human and capital resources of the Fund and the Manager could be adversely affected by the need to defend actions under these laws, even if the Fund is ultimately successful in its defense.

During any period of time in which the Fund would be an “investment company” within the meaning of Section 3(a) of the 1940 Act, the Fund currently intends to rely on the exception afforded by Section 3(c)(1) thereof, which excepts an issuer of securities from the definition of investment company if its outstanding securities are beneficially owned by 100 or fewer investors and if it is not making and does not presently propose to make a public offering of its securities. The rules and interpretations of the SEC and the courts, relating to qualifying as a 3(c)(1) Fund, are highly complex and uncertain in numerous respects. As a result, no assurance can be given that the Fund will not be deemed an “investment company” for purposes of the 1940 Act and required to register as such thereunder, in which event the Fund and the Manager could be subject to legal actions by regulatory authorities and others and could be forced to terminate. The costs of defending any such action could constitute a material part of the Fund's assets and termination could have materially adverse effects on the Fund and the value of the Interest.

Because the Fund does not intend to register as an investment company under the 1940 Act by virtue of Section 3(c)(1) thereof, the protective provisions of the 1940 Act will generally not apply to the Fund,

including, but not limited to, the provisions of the 1940 Act that require, among other things, a company's board of directors, including a majority of disinterested directors, to approve certain of a fund's activities and contractual relationships, and prohibit a company from engaging in certain transactions with its affiliates. In addition, the Fund will not be subject to requirements such as annual review and approval of an investment advisory contract by a disinterested majority of a board of directors and other governance safeguards that the 1940 Act imposes.

Securities and investment businesses generally are comprehensively and intensively regulated under state and federal laws and regulations. Any investigation, litigation or other proceeding undertaken by state or federal regulatory agencies or private parties could necessitate the expenditure of material amounts of the Fund's funds for legal and other costs and could have other materially adverse consequences for the Fund.

Increased Regulations. Events during the past few years (including market volatility and disruptions and the bankruptcy, failure, improper practices, and adverse financial results of certain financial institutions, trading firms, and private investment funds) have focused attention upon the necessity of firms engaging in the trading of highly leveraged securities, commodities, and derivatives to maintain adequate risk controls and compliance procedures. In addition, these events have led to increased governmental and self-regulatory authority scrutiny of various trading participants and the "hedge fund" industry in general, particularly with regard to business practices, short sales, transparency and monitoring of trading positions, and protection of customer funds. Inquiries have been conducted to ascertain the investor protection implications of the growth of private investment funds, and proposals have been made with regard to best business practices and additional regulation of such funds, their operators and advisers, and certain of their activities, including proposed restrictions on certain types of trading and proposals for increased public and private disclosure of financial, trading, and risk management information. The regulation of futures, forward and options transactions in the United States is a rapidly changing area of law and is subject to modification by government and judicial action. In addition, various national governments have expressed concern regarding the disruptive effects of speculative trading in the currency markets and the need to regulate the "derivatives" markets in general. Any regulations that restrict the ability of the Fund to employ, or broker-dealers and counterparties to extend, credit in connection with the Fund's trading, or otherwise restrict the Fund's trading activities, or require the Fund to disclose proprietary information, or either subject the Fund to additional regulation or it or its management to additional taxation, could adversely impact the Fund's profit potential.

Incentive Allocation and Other Risks. The performance fees charged by the Fund may create an incentive for the Fund to make investments that are riskier than they would otherwise make. In addition, because

their performance fees are generally calculated on a basis that includes unrealized appreciation of the Fund's assets, such performance fees may be greater than if such performance fees were based solely on realized gains.

Use of Side Letters. The Fund may from time to time seek to induce investment by offering investment terms which are not available to other investors in the Fund. In such cases the parties may enter into a written side arrangement varying the terms of the offer. Such variations may include, without limitation, variations to fees, minimum investment or redemption terms, with the effect that not all investors in the Fund will invest on the same terms and some investors may enjoy more favorable terms and information than other investors. There is no limit with respect to the percentage of Investors who may receive side letters in the Manager's discretion. Accordingly, a significant percentage of Investors may have special rights.

In some cases you may be at a disadvantage and suffer losses if we grant other Investors preferred access to information, especially if coupled with preferred rights to redeem. We believe such practice to be reasonable however, because it is fully disclosed, and we expect that in many cases preferential terms will be given only to large Investors or early Investors who provide benefits of scale to the Fund that benefit all Investors.

Tax Risks

Generally. The Fund will not seek rulings from the Internal Revenue Service ("IRS") or any legal opinion with respect to any of the federal income tax considerations discussed in this Memorandum. Moreover, the Fund may take positions as to which the tax consequences are unclear.

Prospective Investors should consult their tax advisor with specific reference to their own tax situations for a complete and comprehensive discussion, analysis and explanation of the federal income tax considerations applicable to an investment in the Fund, as well as the application and effect of state, local and other tax laws and any possible changes in the tax laws after the date hereof.

VI. USE OF PROCEEDS

The Company seeks to raise maximum gross proceeds of \$5,000,000 from the sale of Units in this Offering. The Company intends to apply these proceeds substantially as set forth herein, subject only to reallocation by Management in the best interests of the Company. These are the estimated Use of Proceeds. Actual Use of Proceeds may differ substantially from what is estimated here.

A. Sale of Equity

Category	Maximum Proceeds	Percentage of Total Proceeds
Proceeds from Sale of Units	\$5,000,000	100%

B. Offering Expenses & Commissions

Category	Maximum Proceeds	Percentage of Total Proceeds
Offering Expenses (1)	\$10,000	1%
Brokerage Commissions(2)	\$500,000	10%
Total Offering Fees	\$510,000	11%

Footnotes:

(1) Includes estimated memorandum preparation, filing, printing, legal, accounting and other fees and expenses related to the Offering.

(2) This Offering is being sold by the Managing Members of the Company. No compensatory sales fees or related commissions will be paid to such Managing Members. Registered broker or dealers who are members of the FINRA and who enter into a Participating Dealer Agreement with the Company may sell units. Such brokers or dealers may receive commissions up to ten percent (10%) of the price of the Units sold.

VII. MANAGEMENT

Northwest Quadrant Alternative Investments Management Company, LLC is the manager of the Company.

At the present time, one individual is actively involved in the management of Northwest Quadrant Alternative Investments Management Company, LLC:

- Dr. Paul M. Wendee – Managing Director

Dr. Paul M. Wendee is the Managing Director of Paul M. Wendee & Associates, LLC, a corporate finance, private equity, management consulting, and financial planning firm, and a national strategy and capital firm, which he founded in 1998. He is also the Managing Director and Chief Investment Officer of Northwest Quadrant Alternative Investments Opportunity Fund, LLC and Northwest Quadrant Alternative Investments Venture Fund, LLC. He has been a financial planner,

entrepreneur, investment banker, securities analyst, business economist, and private equity fund manager for over 40 years. He publishes an award-winning investment newsletter, the *Intrinsic Value Wealth Report Newsletter*. He is the author and creator of Value Driver Theory, a new way of understanding and strategically thinking about business; and The Value Creation Theory of the Economy (*Intrinsinomics*). He teaches courses in business, strategy, management, investments, economics, entrepreneurship, accounting, and finance to university students worldwide. He founded the Value Driver Institute, a scholarly think-tank with a mission to conduct research on enterprise value driver theory and the enterprise value creation process; and to take the business incubator concept to places in the world where business incubators are not commonly found, but where they are needed the most. Paul is also an angel investor and is an active investor with various angel groups including the Investment Club of America.

VIII. MANAGEMENT COMPENSATION

There is no accrued compensation that is due any member of Management. Each Manager will be entitled to reimbursement of expenses incurred while conducting Company business. Each Manager may also be a member in the Company and as such will share in the profits of the Company when and if revenues are disbursed.

The Manager or its authorized representative shall receive an annual fee of 1% of the assets of the Fund, paid quarterly.

IX. DISTRIBUTIONS TO MEMBERS

Distributions. Investors are accepted as “Members” upon the Manager’s acceptance of their Subscription Agreement. Distributions are made only to Members listed in our books and records. Beginning six months after the close of the initial investment quarter in which funds have been invested (the “Initial Investment Period”), the Fund may, at the Manager’s discretion, distribute quarterly discretionary distributions to its Members during the five years that the proceeds are being invested and reinvested (the “Reinvestment Period”) according to the following schedule:

Distributable Operating Income: “Distributable Operating Income” means net profits from all activities, which generate a positive cash flow less: (i) operating expenses; (ii) current principal and interest payments on financing; (iii) amounts reserved by the Manager in its sole discretion subject to certain conditions; and (iv) amounts invested or reserved by the Manager for repairs, maintenance, or improvements.

100% of our Distributable Operating Income shall be distributed first to the Members until they have received a 8% cumulative non-compounded priority return on their unreturned net capital contributions prior to any Distributable Operating Income being distributed to the Manager.

After the Initial Investment Period, the Distributable Operating Income will be invested, reinvested, or distributed at our discretion depending on market conditions. After payment in full of the Preferred Return, any additional Distributable Operating Income shall be distributed 90% to the Members (the “Member Share”) and 10% to the Manager (the “Manager Share”) at the Manager’s discretion.

The Manager or its authorized representative shall receive an annual fee of 1% of the assets of the Fund, paid quarterly.

X. CURRENT MEMBERS

The following table contains certain information as of March 1, 2025 as to the number of units beneficially owned by (i) each person known by the Company to own beneficially more than 5% of the Company’s units, (ii) each person who is a Managing Member of the Company, (iii) all persons as a group who are

Managing Members and/or Officers of the Company, and as to the percentage of the outstanding units held by them on such dates and as adjusted to give effect to this Offering.

Name	Position	Current %	Post Offering Maximum %
Dr. Paul Wendee	Managing Member	100%	100%

XI. LITIGATION

The Company is not presently a party to any material litigation, nor to the knowledge of Management is any litigation threatened against the Company, which may materially affect the business of the Company or its assets.

XII. DESCRIPTION OF UNITS

The Company is offering a maximum of 5,000,000 Units at a price of \$1.00 per Unit, \$.001 par value per unit. The units of ownership are equal in all respects, and upon completion of the Offering, the units will comprise the only representation of ownership that the Company will have issued and outstanding to date, upon close of the Offering.

Each member is entitled to one vote for each unit held on each matter submitted to a vote of the members.

Units are not redeemable and do not have conversion rights. The Units currently outstanding are, and the Units to be issued upon completion of this Offering will be, fully paid and non-assessable.

In the event of the dissolution, liquidation or winding up of the Company, the assets then legally available for distribution to the members will be distributed ratably among such members in proportion to their units.

Members are only entitled to profit distributions proportionate to their units of ownership when and if declared by the Managing Members out of funds legally available therefore. The Company to date has not given any such profit distributions. Future profit distribution policies are subject to the discretion of the Managing Members and will depend upon a number of factors, including among other things, the capital requirements and the financial condition of the Company.

XIII. TRANSFER AGENT AND REGISTRAR

The Company will act as its own transfer agent and registrar for its units of ownership.

XIV. PLAN OF PLACEMENT

The Units are offered directly by the Managing Members of the Company on the terms and conditions set forth in this Memorandum. FINRA brokers and dealers may also offer units. The Company is offering the Units on a “best efforts” basis. The Company will use its best efforts to sell the Units to investors. There can be no assurance that all or any of the Units offered, will be sold.

A. How to Subscribe for Units

A purchaser of Units must complete, date, execute, and deliver to the Company the following documents, as applicable. All of which are included as part of the Investor Subscription Package:

- a) An Investor Suitability Questionnaire;
- b) An original signed copy of the appropriate Subscription Agreement;
- c) A Northwest Quadrant Alternative Investments Opportunity Fund, LLC Operating Agreement; and
- d) A check payable to “Northwest Quadrant Alternative Investments Opportunity Fund, LLC” in the amount of \$1.00 per Unit for each Unit purchased as called for in the Subscription Agreement (minimum purchase of 25,000 Units for \$25,000).

Purchasers of Units will receive an Investor Subscription Package containing an Investor Suitability Questionnaire and two copies of the Subscription Agreement.

Subscribers may not withdraw subscriptions that are tendered to the Company (Florida, Georgia and Pennsylvania Residents See NASAA Legend in the front of this Memorandum for important information).

XV. TAX RISKS

General

There is no general explanation of the federal income tax aspects of investment in the Company contained in this Memorandum. No representation or warranty of any kind is made by the Manager, the Company, counsel to the Manager or the Company with respect to any tax consequences relating to the Company, or the allocation of taxable income or loss set forth in this Memorandum and each Prospective Investor should seek his own tax advice concerning the purchase of a Membership Unit.

Federal Income Tax Risks

Necessity of Obtaining Professional Advice. THERE IS NO GENERAL EXPLANATION OF THE FEDERAL INCOME TAX ASPECTS OF INVESTMENT IN THE COMPANY CONTAINED IN THIS MEMORANDUM, AND ACCORDINGLY, EACH INVESTOR IS URGED TO CONSULT SUCH INVESTOR'S OWN TAX INVESTMENT AND LEGAL ADVISORS WITH RESPECT TO SUCH MATTERS AND WITH RESPECT TO THE ADVISABILITY OF INVESTING IN THE COMPANY.

XVI. ADDITIONAL INFORMATION

Each prospective investor may ask questions and receive answers concerning the terms and conditions of this offering and obtain any additional information which the Company possesses, or can acquire without unreasonable effort or expense, to verify the accuracy of the information provided in this Memorandum. The principal executive offices of the Company are located at 720 Silver Drive, Vista, CA 92083 and the telephone number is (949) 919-2853.

Exhibit A

Northwest Quadrant Alternative Investments Opportunity Fund, LLC Operating Agreement

OPERATING AGREEMENT OF NORTHWEST QUADRANT ALTERNATIVE INVESTMENTS OPPORTUNITY FUND, LLC

Any securities created by this operating agreement, if any, have not been registered with the United States Securities and Exchange Commission in reliance upon an exemption from such registration set forth in the Securities Act of 1933 provided by Section 4(2) thereof, nor have they been registered under the securities or Blue Sky laws of any other jurisdiction. The interests created hereby have been acquired for investment purposes only and may not be offered for sale, pledged, hypothecated, sold or transferred except in compliance with the terms and conditions of this operating agreement and in a transaction which is either exempt from registration under such Acts or pursuant to an effective registration statement under such Acts.

THIS OPERATING AGREEMENT is made and entered into effective as of the 1st day of March, 2025, by the parties who have executed counterparts of this Operating Agreement as indicated on the signature page(s) attached.

ARTICLE 1. DEFINITIONS

The following terms used in this Operating Agreement shall have the following meanings (unless otherwise expressly provided herein):

"Affiliate." With respect to any Person, (i) in the case of an individual, any blood relative of such Person, (ii) any officer, director, trustee, partner, member, manager, employee or holder of ten percent (10%) or more of any class of the voting securities of or equity interest in such Person; (iii) any corporation, partnership, limited liability company, trust or other entity controlling, controlled by or under common control with such Person; or (iv) any officer, director, trustee, partner, member, manager, employee or holder of ten percent (10%) or more of the outstanding voting securities of any corporation, partnership, limited liability company, trust or other entity controlling, controlled by or under common control with such Person.

"Articles of Organization." The Articles of Organization of Northwest Quadrant Alternative Investments Opportunity Fund, LLC, as filed with the Delaware Secretary of State, as the same may be amended from time to time.

"Capital Account." A capital account maintained in accordance with the rules contained in Section 1.704-1(b)(2)(iv) of the Regulations, as amended from time to time.

"Capital Contribution." Any contribution to the capital of the Company in cash or property by a Member whenever made.

"Code." The Internal Revenue Code of 1986, as amended from time to time.

"Company." Northwest Quadrant Alternative Investments Opportunity Fund, LLC, a Delaware limited liability company.

"Disability." The failure or inability of a Manager or Member to fulfill his obligations under this Operating Agreement for a period in excess of ninety (90) consecutive days.

"Distributable Cash." All cash received by the Company from Company operations, plus any cash that becomes available from Reserves, less the sum of the following to the extent paid or set aside by the Company: (i) all principal and interest payments on indebtedness of the Company and all other sums paid to lenders; (ii) all cash expenditures incurred in the operation of the Company's business; and (iii) Reserves.

"Economic Interest." A Member's share of one or more of the Company's Net Profits, Net Losses and rights to distributions of the Company's assets pursuant to this Operating Agreement not including any right to vote on, consent to or otherwise participate in any decision of the Members.

"Entity." Any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association or any foreign trust or foreign business organization, or any other legal entity.

"Fiscal Year." The Company's fiscal year shall end on December 31st unless otherwise decided by a Majority Vote of the Managers.

"Gross Asset Value." With respect to any asset, the asset's adjusted basis for Federal income tax purposes, adjusted as provided in this Agreement.

"Initial Capital Contribution." The initial contribution to the capital of the Company made by a Member pursuant to this Operating Agreement.

"Interest." Any interest in the Company, including a Membership Interest, an Economic Interest, any right to vote or participate in the business of the Company, or any other interest in the Company.

"Liquidation." Defined as set forth in Section 1.704-1(b)(2)(ii)(g) of the Regulations.

"Majority Interest." Ownership Percentages of Members which, taken together, constitute a majority of all Ownership Percentages.

"Majority Vote." (i) With respect to Members, the vote or written consent of Members holding a majority of the Ownership Percentages held by all such Members entitled to vote on or consent to the issue in question; (ii) with respect to Managers, the vote or written consent of a majority of the Managers entitled to vote on or consent to the issue in question.

"Manager." One or more managers designated pursuant to this Operating Agreement. A Manager is not required to be a Member of the Company.

"Member." Each Person who executes this Operating Agreement or a counterpart thereof as a Member and each of the Persons who may hereafter become Members as provided in this Operating Agreement.

"Membership Interest." A Member's entire Interest in the Company including such Member's Economic Interest and the right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to, or otherwise participate in any decision or action of or by the Members granted pursuant to this Operating Agreement.

"Net Profits" and "Net Losses." The Company's taxable income or loss determined in accordance with Code Section 703(a) for each of its Fiscal Years (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) will be included in taxable income or loss); provided, such Net Profits and Net Losses will be computed as if items of tax-exempt income and nondeductible, non-capital expenditures (under Code Section 705(a)(1)(B) and 705(a)(2)(B)) were included in the computation of taxable income or loss. If any Member contributes property to the Company with an initial book value to the Company different from its adjusted basis for federal income tax purposes to the Company, or if Company property is revalued pursuant to Section 1.704-1(b)(2)(iv)(f) of the Regulations or as otherwise required by the Regulations, Net Profits and Net Losses will be computed as if the initial adjusted basis for federal income tax purposes to the Company of such contributed or revalued property equaled its initial book value to the Company as of the date of contribution or revaluation. All profits are considered K-1 Profits and not 1099 interest income as defined by the Code.

"Officer." One or more individuals appointed by the Managers to whom the Managers delegate specified responsibilities. The Managers may, but shall not be required to, create such offices as they deem appropriate, including, but not limited to, a President, Executive Vice President, Senior Vice Presidents, Vice Presidents, Secretary and Treasurer. The Officers shall have such duties as are assigned to them by the Managers from time to time. All Officers shall serve at the pleasure of the Managers and the Managers may remove any Officer from office without cause and any Officer may resign at any time.

"Operating Agreement." This Operating Agreement as originally executed and as amended from time to time.

"Ownership Percentage." For each Member, the ownership percentage in the Company, as set forth herein, or as otherwise established and agreed to by the Members by Majority Vote. For purposes of the provisions hereof relating to actions taken or approval by Members, including voting, written consents or other approval, only Ownership Percentages held by Members shall be taken into account.

"Person." Any individual or Entity, and the heirs, executors, administrators, legal representatives, successors, and assigns of such "Person" where the context so permits.

"Reserves." Funds set aside and amounts allocated to reserves in amounts determined by the Managers for working capital and to pay taxes, insurance, debt service or other costs or expenses incident to the ownership or operation of the Company's business.

"Treasury Regulations" or "Regulations." The federal income tax regulations, including temporary regulations, promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

ARTICLE 2. FORMATION OF COMPANY

Section 2.1 Formation. On November 22, 2022, the Company was formed as a Delaware limited liability company by the filing of the Articles of Organization with the Secretary of State of Delaware in accordance with the provisions of the Delaware Act. All actions taken by the Organizer of the Company are hereby ratified and approved by the Members and Managers and the Organizer shall have no liability to the Company or to third parties for any reason whatsoever.

Section 2.2 Name. The name of the Company is Northwest Quadrant Alternative Investments Opportunity Fund, LLC.

Section 2.3 Principal Place of Business. The principal place of business of the Company is 720 Silver Drive, Vista, CA 92083. The Company may locate its places of business and registered office at any other place or places as the Managers may from time to time deem advisable.

Section 2.4 Registered Office and Registered Agent. The Company's initial registered office shall be at 651 N. Broad St., Suite 201, Middletown, DE 19709. The initial registered agent is Legalinc Corporate Services, Inc.. The registered office and registered agent may be changed from time to time by the Managers pursuant to the Delaware Act and the applicable rules promulgated thereunder.

Section 2.5 Term. The term of the Company commenced on the date the Articles of Organization were filed with the Secretary of State of Delaware and shall continue until the Company is dissolved and its affairs wound up in accordance with the provisions of this Operating Agreement or the Delaware Act.

ARTICLE 3. BUSINESS OF COMPANY

The intended business of the Company is to be a manager of investment managers that specialize in each of the asset classes in which the Fund seeks to invest. The Fund may also invest in individual assets. The business of the Company (the “Business”) is to enter into any business arrangement or relationship, exercise all rights and powers and engage in all activities as determined by the Manager, which a limited liability company may legally exercise pursuant to the Act. In furtherance thereof, the Company may exercise all powers necessary to or reasonably connected with the Company's business which may be legally exercised by limited liability companies under the Delaware Act, and may engage in all activities necessary, customary, convenient, or incident to any of the foregoing.

ARTICLE 4. NAMES AND ADDRESSES OF MEMBERS

The names, Ownership Percentages and addresses of the current Members are set out on **Exhibit "A"** attached hereto and incorporated herein. Upon the close of the offering all names and addresses of members will be consolidated onto one document and delivered to each member via U.S. Mail.

ARTICLE 5. RIGHTS AND DUTIES OF MANAGERS

Section 5.1 Management. The business and affairs of the Company shall be managed by its Managers. The Managers shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business. Except as otherwise provided herein, at any time when there is more than one Manager, all decisions and actions of the Managers shall be approved by the Majority Vote of the Managers. Powers vested in Managers may be modified at any time by the Members. Northwest Quadrant Alternative Investments Management Company, LLC, is the Fund's sole Manager.

Section 5.2 Number, Tenure and Qualifications. The Company shall initially have one (1) Manager. Northwest Quadrant Alternative Investments Management Company, LLC shall serve as sole Manager. The number of Managers may be increased by a Majority Vote of the Members. Managers shall hold office until their successor shall have been elected and qualified or until earlier death, disability, resignation or removal. Subject to the foregoing, Managers shall be elected or removed by the affirmative Majority Vote of Members.

Section 5.4 Certain Powers of Managers. Without limiting the generality of Section 5.1, the Managers shall have power and authority, on behalf of the Company:

(a) To acquire property from any Person as the Managers may determine. The fact that a Manager or a Member is directly or indirectly affiliated or connected with any such Person shall not prohibit the Managers from dealing with that Person;

(a) To borrow money for the Company from banks, other lending institutions, Managers, Members, or Affiliates of a Manager or Member on such terms as the Managers deem appropriate, and in connection therewith, to hypothecate, encumber and grant security interests in the assets of the Company to secure repayment of the borrowed sums. No debt shall be contracted or liability incurred by or on behalf of the Company except by the Managers, or by agents or employees of the Company expressly authorized to contract such debt or incur such liability by the Managers;

(b) To purchase liability and other insurance to protect the Company's property and business;

(c) To hold real and/or personal property in the name of the Company;

(d) To invest any Company funds temporarily (by way of example but not limitation) in time deposits, short-term governmental obligations, commercial paper or other investments;

(e) To sell or otherwise dispose of all or substantially all of the assets of the Company as part of a single transaction or plan so long as such disposition is not in violation of or a cause of a default under any other agreement to which the Company may be bound;

(f) To execute on behalf of the Company all instruments and documents, including, without limitation: checks, drafts, notes and other negotiable instruments, mortgages or deeds of trust, security agreements, financing statements, documents providing for the acquisition, mortgage or disposition of the Company's property, assignments, bills of sale, leases, partnership agreements, operating agreements of other limited liability companies, and any other instruments or documents necessary, in the opinion of the Managers, to the business of the Company;

(g) To employ accountants, legal counsel, managing agents or other experts to perform services for the Company and to compensate them from Company funds;

(h) To enter into any and all other agreements on behalf of the Company, with any other Person for any purpose, in such forms as the Managers may approve;

(j) To pay any Manager a reasonable fee for services;

(k) To create offices and designate Officers; and

(l) To do and perform all other acts as may be necessary or appropriate to the conduct of the Company's business.

Unless authorized to do so by the Managers of the Company, no attorney-in-fact, employee or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable for any purpose. No Member shall have any power or authority to bind the Company unless the Member has been authorized by the Managers to act as an agent of the Company in accordance with the previous sentence.

Section 5.7 Liability for Certain Acts. No Manager or Member has guaranteed or shall have any obligation with respect to the return of a Member's Capital Contributions or profits from the operation of the Company. Notwithstanding the Delaware Act, no Manager or Member shall be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member except loss or damage resulting from the intentional misconduct or knowing violation of law or a transaction for which such Manager received a personal benefit in violation or breach of the provisions of the Operating Agreement. Each Manager shall be entitled to rely on information, opinions, reports or statements, including but not limited to financial statements or other financial data prepared or presented by: (i) any one or more Members, Managers, Officers or employees of the Company whom the Manager reasonably believes to be reliable and competent in the matter presented, (ii) legal counsel, public accountants, or other persons as to matters the Manager reasonably believes are within the person's professional or expert competence, or (iii) a committee of Managers of which he or she is not a member if the Manager reasonably believes the committee merits confidence.

Section 5.8 Managers Have No Exclusive Duty to Company. Any Manager may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Operating Agreement, to share or participate in such other investments or activities of the Manager or to the income or proceeds derived therefrom. The Managers shall incur no liability to the Company or to any of the Members as a result of engaging in any other business or venture.

Section 5.9 Bank Accounts. The Managers may from time to time open bank accounts in the name of the Company, and designated Manager(s) shall be the sole signatories thereon, unless the Managers determine otherwise.

Section 5.10 Indemnity of the Managers, Members, Officers, Employees and Other Agents. To the fullest extent permitted by the Delaware Act, the Company shall indemnify each Manager and Member and make advances for expenses to each Manager and Member arising from any loss, cost, expense, damage, claim or demand, in connection with the Company, the Manager's or Member's status as a Manager or Member of the Company, the Manager's, General Manager's or Member's participation in the management, business and affairs of the Company or such Manager's or Member's activities on behalf of the Company. To the fullest extent permitted by the Delaware Act, the Company shall also indemnify its Officers, employees and other agents who are not Managers or Members arising from any loss, cost, expense, damage, claim or demand in connection with the Company, any such Person's participation in the business and affairs of the Company or such Person's activities on behalf of the Company.

Section 5.11 Resignation. Any Manager of the Company may resign at any time by giving thirty (30) days written notice to the Members of the Company. The resignation of any Manager shall take effect upon the date specified in such notice, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The resignation of a Manager who is a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of the Manager as a Member or an Event of Dissociation, except as provided in Section 12.

Section 5.12 Removal. Managers may be removed at a special meeting called for that purpose by a Majority Vote of the Members.

Section 5.13 Vacancies. Any vacancy occurring for any reason in the number of Managers of the Company shall be filled by the unanimous vote of the remaining Managers and by the unanimous vote of the Members if there are no remaining Managers.

Section 5.14 Expenses. The Company shall pay or reimburse the Manager, or any Person advancing payment of such expenses, all fees, costs, expenses, liabilities and obligations relating to the Company's activities, investments and business, including (i) all fees, costs, expenses, liabilities and obligations attributable to structuring, organizing, acquiring, managing, operating, holding, valuing, winding up, liquidating, dissolving and disposing of the investments (including interest and fees on money borrowed by the Company or the Manager on behalf of the Company, registration expenses and brokerage, finders', broker-dealer, custodial and other fees), (ii) legal, accounting, auditing, administration, custodian, depositary, insurance (including directors and officers and errors and omissions liability

insurance), travel, litigation and indemnification costs and expenses, judgments and settlements, consulting, finders', broker-dealer, financing, appraisal, filing and other fees and expenses (including fees, costs and expenses associated with the preparation or distribution of the Company's financial statements, tax returns and Schedules K-1 or any other administrative, regulatory or other Company-related reporting or filing and all fees, costs and expenses associated with establishing, operating and maintaining any online Member portal), (iii) all out-of-pocket fees, costs, expenses, liabilities and obligations incurred by the Company, the Manager or any other agent of the Manager relating to investment and disposition opportunities for the Company not consummated (including legal, accounting, auditing, insurance, travel, consulting, finders', broker-dealer, financing, appraisal, filing, printing, real estate title, survey and other fees and expenses), (iv) all out-of-pocket fees, costs and expenses incurred by the Company, the Manager or any other agent of the Manager in connection with any conference or meeting with any Member, (v) any taxes, fees and other governmental charges levied against the Company, (vi) costs and expenses that are classified as extraordinary expenses under U.S. generally accepted accounting principles, (vii) all fees, costs and expenses incurred in connection with the organization, management, operation and dissolution, liquidation and final winding up of any subsidiary and (xi) any fees, costs, or expenses of any third party service provider or Affiliate of the Manager who provides services similar to a third party service provider.

ARTICLE 6. RIGHTS AND OBLIGATIONS OF MEMBERS

Section 6.1 Limitation on Liability. Each Member's liability shall be limited as set forth in the Delaware Act.

Section 6.2 No Liability for Company Obligations. No Member will have any personal liability for any debts or losses of the Company.

Section 6.3 List of Members. Upon written request of any Member, the Company shall provide a list showing the names, addresses and Ownership Percentage of all Members and the other information required by the Delaware Act.

Section 6.4 Approvals of Members. The Members shall have no right to make any decisions with regard to the Company, notwithstanding the Delaware Act, except as otherwise set forth herein.

ARTICLE 7. MEETINGS OF MANAGERS

Section 7.1 Meetings. Meetings of the Managers, for any purpose or purposes, may be called by the Majority Vote of the Managers.

Section 7.2 Place of Meetings. The place of meetings for any meeting of the Managers shall be the principal executive office of the Company in the State of California or such place as the Manager or Managers may designate

Section 7.3 Notice of Meetings. Written notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall be delivered not less than two (2) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the Managers calling the meeting, to each Manager entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered two calendar days after being deposited in the United States mail, addressed to the Manager at its address as it appears on the books of the Company, with postage thereon prepaid.

Section 7.4 Meeting of All Managers. If all of the Managers shall meet at any time and place, either within or outside of the State of California, and consent to the holding of a meeting at such time and place, such meeting shall be valid without call or notice, and at such meeting any lawful action may be taken.

Section 7.5 Record Date. For the purpose of determining Managers entitled to notice of or to vote at any meeting of Managers or any adjournment thereof, or Members entitled to receive payment of any distribution, or in order to make a determination of Managers for any other purpose, the date on which notice of the meeting is mailed or the date on which the distribution is made, as the case may be, shall be the record date for such determination of Managers unless the Managers shall otherwise specify another record date. When a determination of Managers entitled to vote at any meeting of Managers has been made as provided in this Section, such determination shall apply to any adjournment thereof.

Section 7.6 Quorum. Managers holding a Majority Interest represented in person or by proxy, shall constitute a quorum at any meeting of Managers. In the absence of a quorum at any such meeting, a majority of the Managers so represented may adjourn the meeting from time to time for a period not to exceed sixty (60) days without further notice. However, if at the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Manager of record entitled to vote at the meeting. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The Managers present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal during such meeting of that number of Ownership Percentages whose absence would cause less than a quorum to be present.

Section 7.7 Manner of Acting. The Majority Vote of the Managers shall be the act of the Managers.

Section 7.8 Proxies. A Manager may vote in person or by proxy executed in writing by the Manager or by a duly authorized attorney-in-fact. Such written proxy shall be delivered to the Company.

Section 7.9 Action by Managers Without a Meeting. Action required or permitted to be taken by the Managers at a meeting may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, signed by the Managers entitled to vote. Action taken under this Section is effective when the Managers required to approve such action have signed the consent, unless the consent specifies a different effective date. The record date for determining Managers entitled to take action without a meeting shall be the date the first Manager signs a written consent. Any signature delivered by facsimile is acceptable.

Section 7.10 Waiver of Notice. When any notice is required to be given to any Manager, a waiver thereof in writing signed by the person entitled to such notice, whether before, at, or after the time stated therein, shall be equivalent to the giving of such notice.

Section 7.11 Meeting by Telephone. Managers may also meet by conference telephone call or video conferencing if all Managers can hear one another on such call and the requisite notice is given or waived.

ARTICLE 8. CONTRIBUTIONS TO THE COMPANY AND CAPITAL LOANS

Section 8.1 Members' Capital Contributions. Each Member shall contribute the amount set forth next to such Member's name on Exhibit "A" hereto as the Member's Initial Capital Contribution.

A. **Section 8.2 Loans to Company.** The Company may borrow funds from Members on terms and conditions as determined by the Managers. Repayment of such loans shall be on the terms and conditions determined by the Managers.

B.

C. **Section 8.3 Additional Capital Contributions.** Except as otherwise may be expressly provided herein, the Members shall not be required to make additional capital contributions. The Manager shall have the discretion to request, in writing, additional Capital Contributions from each Member in proportion to their Membership Percentage ("Capital Call") in the event that the Company has insufficient funds to operate the Business of the Company or to make required payments on any debt of the Company (collectively "Operating Expenses"); provided, however, the timing and amount of a Capital Call must be reasonable.

D. **Section 8.4 Failure to Pay Capital.** Should any Member fail to pay the amount of any Capital Call requested by Manager pursuant to Section 8.4 hereinabove (the "Defaulting Member"), any other Member may, at his election, make the required payment on behalf of the Defaulting Member; provided however, that any Member which intends to make such a payment shall first provide written notice of that intention to all other Members (including the Defaulting Member); and the Defaulting Member shall have five (5) days to cure its failure to pay by making payment of the required Capital Call, plus interest on such amount from the date it was due until the date paid, at the Applicable Rate. If the Defaulting Member has so affected its cure, no Member will have any further rights under this Section with respect to the failure which has been cured. Any Member which makes a payment to the Company on behalf of a Defaulting Member pursuant to this Section 8.5 (a "Contributing Member") shall treat the payment as an additional capital contribution to the capital of the Company for the Contributing Member's own Capital Account, and in such case, the Contributing Member's and Defaulting Member's Ownership Percentage in the Company shall be adjusted in accordance with the formula set forth herein. If more than one Member elects to be a Contributing Member, then all contributing Members shall contribute on a pro rata basis determined by the ratio of the respective Membership Interest of the Contributing Members. The respective Ownership Percentage of each

Contributing Member and the Defaulting Member shall be adjusted and recalculated in accordance with the following formula and Exhibit “A” shall be revised accordingly:

Contributing Member:

[(Membership Percentage of Contributing Member multiplied by total invested Capital of Company) plus (Amount of Additional Capital Contributed by Contributing Member on behalf of himself/herself/itself and the Defaulting Member)] divided by [(Total invested Capital of the Company) plus (total Additional Capital Contributions contributed to the Company pursuant to Section 8.4)]

Defaulting Member:

[(Membership Percentage of Defaulting Member multiplied by total invested Capital of the Company)] divided by [(Total invested Capital of the Company) plus total Additional Capital Contributions contributed to the Company pursuant to Section 8.4)]

E. Section 8.5 Capital Accounts. A Capital Account shall be established and maintained for each Member in accordance with the following provisions:

a) To each Member's Capital Account there shall be credited such Member's Capital Contributions, such Member's distributive share of Profits and any items in the nature of income or gain that are specially allocated pursuant to this Agreement, and the amount of any liabilities of the Company that are assumed by such Member, or which are secured by any assets of the Company distributed to such Member.

b) To each Member's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any Company assets distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Net Losses and any items in the nature of expenses or losses that are specially allocated pursuant to this Agreement, and the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

c) If ownership of any Membership Interest in the Company is assigned in accordance with the terms of this Agreement, the assignee shall succeed to the Capital Account of the assignor to the extent it relates to the assigned Membership Interest.

d) In determining the amount of any liability for purposes of Subsections 3.04(a) and (b) above, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

e) To each Member's Capital Account, there shall be debited or credited, as the case may be, adjustments which are necessary to reflect a revaluation of Company assets to reflect the Gross Asset Value of all Company assets, as required by Regulations Section 1.704-1(b)(2)(iv)(f) and Section 3.08.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Section 704 of the Code and Regulations Section 1.704-1(b) and shall be interpreted and applied in a manner consistent with such Regulations. The Company shall make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet as computed for book purposes in accordance with Section 1.704-1(b)(2) (iv)(q) of the Regulations.

F. Section 8.6 Gross Asset Value. The Gross Asset Value of any asset of the Company shall be equal to the asset's adjusted basis for Federal income tax purposes, except as follows:

a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Company.

b) The Gross Asset Values of all Company assets, excluding goodwill, going concern value and similar intangible assets except to the extent purchased by the Company, shall be adjusted to equal their respective gross fair market values in connection with (and to be effective immediately prior to) the following events: (1) the acquisition of an additional Membership Interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (2) the distribution by the Company to a Member of more than a de minimis amount of property (including cash) as consideration for an interest in the Company; and (3) the Liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that an adjustment pursuant to clauses (1) and (2) above shall be made only if such adjustment is necessary or appropriate to reflect the relative economic interests of the Members in the Company.

c) The Gross Asset Value of any Company asset distributed to any Member shall be the gross fair market value of such asset on the date of distribution.

d) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m) and Section 10.01 hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this Subsection to the extent that an adjustment pursuant to Subsection (b) above is made in connection with a transaction that would otherwise result in an adjustment pursuant to this Subsection.

e) If the Gross Asset Value of an asset has been determined or adjusted pursuant to this Section 3.08, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

ARTICLE 9. DISTRIBUTIONS TO MEMBERS

Section 9.1 Distributions. All distributions shall be made to the Members as the Managers may determine, as cash flow allows, in proportion to their respective Ownership Percentages at the time of distribution; provided, that following the dissolution of the Company, distributions shall be made in accordance with Section 14.3 hereof.

Distributions. Investors are accepted as “Members” upon the Manager’s acceptance of their Subscription Agreement. Distributions are made only to Members listed in our books and records. Beginning six months after the close of the initial investment quarter in which funds have been invested (the “Initial Investment Period”), the Fund may, at the Manager’s discretion, distribute quarterly discretionary distributions to its Members during the five years that the proceeds are being invested and reinvested (the “Reinvestment Period”) according to the following schedule:

Distributable Operating Income: “Distributable Operating Income” means net profits from all activities, which generate a positive cash flow less: (i) operating expenses; (ii) current principal and interest payments on financing; (iii) amounts reserved by the Manager in its sole discretion subject to certain conditions; and (iv) amounts invested or reserved by the Manager for repairs, maintenance, or improvements.

100% of our Distributable Operating Income shall be distributed first to the Members until they have received a 8% cumulative non-compounded priority return on their unreturned net capital contributions prior to any Distributable Operating Income being distributed to the Manager.

After the Initial Investment Period, the Distributable Operating Income will be invested, reinvested, or distributed at our discretion depending on market conditions. After payment in full of the Preferred Return, any additional Distributable Operating Income shall be distributed 90% to the Members (the “Member Share”) and 10% to the Manager (the “Manager Share”) at the Manager’s discretion.

The Manager or its authorized representative shall receive an annual fee of 1% of the assets of the Fund, paid quarterly.

Section 9.2 Limitation Upon Distributions. No distribution shall be made to Members if prohibited by the Delaware Act.

Section 9.3 Priority and Return of Capital. No Member shall have priority over any other Member, either as to the return of Capital Contributions or as to Net Profits, Net Losses or distributions. This Section shall not apply to loans (as distinguished from Capital Contributions) which a Member has made to the Company.

ARTICLE 10. ALLOCATIONS OF NET PROFITS AND NET LOSSES

Except as otherwise set forth herein, Net Profits and Net Losses shall be allocated for each Fiscal Year to the Members in proportion to their respective Capital Accounts.

ARTICLE 11. BOOKS AND RECORDS

Section 11.1 Accounting Period. The Company's accounting period shall be the Fiscal Year.

Section 11.2 Records and Reports. At the expense of the Company, the Managers shall maintain records and accounts of all operations and expenditures of the Company. The Company shall keep at its principal place of business the following records:

- (a) A current list of the full name and last known address of each Member and Manager;
- (b) Copies of records to enable a Member to determine the relative voting rights, if any, of the Members;
- (c) A copy of the Articles of Organization of the Company and all amendments thereto;
- (d) Copies of the Company's federal, state, and local income tax returns and reports, if any, for the three most recent years;
- (e) Copies of this Operating Agreement, together with any amendments thereto; and
- (f) Copies of any financial statements of the Company for the three most recent years.

The books and records shall at all times be maintained at the principal office of the Company and shall be open to the reasonable inspection and examination of the Members, or their duly authorized representatives during reasonable business hours.

Section 11.3 Tax Returns. The Managers shall cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. Copies of such returns, or pertinent information therefrom, shall be furnished to the Members within a reasonable time after the end of the Company's fiscal year.

ARTICLE 12. TRANSFERABILITY

Section 12.1 General Prohibition. Except as otherwise permitted by this Agreement, no Member may assign, convey, sell, transfer, liquidate, encumber, or in any way alienate by operation of law or otherwise (collectively a "Transfer"), all or any part of his Interest unless otherwise specifically permitted by this Agreement or unless approved by a Majority Vote of the Members, which consent may be given or withheld in the sole discretion of each Member. Any attempted Transfer of all or any portion of an Interest without the necessary consent or as otherwise permitted hereunder, shall be null and void and shall have no effect whatsoever.

G. Section 12.2 Permitted Transfers. A Member shall be free at any time to Transfer up to ten percent (10%) of his Membership Interest to any one or more of that Member's Family Members.

For purposes of this Article, a Member's "Family Members" shall mean the Member's spouse, children, and trusts for the primary benefit of the Member himself or such spouse or children. For purposes of this Agreement, a Transfer permitted under this Section 12.2 shall be referred to as a "Permitted Transfer." A Member may transfer greater than ten percent (10%) of his Membership Interest for estate planning purposes if he first obtains the unanimous written consent of the other Members.

Section 12.3 Conditions of Transfer and Assignment. A transferee of an Interest shall become a Member only if approved by a Majority Vote of the Members and if the following conditions have been satisfied:

(a) the transferor, his legal representative or authorized agent must have executed a written instrument of transfer of such Interest in the form and substance satisfactory to the Members approving the transaction;

(b) the transferee must have executed a written agreement, in form and substance satisfactory to the Members approving the transaction, to assume all of the duties and obligations of the transferor under this Operating Agreement with respect to the transferred Interest and to be bound by and subject to all of the terms and conditions of this Operating Agreement;

(c) the transferor, his legal representative or authorized agent, and the transferee must have executed a written agreement, in form and substance satisfactory to the Members approving this transaction to indemnify and hold the Company, the Managers and the other Members harmless from and against any loss or liability arising out of the transfer;

(d) the transferee must have executed such other documents and instruments as the Members approving the transaction may deem necessary to effect the admission of the transferee as a Member; and

(e) unless waived by the Members approving the transaction, the transferee or the transferor must have paid the expenses incurred by the Company in connection with the admission of the transferee to the Company.

Section 12.4 Option Rights.

(a) Option Events. Upon the occurrence of any one of the following situations (hereinafter individually referred to as an "Option Event"), the Interest of the Member who suffers or causes an Option Event ("Leaving Member") shall be subject to the option to purchase set forth in this Section.

(i) Death. Upon the death of a Member.

(ii) Disability. Upon the Disability of a Member. As used herein, “disability” shall mean any illness or condition which causes a Member to be unable to perform his duties in the manner in which such duties were previously performed by such Member for a continuous period of ninety (90) days or more, the same being determined by a doctor licensed to practice medicine in the state of such Member’s residence.

(iii) Insolvency. Upon the Insolvency of a Member. As used herein, “Insolvency of a Member” shall mean that the Member filed a voluntary petition or had an involuntary petition filed against him under any federal or state bankruptcy or insolvency act or law, or in the event a receiver or trustee is appointed as custodian of such Member’s property, or such Member has failed to pay any judgment against him at least ten (10) days prior to the date on which any of his assets may be lawfully sold to satisfy such judgment, or such Member shall suffer an attachment, sequestration or garnishment to be levied against or the assets of such Member.

(iv) Divorce. If in connection with the dissolution of the marriage of any married Member, the Member enters into a property settlement agreement or any court issues an interlocutory decree or other order, the terms of which transfer or award all or part of the Interest of the Member in the Company to the Member’s spouse, whether as a confirmation or a disposition of the spouse’s property rights or otherwise.

(v) Voluntary Withdrawal as Member/Manager. Upon a Member’s voluntary withdrawal as a Member or Manger of the Company.

(vi) Failure to Perform Obligations. Upon a Member’s failure to perform any of its obligations under this Agreement, either as a Member or Manager, and the same has not been cured or cure has not been commenced within ten (10) days from date of notice of such breach has been delivered to the Member by the other Member.

(vii) Failure to Pay Additional Capital Contributions. Upon the second instance of a Member failing to pay the amount of additional capital contributions required to be contributed pursuant to Section 8.4 and Section 8.5.

(viii) Attempted Transfer of Interest. If any Member attempts to transfer his Interest in the Company not in accordance with the terms of this Article.

(b) Exercise of Option. Upon occurrence of an Option Event or the receipt of written notice from the Leaving Member of the occurrence of an Option Event, the Company shall have the irrevocable option exercisable for thirty (30) days after the receipt of notice of the Option Event and the determination of the Purchase Price pursuant to Section 12.5 below to purchase the Leaving Member’s Membership Interest affected by the Option Event for the Purchase Price determined pursuant to **Section 12.5** below. In the event the Company does not exercise its option to purchase, the other Members (“Other Members”) each shall have the right to purchase a pro rata share of the Leaving Member’s Membership Interest exercisable for thirty (30) days after the date the Company elects (affirmatively or otherwise) not to purchase such Interest. If neither the Company nor the Other Members elect to purchase the entire Interest of the Leaving Member, the remaining Leaving Member’s Interest (“Remaining Interest”) shall be transferred to the Leaving Member’s heirs, administrators, estate, representatives, custodians, trustees, or assigns.

Section 12.5 Purchase Price/Company Valuation. Within twenty (20) days after notice is received of the occurrence of the Option Event, the Leaving Member (or his heirs or personal representatives) and the other Members shall meet to unanimously establish the fair market value of the Company. If the Members cannot agree upon the fair market value of the Company, the Members shall select an independent appraiser who shall establish the fair market value of the Company within sixty (60) days after his selection. If the Members are unable to unanimously select an independent appraiser, then the Leaving Member shall select one independent appraiser and the Other Members select one independent appraiser and the two independent appraisers shall have sixty (60) days after their selection to determine the fair market value of the Company. The Leaving Member and the Other Members shall pay all costs charged by their respective appraiser. If there is less than a ten percent (10%) difference between the values established by each such appraiser, the average of such values shall be the fair market value of the Company. If the difference between the values established by the appraisers is greater than ten percent (10%), then the two appraisers shall, within twenty (20) days after establishing their values, appoint a third independent appraiser who shall determine the fair market value of the Company, and the fair market value established by this third independent appraiser shall be final and binding upon the Company and its Members. The cost of the third independent appraiser shall be borne by the Leaving Member or the Other Members, as the case may be, whose appraiser established a fair market value farthest away from the fair market value established by the third independent appraiser. The Purchase Price shall be established by multiplying the fair market value of the Company by the Ownership Percentage represented by the Membership Interest of the Leaving Member.

Section 12.6 Payment of Purchase Price. The Purchase Price shall be paid to the Leaving Member by delivering ten percent (10%) of the Purchase Price in cash at the consummation of the transfer of the Leaving Member's Interest. The balance of the Purchase Price shall be paid by delivering a promissory note, signed by the Company or, as the case may be, the Other Members which shall be due and payable in sixty (60) equal monthly installments of principal and interest, with interest to accrue on the unpaid principal balance of the note at the rate of six percent (6%) per annum. The closing of the purchase of the Leaving Member's Interest shall take place within sixty (60) days after the Purchase Price has been established in accordance with this Agreement.

Section 12.7 Failure to deliver Voting Rights/Membership Interest. If a Member or other Person, including but not limited to the heir, administrator, estate, representative, custodian, trustee, or spouse of Leaving Member, becomes obligated to sell, transfer or assign any Membership Interest to the Company or the Other Members under this Operating Agreement (the "Obligated Person") and fails to deliver such Membership Interest in accordance with the terms of this Operating Agreement, the Company or such Other Members may, in addition to all other remedies it or they may have, tender to the Obligated Person, at the address set forth herein or such place as Obligated Person may be located, the Purchase Price for such Membership Interest as is herein specified and then transfer such Membership Interest on the books and records of the Company to the person entitled hereunder to receive the Membership Interest.

ARTICLE 13. ISSUANCE OF ADDITIONAL MEMBERSHIP INTERESTS

Any Person approved by all of the Managers may become a Member in the Company by the issuance by the Company of Membership Interests for such consideration as the Managers shall unanimously determine. The Managers shall determine at the time of such issuance of Membership

Interests the Ownership Percentage of such newly admitted Member (with the Ownership Percentages of the then-existing Members being decreased respectively.)

ARTICLE 14. DISSOLUTION AND TERMINATION

Section 14.1 Dissolution.

(a) The Company shall be dissolved upon the occurrence of any of the following events:

(i) by the Majority Vote of the Members and the Managers; or

(ii) the sale of all or substantially all of the Company's assets and the collection of all proceeds therefrom; or

(iii) the ninetieth (90th) day following the occurrence of an event specified in Section 14-11-601(a)(1) (relating to voluntary withdrawal of a Member), Section 14-11-601(a)(2) (relating to cessation of Member status in certain circumstances), Section 14-11-601(a)(3) (relating to removal of a Member), Section 14-11-601(a)(4) (relating to redemption of a Member's interest), Section 14-11-601(a)(5) (relating to various voluntary insolvency and bankruptcy proceedings or dissolution), Section 14-11-601(a)(6) (relating to various involuntary insolvency and bankruptcy proceedings or dissolution), or Section 14-011-601(a)(7) (relating to death or incompetence of a Member) of the Delaware Act (collectively an "Event of Dissociation"), as to any Member who is a Manager or the ninetieth (90th) day after there is no Member who is a Manager, unless within such 90-day period the Company is continued by the affirmative Majority Vote of the Members other than the Member as to whom the Event of Dissociation occurred and a Majority Vote of the Managers. The occurrence of an Event of Dissociation as to a Member who is not a Manager will not cause the Company to be dissolved.

(b) A Member shall not voluntarily withdraw from the Company or take any other voluntary action which causes an Event of Dissociation.

(c) Unless otherwise approved by a Majority Vote of the Managers, a Member who suffers or incurs an Event of Dissociation or whose status as a Member is otherwise terminated (a "Withdrawing Member"), regardless of whether such termination was the result of a voluntary act by such Withdrawing Member, shall not be entitled to receive the fair value of his Membership Interest, and such Withdrawing Member shall lose all of his right to vote on any of the matters designated to the Members herein, and such Withdrawing Member shall also lose any and all rights to participate in the business and affairs of the Company (for which Members have been designated pursuant hereto). The Withdrawing Member in this case shall own only an Economic Interest in the Company.

(d) Damages for breach of Section 14.1(b) shall be monetary damages only (and not specific performance), and such damages may be offset against distributions by the Company to which the Withdrawing Member would otherwise be entitled.

Section 14.2 Effect of Dissolution. Upon dissolution, the Company shall cease to carry on its business, except as permitted by the Delaware Act. Upon dissolution, the Managers shall file a statement of commencement of winding up and publish the notice permitted by the Delaware Act.

Section 14.3 Winding-Up, Liquidation and Distribution of Assets.

(a) Upon dissolution, an accounting shall be made by the Company's accountants of the accounts of the Company and of the Company's assets, liabilities and operations, from the date of the last previous accounting until the date of dissolution. The Manager(s), or if none, the Persons or Persons selected by Majority Vote of the Members (the "Liquidators") shall immediately proceed to wind up the affairs of the Company.

(b) If the Company is dissolved and its affairs are to be wound up, the Liquidators shall:

(i) Sell or otherwise liquidate all of the Company's assets as promptly as practicable (except to the extent the Liquidators may determine to distribute any assets to the Members in kind);

(ii) Allocate any profit or loss resulting from such sales to the Members in accordance with the terms herein;

(iii) Discharge all liabilities of the Company, including liabilities to Members and Managers who are creditors, to the extent otherwise permitted by law, other than liabilities to Members for distributions, and establish such Reserves as may be reasonably necessary to provide for contingencies or liabilities of the Company;

(iv) Distribute the remaining assets to the Members, either in cash or in kind, in accordance with the positive balance (if any) in each Member's Capital Account (as determined after taking into account all Capital Account adjustments for the Company's Fiscal Year during which the liquidation occurs), with any balance in excess thereof being distributed in proportion to the Members' respective Ownership Percentages. Any such distributions in respect to Capital Accounts shall, to the extent practicable, be made in accordance with the time requirements set forth in Section 1.704-1(b)(2)(ii)(b)(2) of the Treasury Regulations; and

(v) If any assets of the Company are to be distributed in kind, the net fair market value of such assets shall be determined by independent appraisal or by agreement of the Members. Such assets shall be deemed to have been sold as of the date of dissolution for their fair market value, and the Capital Accounts of the Members shall be adjusted pursuant to the provisions of this Operating Agreement to reflect such deemed sale.

(c) Notwithstanding anything to the contrary in this Operating Agreement, upon a liquidation within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Treasury Regulations, if any Member has a deficit

Capital Account (after giving effect to all contributions, distributions, allocations and other Capital Account adjustments for all taxable years, including the year during which such liquidation occurs), such Member shall have no obligation to make any Capital Contribution to reduce or eliminate the negative balance of such Member's Capital Account.

(d) Upon completion of the winding-up, liquidation and distribution of the assets, the Company shall be deemed terminated.

Section 14.4 Certificate of Termination. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefore and all of the remaining property and assets have been distributed to the Members, a certificate evidencing such termination may be executed and filed with the Secretary of State of Delaware in accordance with the Delaware Act.

Section 14.5 Return of Contribution Nonrecourse to Other Members. Except as provided by law or as expressly provided in this Operating Agreement, upon dissolution, each Member shall look solely to the assets of the Company for the return of the Member's Capital Account. If the Company property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the Capital Account of one or more Members, including, without limitation, all or any part of that Capital Account attributable to Capital Contributions, then such Member or Members shall have no recourse against any other Member.

ARTICLE 15. MISCELLANEOUS PROVISIONS

Section 15.1 Compliance with Regulations. The provisions of this Agreement are intended to comply with, and in some cases are required by, Code Section 704(b) and 704(c) and the regulations thereunder. Some of the language in this Agreement is taken directly from or is based on such Regulations. These provisions are intended to be interpreted in such a manner as to comply with such Regulations. The Managers may make any modification to the manner in which the Capital Accounts are computed that the Managers determine is appropriate in order to comply with such Regulations, provided that such modification is not likely to have a material effect on the amount intended to be distributable to any Member upon the dissolution of the Company. The Managers may also make any modification the Managers deem appropriate to comply with such Regulations if unanticipated events might otherwise cause this Agreement to not comply with such Regulations.

Section 15.2 Application of Delaware Law. This Operating Agreement, and the application or interpretation hereof, shall be governed exclusively by its terms and by the Delaware Act.

Section 15.3 No Action for Partition. No Member has any right to maintain any action for partition with respect to the property of the Company.

Section 15.4 Execution of Additional Instruments. Each Member hereby agrees to execute such other and further statements of interest and holdings, designations, powers of attorney and other instruments necessary to comply with any laws, rules or regulations.

Section 15.5 Construction. Whenever the singular number is used in this Operating Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.

Section 15.6 Headings. The headings in this Operating Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Operating Agreement or any provision hereof.

Section 15.7 Waivers. The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Operating Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

Section 15.8 Rights and Remedies Cumulative. The rights and remedies provided by this Operating Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive the right to use any or all other remedies. Such rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

Section 15.9 Exhibits. All exhibits referred to in this Operating Agreement and attached hereto are incorporated herein by this reference.

Section 15.10 Heirs, Successors and Assigns. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Operating Agreement, their respective heirs, legal representatives, successors and assigns.

Section 15.11 Creditors. None of the provisions of this Operating Agreement shall be for the benefit of or enforceable by any creditors of the Company or by any Person not a party hereto.

Section 15.12 Counterparts. This Operating Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

Section 15.13 Federal Income Tax Elections; Tax Matters Partner. All elections required or permitted to be made by the Company under the Code shall be made by Managers. For all purposes permitted or required by the Code, the Members constitute and appoint Northwest Quadrant Alternative Investments Management Company, LLC as Tax Matters Partner. The provisions on limitations of liability of the Managers and Members and indemnification set forth herein shall be fully applicable to the Tax Matters Partner in his capacity as such. The Tax Matters Partner may resign at any time by giving written notice to the Company and each of the other Members. Upon the resignation of the Tax Matters Partner, a new Tax Matters Partner may be elected by Majority Vote of the Managers.

Section 15.14 Notices. Any and all notices, offers, demands or elections required or permitted to be made under this Operating Agreement ("Notices") shall be in writing, signed by the party giving such Notice, and shall be deemed given and effective (i) when hand-delivered (either in person or by commercial courier), or (ii) on the third (3rd) business day (which term means a day when the United States Postal Service, or its legal successor ("Postal Service") is making regular deliveries of mail on all of its regularly appointed week-day rounds following the day (as evidenced by proof of mailing) upon which such notice is deposited, postage pre-paid, certified mail, return receipt requested, with the Postal Service, and addressed to the other party at such party's respective address as set forth on Exhibit "A," or at such other address as the other party may hereafter designate by Notice.

Section 15.15 Certificate of Non-Foreign Status. In order to comply with § 1445 of the Code and the applicable Treasury Regulations thereunder, in the event of the disposition by the Company of a United States real property interest as defined in the Code and Treasury Regulations, each Member shall provide to the Company an affidavit stating, under penalties of perjury, (i) the Member's address, (ii) United States taxpayer identification number, and (iii) that the Member is not a foreign person as that term is defined in the Code and Treasury Regulations. Failure by any Member to provide such affidavit by the date of such disposition shall authorize the Managers to withhold ten percent (10%) of each such Member's distributive share of the amount realized by the Company on the disposition.

Section 15.16 Amendments. Any amendment to this Operating Agreement shall be made in writing and must be approved by the Majority Vote of the Managers.

Section 15.17 Invalidity. The invalidity or unenforceability of any particular provision of this Operating Agreement shall not affect the other provisions hereof, and the Operating Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted. If any particular provision herein is construed to be in conflict with the provisions of the Delaware Act, the provisions of this Operating Agreement shall control to the fullest extent permitted by applicable law. Any provision found to be invalid or unenforceable shall not affect or invalidate the other provisions hereof, and this Operating Agreement shall be construed in all respects as if such conflicting provision were omitted.

Section 15.18 Arbitration. Any dispute, controversy or claim arising out of or in connection with, or relating to, this Operating Agreement or any breach or alleged breach hereof shall, upon the request of any party involved, be submitted to, and settled by, arbitration in the State of California, County of San Diego, pursuant to the commercial arbitration rules then in effect of the American Arbitration Association (or at any time or at any other place or under any other form of arbitration mutually acceptable to the parties so involved). Any award rendered shall be final and conclusive upon the parties and a judgment thereon may be entered in the highest court of the forum, state or federal, having jurisdiction. The expenses of the arbitration shall be borne equally by the parties to the arbitration, provided that each party shall pay for and bear the cost of its own experts, evidence and counsel's fees, except that in the discretion of the arbitrator, any award may include the cost of a party's counsel if the arbitrator expressly determines that the party against whom such award is entered has caused the dispute, controversy or claim to be submitted to arbitration as a dilatory tactic.

Section 15.19 Determination of Matters Not Provided for in This Operating Agreement. The Members shall decide any and all questions arising with respect to the Company and this Operating Agreement which are not specifically or expressly provided for in this Operating Agreement.

Section 15.20 Further Assurances. The Members each agree to cooperate, and to execute and deliver in a timely fashion any and all additional documents necessary to effectuate the purposes of the Company and this Operating Agreement.

Section 15.21 No Partnership Intended for Non-Tax Purposes. The Members have formed the Company under the Delaware Act, and expressly disavow any intention to form a partnership under Delaware's Uniform Partnership Act, Delaware's Uniform Limited Partnership Act or the partnership act or laws of any other state. The Members do not intend to be partners one to another or partners as to any third party except for tax purposes. To the extent any Member, by word or action, represents to another person that any other Member is a partner or that the Company is a partnership, the Member making such wrongful representation shall be liable to any other Member who incurs personal liability by reason of such wrongful representation.

Section 15.22 Time. Time is of the essence of this Operating Agreement, and to any payments, allocations and distributions provided for under this Operating Agreement.

IN WITNESS WHEREOF, the undersigned have set their hands and seals as of the date and year set forth on the first page herein.

SIGNED, SEALED AND DELIVERED BEFORE ME

THIS _____ DAY OF _____, 20XX.

MEMBER/MANAGER

WITNESS

NOTARY PUBLIC

MY COMMISSION EXPIRES:_____

EXHIBIT "A1"

MEMBER

NAME	CAPITAL CONTRIBUTION	ADDRESS	PERCENTAGE OF OWNERSHIP
MEMBER #1			33.33%
MEMBER #2			33.33%
MEMBER #3			33.33%

Exhibit B

Subscription Agreement

Subscription Agreement

NORTHWEST QUADRANT ALTERNATIVE INVESTMENTS OPPORTUNITY FUND, LLC SUBSCRIPTION AGREEMENT

(Including investment representations)

IMPORTANT: This document contains significant representations.

Please read carefully before signing.

Northwest Quadrant Alternative Investments Opportunity Fund, LLC

Attn: Dr. Paul M. Wendee

720 Silver Drive

Vista, CA 92083

Ladies and Gentlemen:

I commit and subscribe to purchase from NORTHWEST QUADRANT ALTERNATIVE INVESTMENTS OPPORTUNITY FUND, LLC, a Delaware Limited Liability Company (the “Company”) “Membership Units” in the dollar amount set forth below and upon the terms and conditions set forth herein.

I understand that this Subscription Agreement is conditioned upon Company’s acceptance of the subscription, which is at the sole discretion of the Company. If this Subscription Agreement has been accepted, the Membership Units subscribed to hereby shall be issued to me in the form of units.

With respect to such purchase, I hereby represent and warrant to you that:

1 RESIDENCE.

I am a bona fide resident of (or, if an entity, the entity is domiciled in) the state set forth on my signature page.

2 SUBSCRIPTION.

- a. I hereby subscribe to purchase the number of Membership Units set forth below, and to make capital contributions to the Company in the amounts set forth below, representing the purchase price for the Membership Units subscribed.

Purchase Amount of Membership Units..... (1)

(1) A minimum purchase of \$25000, is required for individual investors. Amounts may be subscribed for in \$500 increments.

b. I have funded my purchase via ACH, wire transfer, or a check made payable to “**SILICON PRAIRIE PORTAL & EXCHANGE FBO NORTHWEST QUADRANT ALTERNATIVE INVESTMENTS OPPORTUNITY FUND, LLC**” in an amount equal to **100% of my total subscription amount.**

Portal Transaction ID (TXID).....

c. I acknowledge that this subscription is contingent upon acceptance by the Company, and that the Company has the right to accept or reject subscriptions in whole or in part.

3 Representations of Investor.

In connection with the sale of the Membership Units to me, I hereby acknowledge and represent to the Company as follows:

- a. I hereby acknowledge receipt of a copy of the Confidential Private Placement Memorandum of the Company, dated on or about 2025-05-15 00:00:00, (the "Memorandum"), relating to the offering of the Membership Units.
- b. I have carefully read the Memorandum, including the section entitled "Risks Factors", and have relied solely upon the Memorandum and investigations made by me or my representatives in making the decision to invest in the Company. I have not relied on any other statement or printed material given or made by any person associated with the offering of the Membership Units.
- c. I have been given access to full and complete information regarding the Company (including the opportunity to meet with the Founder/CEO of the Company and review all the documents described in the Memorandum and such other documents as I may have requested in writing) and have utilized such access to my satisfaction for the purpose of obtaining information in addition to, or verifying information included in, the Memorandum.
- d. I am experienced and knowledgeable in financial and business matters, capable of evaluating the merits and risks of investing in the Membership Units, and do not need or desire the assistance of a knowledgeable representative to aid in the evaluation of such risks (or, in the alternative, I have used a knowledgeable representative in connection with my decision to purchase the Membership Units).
- e. I understand that an investment in the Membership Units is highly speculative and involves a high degree of risk. I believe the investment is suitable for me based on my investment objectives and financial needs. I have adequate means for providing for my current financial needs and personal contingencies and have no need for liquidity of investment with respect to the Membership Units. I can bear the economic risk of an investment in the Membership Units for an indefinite period of time and can afford a complete loss of such investment.
- f. I understand that there may be no market for the Membership Units, that there are significant restrictions on the transferability of the Membership Units and that for these and other reasons, I may not be able to liquidate an investment in the Membership Units for an indefinite period of time.
- g. I have been advised that the Membership Units have not been registered under the Securities Act of 1933, as amended ("Securities Act"), or under applicable state securities laws ("State Laws"), and are offered pursuant to exemptions from registration under the Securities Act and the State Laws. I understand that the Company's reliance on such exemptions is predicated in part on my representations to the Company contained herein.
- h. I understand that I am not entitled to cancel, terminate or revoke this subscription, my capital commitment or any agreements hereunder and that the subscription and agreements shall survive my death, incapacity, bankruptcy, dissolution or termination.
- i. I understand that capital contributions to the Company will not be returned after they are paid.

4 Investment Intent; Restrictions on Transfer of Securities.

- a. I understand that (i) there may be no market for the Membership Units, (ii) the purchase of the Membership Units is a long-term investment, (iii) the transferability of the Membership Units is restricted, (iv) the Membership Units may be sold by me only pursuant to registration under the Securities Act and State Laws, or an opinion of counsel that such registration is not required, and (v) the Company does not have any obligation to register the Membership Units.
- b. I represent and warrant that I am purchasing the Membership Units for my own account, for long term investment, and without the intention of reselling or redistributing the Membership Units. The Membership Units are being purchased by me in my name solely for my own beneficial interest and not as nominee for, on behalf of, for the beneficial interest of, or with the intention to transfer to, any other person, trust, or organization, and I have made no agreement with others regarding any of the Membership Units. My financial condition is such that it is not likely that it will be necessary for me to dispose of any of the Membership Units in the foreseeable future.
- c. I am aware that, in the view of the Securities and Exchange Commission, a purchase of securities with an intent to resell by reason of any foreseeable specific contingency or anticipated change in market values, or any change in the condition of the Company or its business, or in connection with a contemplated liquidation or settlement of any loan obtained for the acquisition of any of the Membership Units and for which the Membership Units were or may be pledged as security would represent an intent inconsistent with the investment representations set forth above.
- d. I understand that any sale, transfer, pledge or other disposition of the Membership Units by me (i) may require the consent of the Founder/CEO of the Company, (ii) will require conformity with the restrictions contained in this Section 4, and (iii) may be further restricted by a legend placed on the instruments or certificate(s) representing the securities containing substantially the following language:

“The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, or applicable state securities laws and may not be sold, offered for sale, or transferred except pursuant to either an effective registration statement under the Securities Act of 1933, as amended, and under the applicable state securities laws, or an opinion of counsel for the Company that such transaction is exempt from registration under the Securities Act of 1933, as amended, and under the applicable state securities laws. The transfer or encumbrance of the securities represented by this certificate is subject to substantial restrictions.”

5 Additional Representations of Investor.

In connection with the sale of the units to me, I further represent and warrant to the Company as follows:

- a. If an individual Investor, I am of legal age in my state of residence and have legal capacity to execute, deliver and perform my obligations under this Subscription Agreement and the units. The Subscription Agreement and the units are my legal, valid and binding obligations, enforceable against me in accordance with their respective terms.
- b. If an entity Investor, the undersigned is a duly organized, formed or incorporated, as the case may be, and is validly existing and in good standing under the laws of its jurisdiction of incorporation, organization or formation. The undersigned has all requisite power and authority to execute, deliver and perform its obligations under this Subscription Agreement and the units and to subscribe for and purchase the units subscribed hereunder. The undersigned will deliver all documentation with respect to its formation, governance and authorization to purchase the units as may be requested by the Company. Execution, delivery and performance of this Subscription Agreement and the units by the undersigned have been authorized by all necessary corporate, limited liability company or other action on its behalf, and the Subscription Agreement and the units are its legal, valid and binding obligations, enforceable against the undersigned in accordance with their respective terms.
- c. I desire to invest in the units for legitimate, valid and legal business and/or personal reasons and not with any intent or purpose to violate any law or regulation. The funds to be used to invest in the units are derived from legitimate and legal sources, and neither such funds nor any investment in the units (or any proceeds thereof) will be used by me or by any person associated with me to finance any terrorist or other illegitimate, illegal or criminal activity. I acknowledge that, due to anti-money laundering regulations, the Company may require further documentation verifying my identity and the source of funds used to purchase the units.

If the undersigned is an entity: The undersigned has in place, and shall maintain, an appropriate anti-money laundering program that complies in all material respects with all applicable laws, rules and regulations (including, without limitation, the USA PATRIOT ACT of 2001) and that is designed to detect and report any activity that raises suspicion of money laundering activities. The undersigned have obtained all appropriate and necessary background information regarding its officers, directors and beneficial owners to enable the undersigned to comply with all applicable laws, rules and regulations respecting anti-money laundering activities.

- d. I did not derive any payment to the Company from, or related to, any activity that is deemed criminal under United States law.
- e. I understand that the Company is relying on the accuracy of the statements contained in this Subscription Agreement in connection with the sale of the units to me, and the units would not be sold to me if any part of this Subscription Agreement were untrue. The Company may rely on the accuracy of this Subscription Agreement in connection with any matter relating to the offer or sale of the units.
- f. If any statement contained in this Subscription Agreement becomes, for any reason, inaccurate, I shall immediately notify the Company and I understand and acknowledge that the continued accuracy of the statements contained in this Subscription Agreement are of the essence to the Company's sale of the units to me.
- g. I acknowledge and agree that any approval or consent of a units holder required under the units may be provided by a signature page delivered or provided electronically, whether by e-signature, facsimile, DocuSign, electronic mail in portable delivery format or other similar means. I further acknowledge that the Company may rely on the contact information I have provided in this Subscription Agreement, including for purposes of confirming that information has been delivered to me or that responses received from me are in fact from me.

6 Investor Qualifications.

I represent and warrant as follows (Answer Part a, b or c, as applicable. Please check all applicable items):

a. Accredited Investor – Individuals. I am an INDIVIDUAL and:

- ☐ i. I have a net worth, or a joint net worth together with my spouse, in excess of \$1,000,000, excluding the value of my primary residence.
- ☐ ii. I had an individual income in excess of \$200,000 in each of the prior two years and reasonably expect an income in excess of \$200,000 in the current year.
- ☐ iii. I had joint income with my spouse in excess of \$300,000 in each of the prior two years and reasonably expect joint income in excess of \$300,000 in the current year.
- ☐ iv. I hold one of the following licenses in good standing: General Securities Representative license (Series 7), the Private Securities Offerings Representative license (Series 82), or the Investment Adviser Representative license (Series 65)
- ☐ v. I am a director or executive officer of NORTHWEST QUADRANT ALTERNATIVE INVESTMENTS OPPORTUNITY FUND, LLC

b. Accredited Investor – Entities. The undersigned is an ENTITY and:

- ☐ i. The undersigned hereby certifies that all of the beneficial equity owners of the undersigned qualify as accredited individual investors by meeting one of the tests under items (a)(i) through (a)(v) above. Please indicate the name of each equity owner and the applicable test:
- ☐ ii. The undersigned is a bank or savings and loan association as defined in Sections 3(a)(2) and 3(a)(5)(A), respectively, of the Securities Act either in its individual or fiduciary capacity.
- ☐ iii. The undersigned is a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended.
- ☐ iv. The undersigned is an insurance company as defined in Section 2(13) of the Securities Act.
- ☐ v. The undersigned is an investment company registered under the Investment Company Act of 1940 or a business development company as defined therein, in Section 2(a)(48).
- ☐ vi. The undersigned is a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.
- ☐ vii. The undersigned is an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974 and one or more of the following is true (check one or more, as applicable):
 - ☐ (1) the investment decision is made by a plan fiduciary, as defined therein, in Section 3(21), which is either a bank, savings and loan association, insurance company, or registered investment adviser;
 - ☐ (2) the employee benefit plan has total assets in excess of \$5,000,000; or
 - ☐ (3) the plan is a self-directed plan with investment decisions made solely by persons who are “accredited investors” as defined under therein.
- ☐ viii. The undersigned is a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.
- ☐ ix. The undersigned has total assets in excess of \$5,000,000, was not formed for the specific purpose of acquiring Membership Units and one or more of the following is true (check one or more, as applicable):
 - ☐ (1) an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;
 - ☐ (2) a corporation;
 - ☐ (3) a Massachusetts or similar business trust;
 - ☐ (4) a partnership; or
 - ☐ (5) a limited liability company.

- ☐ x. The undersigned is a trust with total assets exceeding \$5,000,000, which is not formed for the specific purpose of acquiring Membership Units and whose purpose is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the investment in the Membership Units.
- ☐ xi. The undersigned is 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
- ☐ xii. The undersigned is an investment adviser registered pursuant to section 203 of the Investment Advisers Act of 1940 or registered pursuant to the laws of a state.
- ☐ xiii. The undersigned is an investment adviser relying on the exemption from registering with the SEC under section 203(l) or (m) of the Investment Advisers Act of 1940.
- ☐ xiv. The undersigned is a Rural Business Investment Company as defined in section 384A of the Consolidated Farm and Rural Development Act.
- ☐ xv. The undersigned is an entity, of a type not listed in items (b)(i) to (b)(xiv) above or b(xvi) to b(xviii) below, not formed for the specific purpose of acquiring the securities offered, owning investments in excess of **\$5,000,000**
- ☐ xvi. The undersigned is a "family office," as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940 (17 CFR 275.202(a)(11)(G)-1): (1) with assets under management in excess of \$5,000,000, (2) that is not formed for the specific purpose of acquiring the securities offered, and (3) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment.
- ☐ xvii. The undersigned is a "family client," as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940 (17 CFR 275.202(a)(11)(G)-1), of a family office meeting the requirements in item (b)(xvi) above and whose prospective investment in the issuer is directed by such family office pursuant to paragraph(b)(xvi)(3) above.
- ☐ xviii. The undersigned is a revocable trust where each grantor of the trust is an accredited investor meeting one or more of the individual accredited investor tests under items (a)(i) through (a)(v) above and the person who makes investment decisions for the undersigned is an accredited investor under any one or more of tests under items (a)(i) through (a)(iv) or items (b)(i) through (b)(xvii).

c. **Non-Accredited Investors.**

- ☐ The undersigned cannot make any of the foregoing representations and is therefore not an accredited investor.

7 MISCELLANEOUS.

- a. I agree to furnish any additional information that the Company or its counsel deem necessary in order to verify the responses set forth above.
- b. I understand the meaning and legal consequences of the agreements, representations and warranties contained herein. I agree that such agreements, representations and warranties shall survive and remain in full force and effect after the execution hereof and payment for the Membership Units. I further agree to indemnify and hold harmless the Company, and each current and future member of the Company from and against any and all loss, damage or liability due to, or arising out of, a breach of any of my agreements, representations or warranties contained herein.
- c. This Subscription Agreement shall be construed and interpreted in accordance with Delaware law without regard to the principles regarding conflicts of law.

SIGNATURE PAGE FOR INDIVIDUALS

Dated:

Dated:

Signature

Signature of Second Individual, if applicable

Name (Typed or Printed)

Name (Typed or Printed)

Social Security Number

Social Security Number

Telephone Number

Telephone Number

Residence Street Address

Residence Street Address

City, State & Zip Code

(Must be same state as in Section 1)

City, State & Zip Code

(Must be same state as in Section 1)

Mailing Address

(Only if different from residence address)

Mailing Address

(Only if different from residence address)

City, State & Zip Code

City, State & Zip Code

Email address

Email address

Individual Subscriber Type of Ownership:

The Membership Units subscribed for are to be registered in the following form of ownership:

- ☐ Individual Ownership
- ☐ Joint Tenants with Right of Survivorship (both parties must sign). Briefly describe the relationship between the parties (e.g., married) :

SIGNATURE PAGE FOR INDIVIDUALS

☐ Tenants in Common (both parties must sign). Briefly describe the relationship between the parties (e.g., married) :

Dated:
Source of Funds

Dated:

☐ Cash ☐ CD ☐ Liquidation ☐ Margin or Bank Loan ☐ Money Market ☐ Other

SIGNATURE PAGE FOR TRUSTS AND ENTITIES

Dated:

Name of Entity (Typed or Printed)

Telephone Number

Signature of Authorized Person

Entity's Tax Identification Number

,

Name & Title (Typed or Printed) of Signatory

Contact Person (if different from Signatory)

Principal Executive Office Address

Mailing Address

(If different from principal executive office)

City, State & Zip Code

(Must be same state as in Section 1)

City, State & Zip Code

Email address

Email address

Entity Subscriber Type of Ownership:

The Membership Units subscribed for are to be registered in the following form of ownership (check one):

- ☐ Partnership
- ☐ Limited Liability Company
- ☐ Corporation
- ☐ Trust or Estate (Describe, and enclose evidence of authority :
- ☐ IRA Trust Account
- ☐ Other (Describe) :

ACCEPTANCE

This Subscription Agreement is accepted by NORTHWEST QUADRANT ALTERNATIVE INVESTMENTS OPPORTUNITY FUND, LLC on

As to: the principal amount in Membership Units set forth in Item 2.a.; or Membership Units.

NORTHWEST QUADRANT ALTERNATIVE INVESTMENTS OPPORTUNITY FUND, LLC

By:

Name: Dr. Paul M. Wendee

Its: Founder/CEO

Counterpart Signature Page to Operating Agreement of Northwest Quadrant Alternative Investments Opportunity Fund, LLC

IN WITNESS WHEREOF, the undersigned hereby executes this counterpart signature page to the Operating Agreement of North- west Quadrant Alternative Investments Opportunity Fund, LLC, as the same may be amended from time to time, and hereby authorizes Northwest Quadrant Alternative Investments Opportunity Fund, LLC to attach this counterpart signature page to the Operating Agreement as executed by the other parties thereto.

Signature
if applicable

Signature of Second Individual,

Name (Typed or Printed)

Name (Typed or Printed)

Exhibit C

Investor Suitability Questionnaire

Investor Suitability Questionnaire

To: Prospective purchasers of LLC Membership Units offered by Northwest Quadrant Alternative Investments Opportunity Fund, LLC (the “Company”).

The Purpose of this Questionnaire is to solicit certain information regarding your financial status to determine whether you are an “Accredited Investor,” as defined under applicable federal and state securities laws, and otherwise meet the suitability criteria established by the Company for purchasing Units. *This questionnaire is not an offer to sell securities.*

Your answers will be kept as confidential as possible. You agree, however, that this Questionnaire may be shown to such persons as the Company deems appropriate to determine your eligibility as an Accredited Investor or to ascertain your general suitability for investing in the Units.

Please answer all questions completely and execute the signature page

A. Personal

1. Name: _____

2. Address of Principal Residence: _____

_____ County: _____

3. Residence Telephone: (____) _____

4. Where are you registered to vote? _____

5. Your driver’s license is issued by the following state: _____

6. Other Residences or Contacts: Please identify any other state where you own a residence, are registered to vote, pay income taxes, hold a driver’s license or have any other contacts, and describe your connection with such state:

7. Please send all correspondence to:

(1) _____ Residence Address (as set forth in item A-2)

(2) _____ Business Address (as set forth in item B-1)

8. Date of Birth: _____

9. Citizenship: _____

10. Social Security or Tax I.D. #: _____

B. Occupations and Income

1. Occupation: _____

(a) Business Address: _____

(b) Business Telephone Number: (_____) _____

2. Gross income during each of the last two years exceeded:

(1)____\$25,000 (2)____\$50,000

(3)____\$100,000 (4)____\$200,000

3. Joint gross income with spouse during each of the last two years exceeded \$300,000

(1)____Yes (2)____No

4. Estimated gross income during current year exceeds:

(1)____\$25,000 (2)____\$50,000

(3)____\$100,000 (4)____\$200,000

5. Estimated joint gross income with spouse during current year exceeds \$300,000

(1)____Yes (2)____No

C. Net Worth

1. Current net worth or joint net worth with spouse (note that “net worth” includes all of the assets owned by you and your spouse in excess of total liabilities, excluding the value of your primary residence.)

(1)____\$50,000-\$100,000 (2)____\$100,000-\$250,000 (3)____\$250,000-\$500,000

(4)____\$500,000-\$750,000 (5)____\$750,000-\$1,000,000 (6)____over \$1,000,000

2. Current value of liquid assets (cash, freely marketable securities, cash surrender value of life insurance policies, and other items easily convertible into cash) is sufficient to provide for current needs and possible personal contingencies:

(1)____ Yes

(2)____ No

D. Affiliation with the Company

Are you a director or executive officer of the Company?

(1)____ Yes

(2)____ No

E. Investment Percentage of Net Worth

If you expect to invest at least \$150,000 in Units, does your total purchase price exceed 10% of your net worth at the time of sale, or joint net worth with your spouse.

(1)____ Yes

(2)____ No

F. Consistent Investment Strategy

Is this investment consistent with your overall investment strategy?

(1)____ Yes

(2)____ No

G. Prospective Investor's Representations

The information contained in this Questionnaire is true and complete, and the undersigned understands that the Company and its counsel will rely on such information for the purpose of complying with all applicable securities laws as discussed above. The undersigned agrees to notify the Company promptly of any change in the foregoing information which may occur prior to any purchase by the undersigned of securities from the Company.

Prospective Investor:

Date: _____, 20XX

Signature

Signature (of joint purchase if purchase is to be
made as joint tenants or as tenants in common)

Exhibit D

Financial Statements

Profit and Loss

Northwest Quadrant Alternative Investments Opportunity Fund LLC

May 13-December 31, 2024

DISTRIBUTION ACCOUNT	TOTAL
Income	
Cost of Goods Sold	
Gross Profit	0
Expenses	
General business expenses	224.00
Office expenses	0
Software & apps	189.00
Total for Office expenses	\$189.00
Taxes paid	0
State LLC Tax	522.50
Total for Taxes paid	\$522.50
Total for Expenses	\$935.50
Net Operating Income	-\$935.50
Other Income	
Other Expenses	
Net Other Income	0
Net Income	-\$935.50

Profit and Loss

Northwest Quadrant Alternative Investments Opportunity Fund LLC

January 1-May 14, 2025

DISTRIBUTION ACCOUNT	TOTAL
Income	
Cost of Goods Sold	
Gross Profit	0
Expenses	
Commissions & fees	5,000.00
Total for Expenses	\$5,000.00
Net Operating Income	-\$5,000.00
Other Income	
Other Expenses	
Net Other Income	0
Net Income	-\$5,000.00

Balance Sheet

Northwest Quadrant Alternative Investments Opportunity Fund LLC

As of May 14, 2025

DISTRIBUTION ACCOUNT	TOTAL
Assets	
Current Assets	
Bank Accounts	
Chase Checking 0603	55.00
Total for Bank Accounts	\$55.00
Accounts Receivable	
Other Current Assets	
Total for Current Assets	\$55.00
Fixed Assets	
Other Assets	
Total for Assets	\$55.00
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable	
Credit Cards	
Other Current Liabilities	
Total for Current Liabilities	0
Long-term Liabilities	
Long-term business loans	0
Loan from Paul Wendee	5,000.00
Total for Long-term business loans	\$5,000.00
Total for Long-term Liabilities	\$5,000.00
Total for Liabilities	\$5,000.00
Equity	
Retained Earnings	-935.50
Net Income	-5,000.00
Opening balance equity	
Paul Wendee	990.50
Total for Equity	-\$4,945.00
Total for Liabilities and Equity	\$55.00

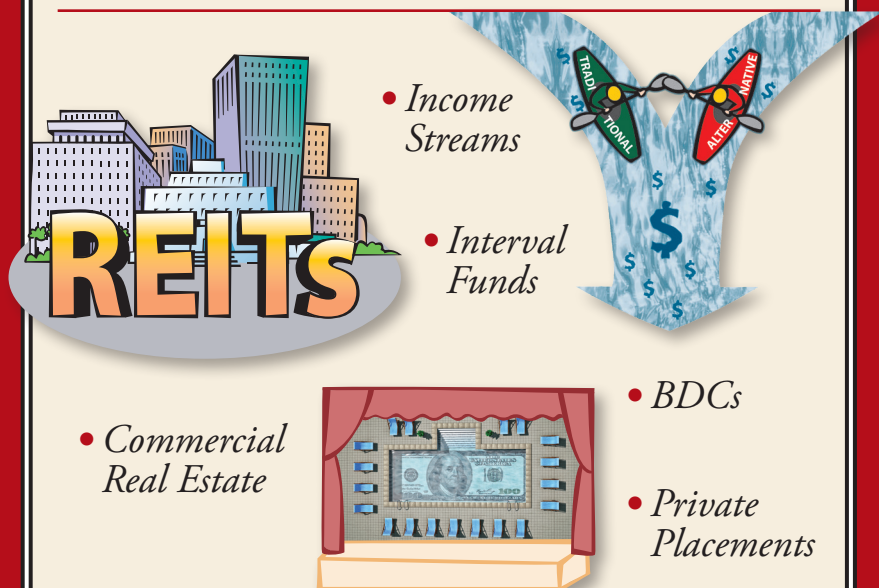
Exhibit E

ADISA Guide to Alternative Investments

2ND EDITION



GUIDE TO ALTERNATIVE INVESTMENTS



VIRGINIA B. MORRIS

Alternative investments? Alternative to what, actually? What we mean by alternative investments here are investments other than “traditional stocks, bonds, and cash.” Even though these alternative investments have a longer history than “traditional” investments, they currently play a little brother role to the more visible stock and bond markets.

A major difference between traditional and alternative investments is that traditional investments are broadly traded and alternative investments as we treat them here are non-traded. They are generally offered directly to investors by broker-dealers and financial advisors. Let’s understand this distinction between traded and non-traded, for it is key.

If you buy stock in a publicly traded company, the return on your investment depends on whether the company is profitable and also on whether other investors think the company is a good investment in the exchange marketplace. If many want to own it, the stock price will go up and you can sell at a profit. But if they find another investment more attractive and sell their shares, the stock price will drop. Thus, the performance of your investment has an exchange factor—an amplifier or dampener of sorts—in addition to the company’s performance.

But when you make an alternative investment, you typically invest more directly in a company or project. Whether or not you make money on your investment depends primarily on the production of the company, not so much on an exchange marketplace where what investors think and transact in with other investors controls the value. There are advantages and disadvantages to both the traded and non-traded sectors, and we aim to explore those here.

At ADISA, the Alternative and Direct Investment Securities Association, we represent the alternative and direct investment sector, or non-traded alternatives. Along with our members, we believe that investing a portion of your portfolio in alternatives can provide needed diversity and helps protect your portfolio against market volatility. We hope you benefit from learning more about the types of products in our sector—an important alternative.

John P. Harrison
Executive Director



GUIDE TO ALTERNATIVE INVESTMENTS

2nd Edition

C O N T E N T S

4	An Introduction to Alternatives	14	Private Placements
6	Alternative Mutual Funds	16	Alternative Appeal
8	REITs	18	Measuring and Monitoring
10	Business Development Companies (BDCs), Regulation A	20	Accreditation
12	A Range of Alternatives	22	Regulation
		24	Glossary

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Project Team

Design Director Kara W. Wilson

Editor Mavis Wright

Production Thomas F. Trojan

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John H. Grady

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An Introduction to Alternatives

You can diversify your portfolio by selecting a wide variety of investments.

When you describe an investment or strategy as *alternative*, what you're saying is that it is an alternate to, or different in some essential ways from stocks, bonds, and cash. Most traditional investments are publicly available to any investor who has money to pay for them, and **liquid**, which means they can be bought and sold when you wish, though not always at the price you would like.

Most alternative investments are available only through broker-dealers, financial advisors, or registered investment advisors (RIAs). In many cases, you must meet net worth or income requirements to be able to invest and be willing to hold the investment for a specific period, which may be as long as ten years or more. That's why the majority of these products are described as **illiquid**.

Though they share similarities, alternative investments are not all alike. There's significant variety, just as there is among traditional investments, in the ways they generate returns and the levels of risk to which they expose you.

PUBLIC OR PRIVATE

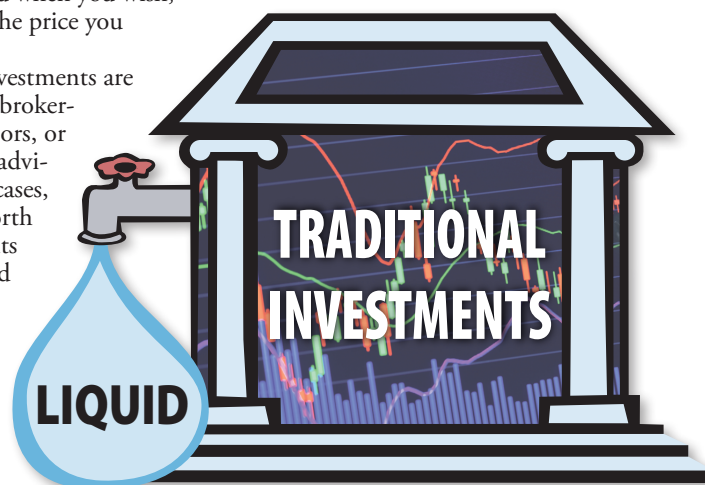
Some alternative investments are **publicly offered** and others are **privately offered**.

Public offerings must be registered with the Securities and Exchange Commission (SEC), the Commodity Futures Trading Commission (CFTC), or other relevant regulatory body, and in certain cases with the states where they are offered for sale. The sponsors must provide a prospectus or offering circular to potential investors and file regular financial reports, such as an annual audited Form 10-K with the SEC.

The relationship of an investment's return to the return of its relevant benchmark is called its **beta**. When they're similar, it's a positive correlation. When they're not, it's a low or non-correlation.

Private investments are exempt from registration with a federal regulator, although their advisers and managers are often subject to regulation. The financial reporting that's required varies.

All investments, public or private, are subject to federal and state anti-fraud regulations.



A **traded** investment is one that is listed on a public securities exchange, such as the New York Stock Exchange (NYSE) or the Nasdaq Stock Market, or trade on another market. In the case of stock, for example, trading begins following listing on an exchange. While trading in these securities may occur in many venues, your order to buy or sell one of them will be acted upon immediately in the case of a market order or as soon as the security is available at the price you specify in a stop, limit, or conditional order.

Not all traditional investments are traded. Mutual funds are sold and repurchased by the investment company that sponsors them even when you purchase them through a broker-dealer. This is also true of

MINIMUM INVESTMENTS

Most alternative investments set minimum investment requirements, ranging from as little as \$2,000 to as much as \$2 million or more. Investors may be able to reinvest distributions from the investment to buy additional shares, sometimes at a discount.

With some alternative investments there's potential for appreciation at the end of a specific term, often seven to ten years though it may be longer. With others, the return is limited to cash distributions during the term.

PARTNERSHIPS

Limited partnerships are a popular American business structure. They were created in colonial times, when the British refused to issue charters for new companies. Entrepreneurs, determined to move forward, pooled their capital and credit to share operational and financial risks. Their ingenuity laid the groundwork for what became formal partnership agreements.

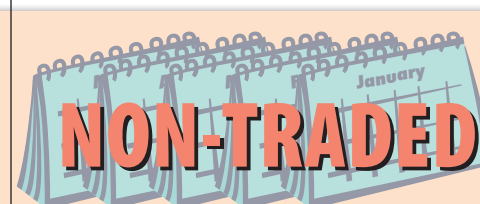
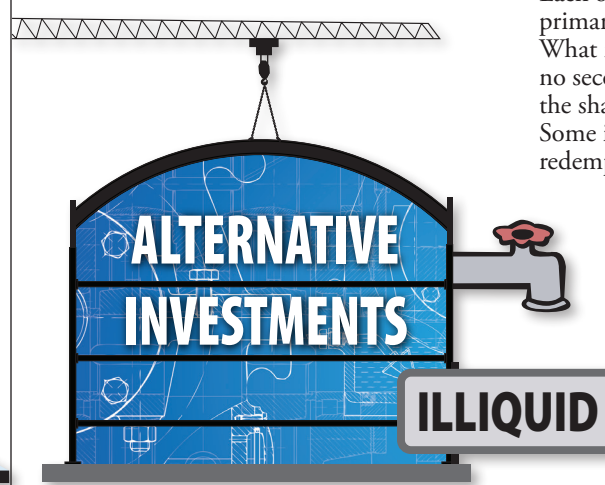
UNDERSTANDING ILLIQUIDITY

Lack of liquidity is often cited as a primary risk of investing in alternatives. What illiquidity means is that there's no secondary market where you can sell the shares or units you have purchased. Some investment sponsors do have redemption programs, which may give you the opportunity to sell back your shares. But these programs aren't required and those that may be offered can be suspended at any time. The sponsor may buy back only a limited number of shares at any given time, and the price they pay may be less than the actual value of the shares provided in your account statement.

On the other hand, a primary attraction of illiquid alternative investments is what's known as the illiquidity premium. That's the potential for higher return in exchange for less liquidity. In addition, historically, their returns have a modest correlation to the return on traditional investments as measured by a relevant benchmark, such as the S&P 500 index for large-company stocks.

Low correlation may result because the factors that influence an alternative investment's performance may differ from those that influence traditional investment performance. In addition, the changing dynamic of supply and demand impacts the daily price of a traded investment. But while the value of non-traded investments may fluctuate for similar reasons, there is no secondary market trading.

Sponsors of alternative investments can benefit from illiquidity too because they have an extended period to potentially turn a profit for investors and a buffer against the volatility that is often a feature of conventional markets that can lead to short-term pressures on the issuer.



alternative investments known as **liquid alts**, or alternative mutual funds. **Interval funds** are hybrids. Shares are sold like mutual funds but repurchased periodically.

A **non-traded** investment is not listed on an exchange or sold OTC. Rather than an initial public offering (IPO), there is an offering period, sometimes rather lengthy, during which broker-dealers and financial advisors raise capital by marketing the product to eligible investors.

Some types of investments, such as REITs and BDCs, may be either traded or non-traded. The former are considered traditional investments because of the higher level of correlation in prices and returns caused by being traded on exchanges, and the latter alternative investments.

Alternative Mutual Funds

Liquid alts and interval funds expand access to alternative investments.

As their name implies, alternative mutual funds aren't conventional investments.

Unlike other mutual funds, whose strategy is to purchase securities for their portfolios either to replicate the performance of a benchmark index or outperform a relevant benchmark, alternative funds may, to the extent they are legally able, not only buy securities, but sell short, buy investments other than securities, use options contracts to offset risk, or borrow to deliver higher returns to achieve their objective.

In addition, these funds may provide access to alternative assets and/or strategies at a lower cost than with other alternative products. At the same time, they attempt to limit exposure to some, though certainly not all, of the risks and expenses that sometimes characterize alternative investments.

LIQUID ALTS

As you can with other open-end mutual funds, you can buy and redeem your shares in the funds known as **liquid alts** any time at the end-of-day NAV. There are no restrictions on who can buy shares as long as you have enough money to meet the initial investment. That's typically similar to the initial cost of conventional funds.

Liquid alts must also comply with SEC regulations that generally:

- Require transparency, disclosure, and daily calculation of net asset value (NAV)
- Forbid performance fees
- Limit the use of leverage
- Restrict illiquid investments to 15% of the fund's portfolio, in large part to meet potential liquidity needs

INSIDE A LIQUID ALT

Liquid alts may be bond, equity, or commodity funds, and each fund has a specific investment objective. A bond fund may strive to hedge against changing interest rates. Long/short equity funds focus on participating in rising stock prices, while market neutral equity funds seek to provide a positive return whether the market goes up or down.

Single strategy funds typically have a single manager and one investment approach. Multi-strategy funds, on the other hand, use a number of sub-advisers, each managing a portion of the overall portfolio using different investment approaches. The built-in diversification of a multi-strategy fund may be more efficient and cost-effective than selecting a number of single-strategy funds.

LIQUID ALT PROS AND CONS

Liquid alts are attractive to investors because they can provide diversification, potentially higher risk-adjusted returns, and reduced volatility in an otherwise conventional portfolio. These funds may also provide some downside protection in a falling market.

Their ability to outperform is more limited than it is for the hedge funds they emulate. But they typically cost significantly less while providing access to alternative strategies.

INTERVAL FUNDS

Interval funds, like liquid alts, generally sell shares continuously at a price based on the fund's NAV and, in most cases, are open to anyone who can afford the minimum investment amount. But interval funds are illiquid, something investors must take into account before they purchase shares. There is no daily repurchase provision as with open-end funds and no secondary market as with exchange-traded funds.

Instead, liquidity is provided by periodic repurchase offers that each fund must make to buy back between 5% and 25% of investors' outstanding shares. In practice the percentage is almost always at the lower end of that range. The offers are made at set times, or intervals. These intervals are part of the fund's objectives and policies and can't easily be changed.

Because the repurchase price is based on the fund's NAV as of a particular date, the dollar amounts vary from offer to offer. In addition, if demand for liquidity is greater than the repurchase offer, the offer is handled on a pro-rata basis.

A REPURCHASE TIMELINE

In a typical repurchase, the process begins when the fund notifies investors of the date on which they must respond if they intend to accept the next repurchase offer. The notice is usually sent three to six weeks before that deadline.

After the deadline passes, the fund sets the date on which the purchase price will be determined, usually a week or two later. The repurchase price is determined by the fund's per share NAV on the chosen day. The actual repurchase occurs one week later.

But there is no guarantee that shareholders will be able to sell shares if they wish to.

INTERVAL FUND PROS AND CONS

Because withdrawals from interval funds are illiquid, fund managers tend to focus on investments and strategies they believe have the potential to provide higher yields over time. These yields are attractive to investors, especially in a low interest environment.

In fact, interval funds can have between 75% and 95% of their holdings in illiquid assets. For example, a fund may include investments in commercial real estate, business loans, or agricultural land, among others.

There is a cost associated with this potential for higher return. Interval funds can deduct a redemption fee of up to 2% of the repurchase proceeds to cover their costs in addition to management, service, and other fund costs. Commissions and redemption fees may also apply.

LIQUID ALTS

EQUITY FUNDS

TAKING A CLOSER LOOK

With alternative funds, you can capitalize on alternative strategies in a cost-effective way while having access to more information about an investment's holdings, strategy, performance, and other details than you typically have for other alternative approaches.

But these funds not only charge higher fees than other mutual funds and have harder-to-measure returns, they expose you to increased risks from short selling, leverage, and hedging with derivatives.

INTERVAL FUNDS

Multi-strategy

Single-strategy

REITs

Commercial real estate can help diversify a traditional portfolio.

A real estate investment trust (REIT) is a company that invests in commercial real estate. The REIT raises capital from a group of investors and uses it to buy buildings if it's an equity REIT or loans on buildings if it's a mortgage REIT. Hybrid REITs typically own both properties and mortgages on properties.

A REIT's goal may be to provide a steady stream of income and potential capital gains to its shareholders. With an equity REIT, the income comes from the rent its buildings' tenants pay. A mortgage REIT generates income by collecting interest and principal payments on the loans it owns.

A REIT OVERVIEW

Most REITs are public corporations that register with the SEC, abide by its regulations, and file regularly updated quarterly and annual financial reports. A smaller number are private companies.

Some public REITs are traded, which means they're listed on a national exchange. You can buy and sell shares at any time for the current market price.

INVESTMENT FOCUS

Most equity REITs, the most common type of REIT, specialize in a particular type of real estate, such as hotels, shopping centers, self-storage centers, office buildings, or medical facilities, and they may concentrate their purchases in a specific geographic area.

NON-TRADED REITS

Other public REITs are non-traded. They aren't listed or sold OTC, and there's no IPO. Instead, they're offered to investors by **prospectus**, an official document that explains the REIT sponsor's investment strategy, the types of properties it will buy, and how it will finance its investments. These REITs, which are available through broker-dealers, RIAs, or financial advisors, are available during a multi-year offering period.

A distinguishing feature of non-traded REITs is that there is no formal secondary market where you can sell your shares. Since a REIT's investment term is typically at least 5 years and may be longer, you must be able to commit the capital you're investing for that period. The only significant exception to

Hotels



Shopping Centers



Medical Facilities



Office Buildings



Storage Centers



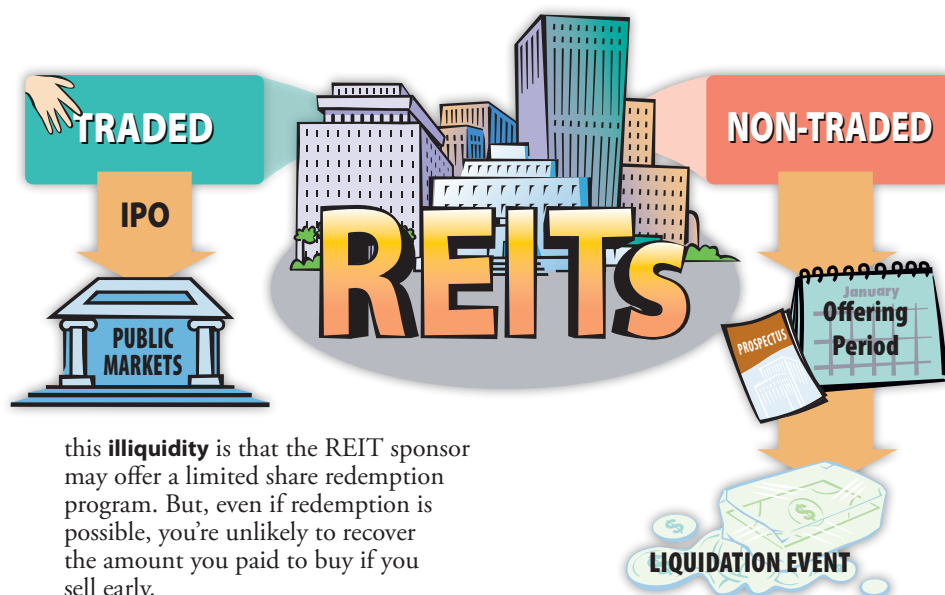
BEFORE YOU INVEST

Because non-traded REITs are illiquid, FINRA requires firms that sell them to disclose key features, including their non-listed status, lack of a secondary market, front-end fees, and anticipated source of return. Once the offering is available, they must also provide per-share estimated values using one of two methodologies:

- **Net investment methodology**, which reflects the deduction for sales

commissions, manager fees, and any other expenses. In addition, if any distributions reflect a return of capital, the disclosure must say so and explain that this reduces the estimated share value.

- **Appraised value methodology**, which requires that the reported per-share estimated value be based on the assets and liabilities of the REIT as determined or confirmed by a



this **illiquidity** is that the REIT sponsor may offer a limited share redemption program. But, even if redemption is possible, you're unlikely to recover the amount you paid to buy if you sell early.

However, non-traded REIT returns tend to be non-correlated with returns on conventional investments and so help to diversify your portfolio.

REIT RETURNS AND RISKS

One significant feature of the REIT structure is that it must distribute at least 90% of its taxable income to shareholders every year as monthly or quarterly distributions. As a result, investment income from a REIT may be higher than most other corporations provide. But, of course, this income isn't guaranteed.

Equity REIT distributions depend on having a full complement of paying tenants, and operating efficiently. There are risks, however. Rents, and therefore distributions, may drop in a market downturn if rental space remains empty. Distributions may also be disappointing if the properties the REIT owns aren't attractive to potential tenants or if the market for a particular type of property is saturated.

It's also possible in newer programs that distributions may be funded in part

or whole by investor capital or borrowing rather than from income generated by the real estate. Some REITs even allow borrowing in excess of 100% of assets. Using borrowed funds to pay distributions can place the REIT at greater risk of default and devaluation, which can result in investment losses when shares are redeemed or liquidated as well as a reduction in, or suspension of, distributions.

Income is only part of the total picture however. With a non-traded REIT, whether or not there's a shareholder capital gain depends on the **liquidation event** that occurs at the end of the multi-year investment term.

The preferred exit strategy, which would produce the greatest gain, may or may not be feasible at the time REITs are ready to liquidate. Among the factors that come into play are the current market interest in traded REITs, the marketability of the properties the non-traded REIT owns, and the general state of the economy.

third-party valuation expert following standard industry practice

They must also clarify that, if redemptions are allowed, the share redemption price may be less than the per-share estimated value provided in your account statement.

TAX ISSUES

The tax you owe on REIT distribution income is taxed at the same rate as your

ordinary income, not at the lower long-term capital gains rate that applies to qualified dividends. But you should consult your tax advisor about claiming **depreciation** of real estate assets against REIT income or other tax-saving opportunities. Or, you may hold the REIT in a tax-deferred account, so that tax rates are not an issue until you take withdrawals from the account.

Business Development Companies (BDCs)

These companies focus on providing investment capital to small- or mid-cap firms.

A BDC is a closed-end investment company that pools the money it raises from investors to purchase the debt or equity of qualifying thinly traded or privately held companies. This approach is attractive for small or mid-sized firms, which would otherwise have limited access to capital, and it offers individual investors access to a potentially lucrative market in which they otherwise would be unable to participate.

BDCs generally are public companies that are registered with the SEC and subject to the regulations that govern investment companies. There are two types: traded BDCs, which are listed on a national exchange and non-traded BDCs.

The upfront fees associated with non-traded BDCs average approximately 11.5% to 15% of the purchase price. They cover commissions, management fees, and offering costs. In addition, annual asset-based management fees may apply during the BDC's term.

THE CASE FOR BDCs

Non-traded BDCs have several features that make them attractive to investors.

BDCs must distribute at least 90% of their taxable income to shareholders each year to avoid federal corporate income taxes. And they typically distribute all of it, which allows them to avoid excise taxes. This has the potential to be a substantial annual amount, though, of course, there is no guarantee it will be.

In addition, the returns on a non-traded BDC are typically non-correlated

with returns on traditional investments because they're not subject to the same market pressures. So they can provide valuable diversification that may help to reduce portfolio risk. That diversification can be enhanced, at least to some extent, by investing in several differently focused non-traded BDCs simultaneously.

ASSESSING THE RISKS

Non-traded BDCs expose investors to potential risks. Chief among them is **illiquidity**. There is no secondary market for non-listed BDC shares. Even if the BDC offers a redemption program, it is likely to limit share buybacks and pay a discounted price for those it repurchases.

Potential defaults or limited growth of portfolio companies are also risks. The BDC may not be able to meet its obligations to lenders or investors if its cash flow drops, its investments lose value, or both.

Further, a BDC's offering price must be at least equal to its net asset value (NAV), excluding commissions and discounts. This means investors may find that the value of their shares is diluted if the NAV falls after purchase.

There's also the possibility that the BDC's exit strategy will result in a disappointing profit, or none at all, either because the managers have misjudged the market, its portfolio is un-attractive, or the economy is weak. This is a serious issue since total return depends on the combination of income and capital gains.

Regulation A

Some companies can raise money from the public without SEC registration.

Regulation A (Reg A) of the Securities Act of 1933 allows start-ups and other small companies to sell equity securities to investors with fewer disclosures than are required of companies that must register with the SEC. It also gives more investors the opportunity to participate in an equity market to which they otherwise don't have easy access.

Amendments to the Act, adopted in 2015, created what is sometimes described as **Regulation A+**. The update expanded the Act's original provisions to facilitate capital creation in keeping with the requirements of Title IV of the JOBS Act.

The goal is to make it easier and more cost effective for these companies to raise the capital they need to grow and expand while expanding investment opportunities for individual, non-accredited investors. There are no restrictions on the resale of shares, though they may be illiquid for an indefinite period if the company doesn't list on a national exchange.

Of course, there's also no guarantee that the issuing companies will be profitable.

PROVIDING INFORMATION

Before a company seeking to raise capital under Reg A can move ahead, it must provide an **offering circular** that has been qualified by the SEC staff.

The document describes the securities being offered, the investment's risks, and the way the company intends to use the capital. The circular must also describe the business plan, identify the management, provide financial statements, and disclose whether any of the shares that are being sold are offered by an existing shareholder rather than by the company.

CHOOSING A TIER

Under Reg A, a company must choose one of two structures, **Tier 1** or **Tier 2**, to make its offering and indicate which it's using on the cover of its offering circular.

Under Tier 1, a company can raise up to \$20 million in any 12-month period.

Under Tier 2, a company can raise up to \$50 million in any 12-month period.

There are other differences between the Tiers.

Tier 2 securities may be listed on a national exchange if they meet the requirements. Tier 1 securities are not listed.

Under Tier 1, there are no limitations on who can invest or how much can be invested. Under Tier 2, however, if you're not an accredited investor and the securities are not going to be listed, you can invest no more than 10% of your individual or joint income or net worth, excluding the value of your primary home.

Tier 1 offering circulars must be qualified by state securities regulators in states where the company plans to sell shares as well as by the SEC. The state requirement doesn't apply to Tier 2, where shares are considered covered securities.

Tier 1 companies don't have to disclose any information after the offering except a final, or exit, report on the offering's status. Tier 2 companies must provide detailed annual and semi-annual reports that cover its financial results and other information as well as a current report when there is any material change in the company's status.

Tier 2 financial statements must be audited by an independent accountant, but Tier 1 statements may be unaudited.



A Range of Alternatives

Investors seeking greater portfolio diversification are increasingly moving into alternative investment programs.



One feature that makes investments described as alternative different from those considered traditional is—in most cases—the degree to which an investor is directly exposed to the success or failure of a specific undertaking.

LIKE-KIND EXCHANGES

In a like-kind exchange (LKE), also known as a 1031 exchange, an investor or business owner sells business or investment real estate and replaces it with different real estate of equal or greater value. If the replacement property is identified within 45 days, the exchange is completed within 180 days, taxes on up to 100% of any capital gain on the original sale are deferred until the replacement property is sold.

The definition of like-kind is flexible, so that most real estate is like-kind to other real estate, regardless of quality or grade. The one constraint is that both properties must be within US borders. However, the rules that govern the LKE process are strict, including a requirement that no cash is available for other uses. To ensure that all rules are followed and to prevent errors that result either in an unexpected tax liability or an invalidation of the exchange, business owners must hire a **qualified intermediary (QI)**, also known as an accommodator or a facilitator, to handle all the LKE details. In fact, an intermediary must be on board throughout the process, before any part of the exchange occurs.

Business owners who want to replace commercial property with property that is better suited to their objectives while taking advantage of a LKE exchange can take one of three potential approaches:

an individual transaction, through a tenants-in-common (TIC) interest that is not structured as a partnership, or by investing in a Delaware Statutory Trust (DST).

LKEs are popular because they make business growth possible by making money that would otherwise go to paying taxes available to reinvest, stimulate the economy, and create jobs. However, there's no guarantee that the owner or investor will come out ahead financially, either immediately or in the long run.

Not only do all real estate investments have the potential to lose value during the life of the investment. The income stream and depreciation schedule may affect the property owner's income bracket, tax status, or both. And an unfavorable tax ruling may cancel deferral of capital gains and result in immediate tax liabilities, including tax penalties.

ENERGY INVESTMENTS

Alternative energy programs raise money to invest directly in exploring and drilling for oil or natural gas. The program buys or leases land under which its sponsor or management team believes hydrocarbons can be extracted profitably. It also secures the necessary permits and installs the equipment required to drill wells, pumps the oil or gas to the surface, and arranges for its transportation to storage and refining facilities. If the venture is successful, the program provides income over the productive life of the well or wells. If it's not, for whatever reason, the program yields a loss.

Energy programs are generally structured as **limited partnerships**, with one or more **general partners** and a number of **limited partners**. The general partner is responsible for running the project and is liable for its potential losses. The limited partners provide investment capital, which they could lose, but have no control over the decisions the partnership makes and no responsibility for any debts it may incur.

Partners in an energy program may enjoy a number of tax benefits,

EQUIPMENT LEASING



amount that must be paid in premiums but not the death benefit. There's also a risk the insurance company that issued the policy will refuse to pay the death benefit or that the insured's heirs will challenge the sale.

including deductions for intangible drilling costs (IDC), a depreciation allowance for the tangible drilling costs, and a depletion allowance. All these can reduce taxable investment income. However, while general partners may take these deductions and allowances against ordinary income, limited partners may take them only against passive income. And the rules are complicated, so claiming these benefits requires the advice of a tax professional.

While there may be significant profits from successful energy programs, there are also significant risks. These include, among others, production risks, operational costs, fluctuations in market price, and the consequences of potential spills or other adverse affects on the environment.

LIFE SETTLEMENTS

In a **life settlement**, the owner of a life insurance policy sells it for more than the cash settlement value he or she would receive for surrendering the policy but less than the face value that the beneficiary would receive at the insured's death. The policy owner and the insured may or may not be the same person.

The third-party purchaser is typically a company known as a life settlement originator or provider. The firm works with life settlement brokers to identify policies to buy and sells either individual policies or interests in its portfolios of policies to investors. Some but not all originators are licensed or regulated by the state where they operate.

Investors make a cash payment and pay their share of the ongoing premiums that keep the underlying policies in force and the administrative costs of keeping track of the insured person's condition, obtaining death certificates, and valuing the policies.

The investment return on a life settlement is a pro-rated share of the death benefits when the insured parties die. The risk is that more time will pass before the deaths occur than investors were led to expect. This increases the

EQUIPMENT LEASING

Equipment leasing programs offer businesses an alternative to purchasing hard assets that may be extremely expensive, likely to become obsolete quickly, or both. The programs raise capital to purchase the equipment from investors who expect to receive a steady stream of income as a pass-through from the payments the lessees, or equipment users, make.

In addition to regular income, participating in leasing programs may be attractive for the potential tax benefits, and as a hedge against both inflation and recession.

There are risks, however, that may reduce cash flow or put capital at risk. And, in the absence of a secondary market, an investment in a leasing program is generally illiquid.

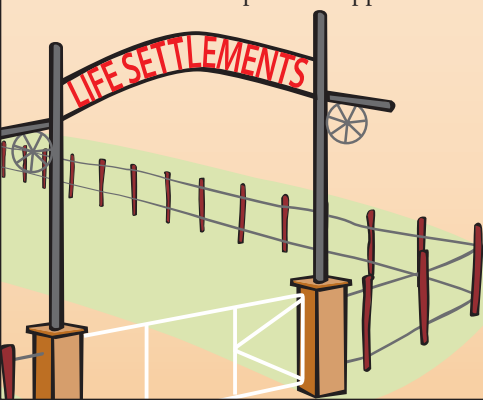
QUALIFIED OPPORTUNITY ZONES

Opportunity zones are designed to promote economic development and job growth in distressed areas by providing tax incentives to promote long-term investment.

Specifically, if you reinvest capital gains realized on any investments in these zones through a qualified opportunity fund (QOF) you can defer taxes on those gains until 2026.

Several risk factors may impact a qualified opportunity zone investment, including little precedence and limited guidance for them. While there may be substantial tax benefits if certain tax requirements are met, these requirements include but are not limited to adhering to the defined timeline, holding the interest for minimum lengths of time, and payment of taxes on the remaining originally deferred gains.

Further, investments in real estate are subject to their own risks, including, among other things, local conditions such as an oversupply of space or reduced demand for properties, an inability to collect rent, vacancies, inflation and other increases in costs, adverse changes in laws and regulations applicable to owners of real estate, and changing market demographics.



Private Placements

Some investment opportunities are offered privately to a group of investors.

A security described as private is one that qualifies to be exempt from registering with the SEC. It does not have to provide prospectuses or other detailed offering information to investors in most cases or file regular financial reports. The exemption is usually based on the amount of money the sponsors will raise, the financial standing of the investors who will be offered the opportunity to participate, or both.

While private placements are exempt from federal regulatory oversight, they must comply with the federal anti-fraud provisions of the Securities Exchange Act of 1934.

GETTING ORGANIZED

Many private investments are organized as limited partnerships, or limited liability companies (LLCs). While these partnerships are exempt from SEC registration, they may be regulated as securities by their home states.

In a limited partnership there is always a general partner—or partners—and one or more limited partners. The general partner actively operates the business and is responsible for its actions and debts. Limited partners, on the other hand, are passive participants whose only job is providing the capital that the partnership needs to run its business. The most they can lose is the amount they invest.



PRIVATE ENERGY INVESTMENTS

Private energy programs, like all private placements, are exempt from SEC registration, though the SEC may require that potential investors be accredited. In some cases, however, up to 35 non-accredited investors may participate. With some but not all offerings, the program sponsor may have to provide non-accredited investors with a prospectus, financial statements, and other information.

Some energy partnerships, private as well as registered, offer an interest conversion feature that allows investors who join the partnership as general partners for tax reasons to switch to limited partnership status after the drilling phase of the program ends. This arrangement exists because general partners are entitled to use intangible drilling costs (IDCs) incurred during drilling to offset active income, including wages and other earnings. Limited partners can use IDC deductions to reduce only passive income.

However, investors should realize that while acting as a general partner, even for a limited time, they have unlimited liability for partnership debts and other obligations.

RELP IS ON THE WAY

Real estate limited partnerships (RELPs) are organized to develop and manage commercial real estate projects. While



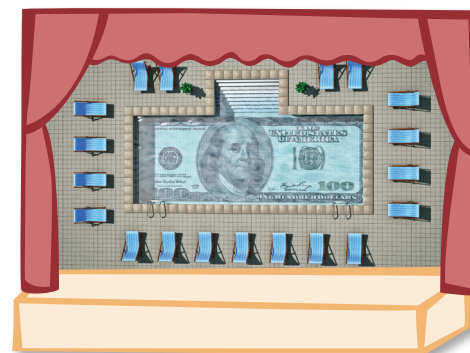
some are public, others are privately placed. As with other limited partnerships, there is a general partner and a number of limited partners.

RELPs own and manage income-producing properties or, less frequently, own mortgages on properties. Generally the specific properties haven't been identified at the time the sponsor sells partnership interests, which makes it difficult to assess what the quality of the RELP portfolio will be and whether the acquisition costs turn out to be reasonable. Other factors that influence whether or not a RELP is a good investment are how much debt the program takes on, the upfront and ongoing fees, and the experience and skill of the managers.

Limited partners may or may not receive distributions of project income, at the discretion of the general partner. But returns can be substantial. In addition, partners can deduct depreciation allowances and other expenses against the income they receive, and they may be eligible for tax credits if the project rehabilitates properties that it owns. The general partner can also pass through

losses, which can be used to offset gains. But claiming these benefits can be complex and requires the advice of a tax expert. Total return is determined only when all the properties have been liquidated.

As is the case with other alternative investments, there are upfront fees and commissions. With RELPs they may be as high as 20% to 25% of the amount invested plus ongoing costs during the term. In addition, there is no organized secondary market so RELPs are illiquid.



PRIVATE EQUITY

Private equity is an umbrella term for firms that raise capital to invest in business ventures. These pooled investment funds are typically organized as limited partnerships, or LLCs, with the owners of the firm as general partners and the investors as limited partners.

Some firms specialize in venture capital, or investing in new or small companies they believe will be successful and yield a significant profit. Others are buyout firms. They focus on buying existing public or private companies, restructuring them, and either selling them to other private investors or taking them public.

To participate in a private equity offering, investors must usually be accredited, though there are exceptions. Minimum investments are substantial, typically much higher than other alternative investments with the exception of hedge funds. Fees average 1% to 2% of assets as an annual management fee plus a percentage of profits, often 20% or more.

Like other alternatives, private equity investments are illiquid typically until the investment term ends, often eight to ten years after inception. But while there's no guarantee, eventual returns can be significant, especially with firms that have established a strong reputation for success.

EXEMPTION STANDARDS

Two regulations of the Securities Act of 1933, Reg A and Reg D, account for the vast majority of exempt investments. Reg D exemptions are more common, and most of them are granted under Rule 506 of the regulation.

Rule 506 allows issuers to raise an unlimited amount of capital. Section (c) of the rule allows issuers to advertise, but sales may be made only to accredited investors.

Reg A exemptions apply to small offerings. There are two tiers. Tier 1 permits a company to raise up to \$20 million in any 12-month period. Tier 2 permits raising up to \$50 million in a similar period. Among other differences, disclosures required for Tier 1 offerings are more limited than those required for offerings under Tier 2.

Alternative Appeal

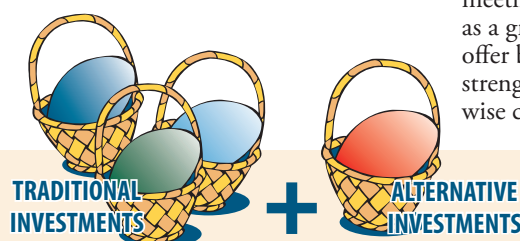
The growing popularity of alternative investments is a testament to their attractive features.

Investors who add alternatives to their portfolios want to:

- Diversify their portfolios
- Increase their income and total return
- Manage their income tax liability
- Hedge against inflation, recession, or both

- Capitalize on access to a broader range of assets than were previously available
- Benefit from consistent returns

No single investment is appropriate for achieving all these objectives. And some alternatives are better suited for meeting specific goals than others. But as a group, non-traditional investments offer benefits with the potential to strengthen the performance of an otherwise conventional portfolio.



DIVERSIFICATION TOPS THE LIST

The benefits of diversification—its potential to reduce portfolio risk and increase investment return—position it as a primary strategy for the majority of savvy investors, especially those choosing alternative products. Its primary limitation is the temptation to expect too much. As important as diversification is, it doesn't guarantee a positive return or prevent losses in a falling market.

The particular benefits that alternative investments add to a portfolio stem from returns that are less or non-correlated with the returns on traditional investments and—curious as it may seem—their illiquidity. Of course, these are in addition to the classic benefit of diversification: By owning a variety of investments that respond differently to changing market conditions, investors position themselves to reap the rewards of whatever asset class or subclass is performing well while also having a stake in whatever class or

classes will gain strength as the market moves into the next phase of its cycle of ups and downs.

What non-correlation adds to the mix is that alternative investment performance is driven by different factors than the ones that impact publicly traded products. For example, while alternative investment performance is not totally divorced from factors such as rising interest rates or falling employment rates, their impact tends to be more muted than for stocks or bonds.

Nor is performance vulnerable to changing investor sentiment. Rather, it's impacted primarily by the quality of a program's underlying investments and the effectiveness of its management team.

Illiquidity, of course, has drawbacks, but also a potential benefit. Unlike publicly traded corporations whose management is always under pressure to enhance short-term return, managers of non-traded investments have an extended period to achieve their goals.

TAX REDUCTION TOOLS

It's relevant to note that distributions from alternative investments are taxed, in most cases, at the same rate as the investor's ordinary income rather than at the lower rate that applies to qualified dividends.

On the other hand, many alternative may offer some form of tax relief, especially early in the program, through a variety of allowances and deductions for, among other things, depreciation

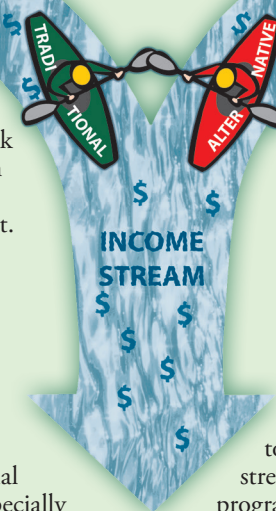
and depletion. The rules for claiming these benefits can be complicated and differ from product to product, so the advice of a tax professional is essential.

Capital gains, which are possible with some alternative products, and may be offset by capital losses, do qualify for the lower, long-term capital gains tax rate.



WELCOME INCOME STREAMS

Many, though not all, alternative investments seek to provide a regular stream of income, which attracts substantial investor interest. Non-traded equity REITs and debt BDCs, energy drilling programs, and equipment leasing programs all strive to be income producing. In fact, income from alternative investments may be higher than from traditional fixed income products, especially in a low interest rate environment.



There can be issues, though. Some alternatives, especially in the early years of a program, pay distributions that derive from capital rather than from asset-generated income. And the distributions aren't guaranteed and could be reduced or end if the investment fails.

With energy programs in particular, there is no way to predict how long an income stream will last, especially if the program is small and operates a limited number of wells.

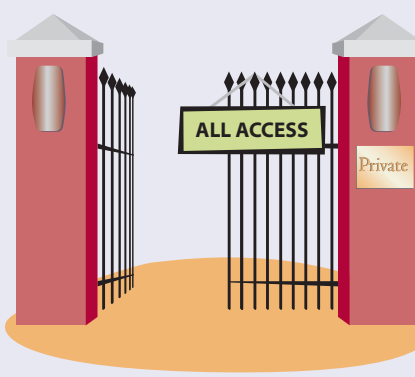
BUILDING A HEDGE

Another benefit some alternative investments provide is a hedge against inflation or recession—or, in the case of equipment leasing, perhaps both.

Real return, or the percentage gain investors realize after the inflation rate is subtracted from reported return, is vulnerable to rising inflation rates. But if a REIT increases the rent it charges its tenants, or a equipment leasing company increases its fees in the new contracts it signs, and the company distributes those increases to shareholders, the impact of inflation can be offset.

Conversely, in a recessionary period, companies still need equipment to operate and may be even less inclined to purchase outright than they are when the economy is healthy. This works in a leasing company's favor and

may increase investor income. The same may be true of those REITs that rent mission-critical properties. But a tough economy also increases the potential for default.



INCREASED OPPORTUNITIES

One benefit of alternatives that may be overlooked as they gain widespread

acceptance is that these pooled investment structures provide investment opportunities that were until recently available only to ultra-high net worth individuals and institutions.

The access to commercial real estate provided through non-traded REITs and non-traded BDCs are perhaps the clearest examples of the democratization of the capital markets. But they aren't the only ones. The same is true of equipment leasing, energy exploration, and other ventures exempt from registration with the SEC but open to non-accredited investors. When these investors participate, however, the sponsor must provide offering information and financial statements.

Measuring and Monitoring

Keeping track of performance is a key component of successful investing.

A relevant question investors must ask as they evaluate investment performance is whether the assets in their portfolios are meeting the objective for which they were purchased. The objective may have been increasing diversification, producing current income, or enhancing long-term return.

Unlike traditional investments whose performance can be tracked every trading day, investors are often uncertain if an illiquid investment is living up to expectations. In the most transparent cases, alternative strategy mutual funds and interval funds calculate a NAV daily based on the market value of and fair values assigned to their assets. Non-traded REITs and BDCs provide NAVs either daily or quarterly, and non-traded REITs are valued independently. Other alternatives are valued on a per-share basis rarely if at all, and the valuation strategies vary widely.

Total return—the sum of distributions and any change, positive or negative, in investment value—can be determined readily for traditional investments even though the gain or loss may remain unrealized. But for alternatives that involve a liquidity event, total return can be calculated only when the investment term ends. So performance can be evaluated only in retrospect.

DEFINING RETURN

A complicating factor for investors accustomed to evaluating relative return, or how an investment performs in relation to a benchmark, is that there aren't appropriate benchmark indexes against which to measure alternative investment performance. And since one of the primary advantages of alternatives is that they're non-correlated with the performance of publicly traded investments, the benchmarks that are relevant for traded securities aren't relevant for non-traded alternatives.

For example, the NCREIF Property Index, published by The National Council of Real Estate Investment Fiduciaries, tracks the quarterly rate of return on a sample of investment grade commercial properties. It's sometimes used to measure non-traded REIT return, but impressions can be misleading because the index doesn't account for fees or leverage, both of which have a major impact on performance.

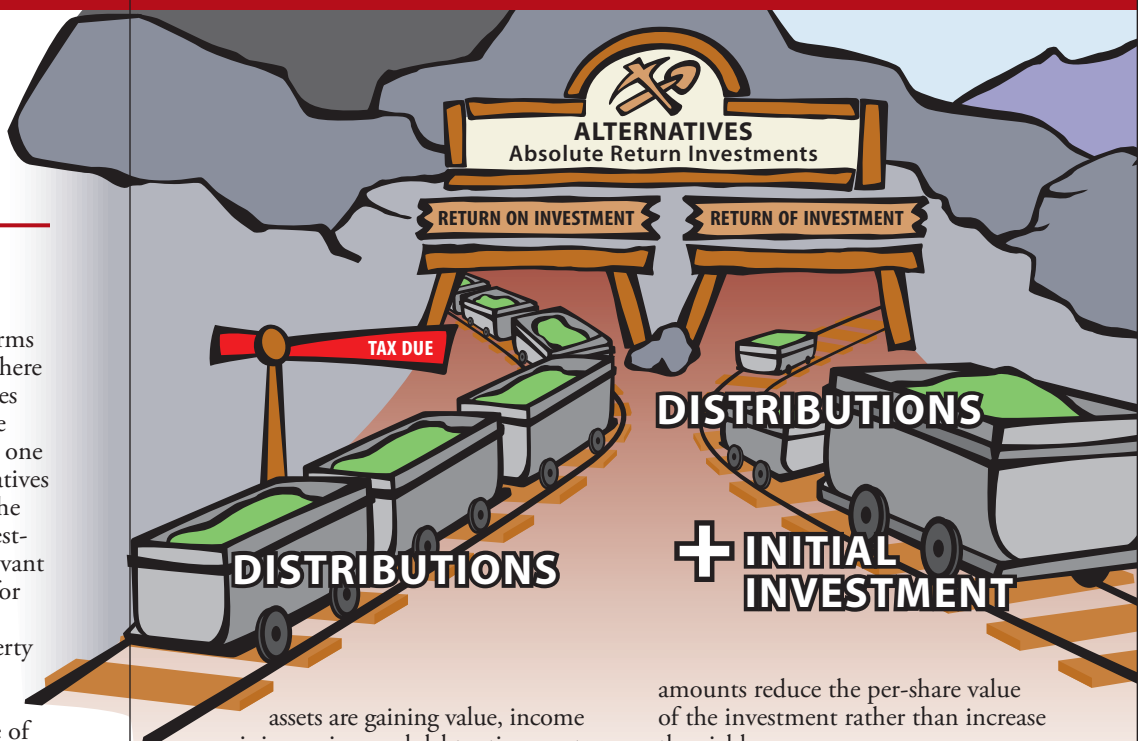
This helps to explain why alternatives are often described as absolute return investments. This means that gain or loss in value is measured in relation to the investment's previous value, not to the performance of a benchmark or a comparable investment.

MINING FINANCIAL REPORTS

The absolute return of investments that are registered with the SEC can be calculated by comparing the year-over-year data in the audited balance sheets and income statements their sponsors file annually with the agency.

Evaluating a portfolio's aggregate fair value in relation to its aggregate cost is one way to determine unrealized gain or loss over various time periods. And the numbers don't have to speak entirely for themselves. Any significant differences from the previous period should be explained in the footnotes.

With a REIT or a BDC for example, it's a good sign when



assets are gaining value, income is increasing, and debt ratios are stable. The opposite is true when income is flat or falling and debt ratios are increasing. The state of the economy may be a contributing factor, of course, but it's also relevant that the investment and management decisions made by a program's administrators have a major impact on its performance, as do the fees investors pay.

Many private placements, however, aren't required to report on their operations or finances, making measuring and monitoring performance difficult if not impossible.

INCOME VARIETY

Yield is another way to measure investment performance, and it's a relevant indicator for alternatives, which are often described as income investments.

A complicating factor is that income from an alternative investment may be return of investment, return on investment, or some of both. The former means investors are getting their capital back, and the latter means they are receiving profits their capital has generated.

REITs and BDCs, for example, are required to distribute at least 90% of their taxable income each year to avoid paying corporate income tax. This is a return on investment. Some BDCs and REITs distribute return of capital even when they have profitable properties, not only when they are young or if their portfolios are not profitable. These

amounts reduce the per-share value of the investment rather than increase the yield.

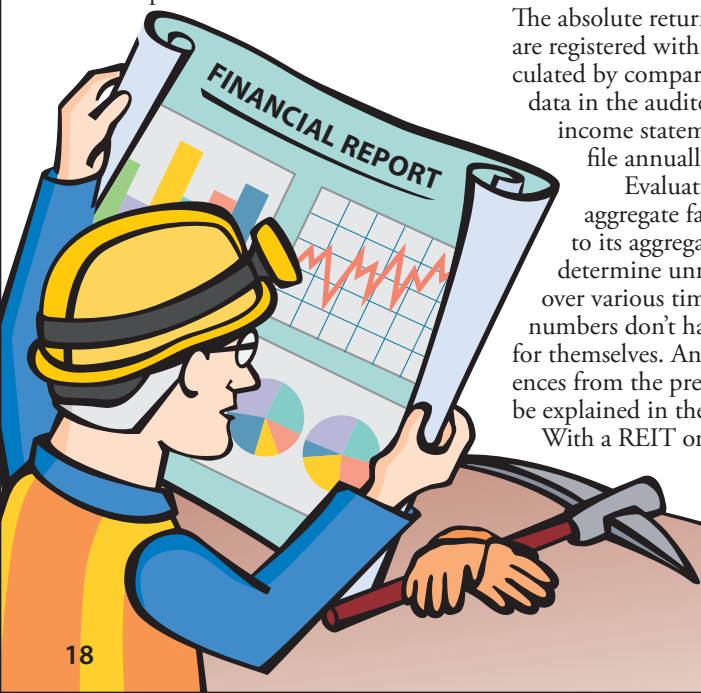
Equipment leasing and energy programs have more flexibility in making distributions. In some but not all leasing programs, for example, there may be a revenue sharing arrangement structure so that during the active operation of the business, the manager takes 1% of the cash distribution and 99% is passed on to the investors. Once an investor has received the equivalent of 100% of his or her investment, plus an 8% return on investment, then the manager takes 10% and the remaining 90% is distributed to investors.

Return of investment is generally not taxable. Return on investment is usually taxable, though investors may be able to offset the income with depreciation and other allowances when they file their tax returns.

THINKING AHEAD

The challenges of assessing performance during the term of an alternative investment illustrates why pre-purchase due diligence is critical. While the past performance of a sponsor or management team can't guarantee future results, it may be a key component in selecting among alternatives with the same focus.

It may also be smart for investors to put money into several alternatives of the same type, such as REITs or BDCs, rather than into just one. Then, if one provides disappointing distributions or a negative total return, others may live up to expectations.



Accreditation

Alternative investments require thoughtful consideration.



An investment portfolio of traditional investments may provide satisfactory investment returns. But allocating a percentage of the portfolio to alternative investments may provide the opportunity for greater diversification, more current income, and the possibility of substantial capital gains. That's the premise underlying the increased attention to alternatives over the past decade or two.

However, investing in alternatives isn't as straightforward as buying a stock or a bond, a mutual fund, or even an equity option. So the sponsors who offer these investments and the broker-dealers and financial advisors who market them are responsible for making sure that investors understand the risks as well as the potential return of committing their capital. Broker-dealers and advisors are also required to determine whether an investment they may recommend is in the best interest for a particular client and to disclose any potential conflicts of interest.

THE ROLE OF INTERMEDIARIES

As a first step, there must be a thorough evaluation of the offering or program using the materials the sponsor makes available and what can be discovered through independent assessment, often by engaging the services of a third-party expert. This process, known as due diligence, involves reviewing the prospectus, offering circular, or private placement memorandum, and other public materials when they're available, researching the investment's sponsor

and the management team, and, in some cases, conducting on-site inspections and interviews.

The broker-dealer's responsibility—as laid out in FINRA Rule 2111—is having reasonable assurance that an investment deemed suitable in its own right is appropriate for a specific investor based on a number of factors including the investor's age, other portfolio holdings, risk tolerance, financial situation, and liquidity needs. Furthermore, a broker-dealer must also consider whether the investment is in the individual's best interest, the individual understands illiquidity, how fees affect return, the potential tax consequences of making the investment, and disclose any conflicts of interest in the sale and management of the investment.

Fiduciary, on the other hand, means that a Registered Investment Adviser (RIA) and its representatives have a fundamental obligation to provide every client with advice that is in that client's best interest. Fiduciaries are required to explain any risks an investment carries and any potential conflicts of interest. They must also ensure that the client understands what those risks and conflicts are.

Under state regulations, special suitability rules requiring that the broker-dealer or financial advisor know the investor personally may apply to certain private placements. And in some cases, investors may be required to seek advice from a knowledgeable person who can evaluate the investment independently.

The bottom line is that an investment that's perfectly suitable for one client may not necessarily be suitable for another.

Of course, investors bear some responsibility for assessing the wisdom of adding particular securities to their portfolios. This is especially true in the area of potential liquidity needs, which may be difficult for an outside observer to judge.

THE SPONSOR'S ROLE

An investment's sponsor who sells interests in an alternative or employs people who do is responsible for making a reasonable effort to determine whether an investment is suitable for prospective investors and that they understand the risks and benefits that are involved. In addition, the sponsor must confirm in the final prospectus their responsibility to assess suitability. They must also retain records of the information they use to make a suitability determination for a minimum of six years.

Investors may be required to sign a subscription agreement to acknowledge that they have read the prospectus and understand the degree of an investment's illiquidity. However, they will not be asked to sign anything that holds them to a subjective statement, such as whether or not they believe the investment is suitable for them.

PRIVATE PLACEMENTS

Although the issuer of a security that's exempt from registration and available only to accredited investors doesn't have to provide a prospectus or audited financial reports, the FINRA suitability rule applies when broker-dealers recommend the placement to an existing or potential customer—provided the customer acts on the recommendation and buys the security through the broker-dealer.

FINRA recognizes, though, that customers may not share all relevant

information with a broker-dealer, limiting his or her ability to come to an accurate conclusion. So the regulator generally requires reasonable diligence as the basis for determining suitability, provided no obvious red flags are overlooked.

OTHER PROTECTIONS

The SEC and State Regulators set certain standards that individuals must meet to invest in alternative investments that don't apply when they buy traditional securities.

To invest in a private equity partnership or a hedge fund, investors must be **accredited**. The SEC defines accreditation as having a net worth of at least \$1 million excluding the value of the investor's primary residence or an annual income in the most recent two years of \$200,000 for singles or \$300,000 for married couples.

To participate in certain private placements, investors must be considered **sophisticated**, which means they have enough knowledge and experience in financial matters to be able to evaluate the merits and risks of an investment. And to invest in large hedge funds, investors must be **qualified purchasers**, with an investment portfolio worth \$5 million not including fine art, real estate, or personal property.

NASAA's Statement of Policy Regarding Real Estate Investment Trusts, which provides guidelines for the qualification and registration of REITs, states that shareholders in REITs shall have a minimum net worth of \$250,000 or an annual income of \$70,000 plus a minimum net worth of \$70,000. The organization has proposed increasing those amounts.

Some state regulators require that investors commit no more than a specific percentage of their portfolios to alternative investments, although those standards vary.

SEC AND NASAA STANDARDS		
	Net Worth at Least:	Annual Income at Least:
Accredited	\$1 Million	\$200,000 Single \$300,000 Married
Qualified Purchaser	Investment Portfolio of \$5 Million	
Non-Traded REITs	\$250,000 or \$70,000	\$70,000

Regulation

The regulations that apply to alternatives vary by investment category.

Some alternative investments are regulated in exactly the same way that traditional investments are. At the federal level, this means the securities must be registered with the Securities and Exchange Commission (SEC). Sometimes the adviser must register as an investment adviser or the entity must register as an investment company. Some investments are also subject to state regulation in the states where they're available for sale.

Other investments, including most private placements, are generally exempt from SEC registration. Some are regulated by the states where the investments are sold, though others, including those available exclusively to qualified investors, are not. While each state has its own regulator, and its own rules, many collaborate on a number of important issues as members of the North American Securities Administrators Association (NASAA).

Broker-dealers are regulated as well at both the federal and state levels. They must register with the Financial Industry Regulatory Authority (FINRA), which is under the jurisdiction of the SEC, and with each state where they operate.

RIAs that have \$100 million or more of assets under management are regulated by the SEC under the Investment Advisers Act of 1940. Smaller RIAs are regulated under the laws of each state where they operate.

ALTERNATIVE MUTUAL FUNDS

Liquid alts, or alternative mutual funds, are, like all mutual funds, regulated by the SEC under the Investment Company Act of 1940. The act provides investors with certain protections, such as restrictions on debt, limits on illiquid investments, and the right to sell their shares at any time, which differentiate them from some other alternative investments.

Interval funds are non-traditional closed-end funds that are regulated primarily under Rule 23c-3 of the

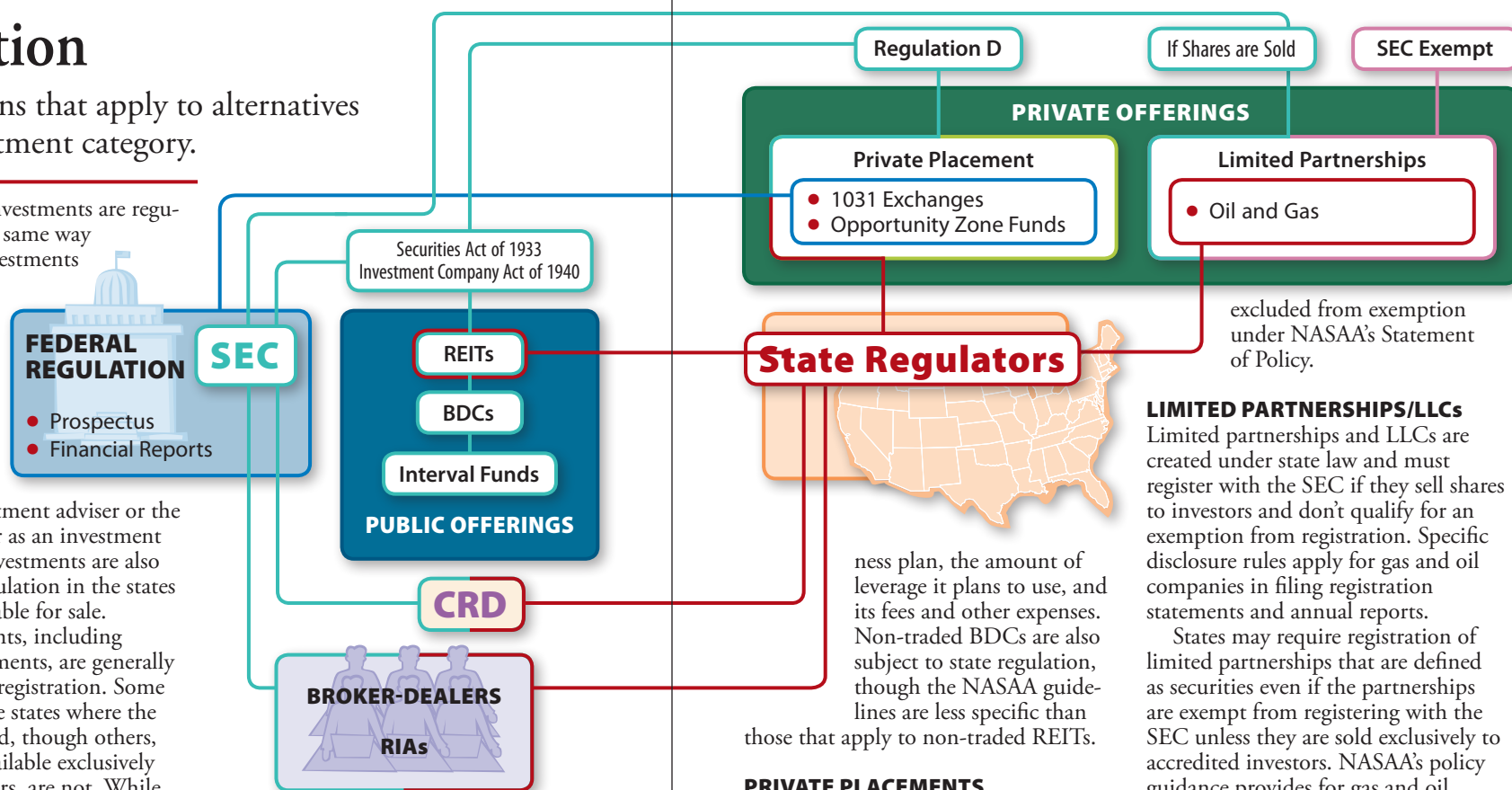
Investment Company Act but also by the Securities Act of 1933 and the Securities Exchange Act of 1934.

NON-TRADED REITs AND BDCs

With non-traded REITs and BDCs, the regulations that apply differ based on the way the businesses are organized. Both must register with the SEC, REITs under the Securities Act of 1933 if they are publicly offered and BDCs under both the 1933 Act and the Investment Company Act of 1940.

Non-traded REITs aren't listed on a national exchange, so they must register in states where they're sold. All offerings must be made by prospectus, following specific SEC guidelines for the information that must be provided and the format that must be used. There's specific focus on distributions, regular valuations, and the history of the redemption program, if the program includes one. NASAA's Statement of Policy Regarding REITs provides guidance regarding the make-up of the board of trustees, and sets standards for sales materials, fees and other compensation, investment restrictions, and suitability.

A BDC must provide a prospectus that describes its objectives and busi-



State Regulators

ness plan, the amount of leverage it plans to use, and its fees and other expenses. Non-traded BDCs are also subject to state regulation, though the NASAA guidelines are less specific than those that apply to non-traded REITs.

PRIVATE PLACEMENTS

To raise money from investors without using a public offering, sponsors may offer an investment privately. This is legal provided the investment qualifies for an exemption from registration with the SEC.

The offerings are made under exemptions provided by Reg D of the 1933 Act. Then the only document that must be filed at the federal level includes the names and addresses of the individuals behind the offering. And if these individuals sell the offering themselves, they may or may not have to register or be regulated as broker-dealers.

If the issue is offered exclusively to accredited investors, the issuers can decide how much information to provide. The only rule that applies is that there must be no fraud involved. These offerings aren't subject to state regulation, except in the case of fraud. However, if non-accredited investors are included in the offering, more oversight documentation is required.

Exemptions from registration are available under a number of other SEC regulations as well. These investments may have to be registered with the states where they are offered. Certain offerings, specifically those with drilling and mining operations, are

LIMITED PARTNERSHIPS/LLCs

Limited partnerships and LLCs are created under state law and must register with the SEC if they sell shares to investors and don't qualify for an exemption from registration. Specific disclosure rules apply for gas and oil companies in filing registration statements and annual reports.

States may require registration of limited partnerships that are defined as securities even if the partnerships are exempt from registering with the SEC unless they are sold exclusively to accredited investors. NASAA's policy guidance provides for gas and oil partnerships to meet specific disclosure standards, including, among other things, requiring a prospectus, detailed background information about the sponsor, signed subscription agreements from each investor, and details of the fees and expenses.

COLLABORATIVE EFFORTS

Broker-dealers who have operations in more than one state can file a single broker-dealer registration form rather than a separate one for each state. And, in most states, the firm's representatives can meet the licensing qualifications by passing a Series 63 or Series 66 examination, which FINRA administers for NASAA. States also rely on the Central Registration Depository (CRD), an electronic registration and record keeping system for broker-dealers, which FINRA and NASAA developed collaboratively and which FINRA administers.

There's also a consolidated review process for issuers wishing to offer a program in several states. The issuers file a single application and are promised a response within 60 days. Two participating states lead the review, and when these reviewers approve the offering, all the participating states approve it at the same time.

Accredited investor is an individual or institution that meets minimum income or net worth standards the Securities or Exchange Commission (SEC) requires for investing in certain private placements. Offerings made to accredited investors do not require the same level of disclosure that is required for less affluent investors.

Closed-end funds sell shares in an initial public offering and list on an exchange where the shares trade at their market price.

Due diligence is the thorough investigation of an investment offering to evaluate the issuer's financial and legal standing, the business plan, and other factors that may influence the success or failure of the venture.

Exempt security is one that is not required to be registered with the SEC based on criteria such as the investors who will qualify to participate, the amount of money the issuer intends to raise, and in some cases the period over which the fund raising will take place.

Fiduciary is a person or institution responsible for making decisions on behalf of a beneficiary and is legally obligated to act in the beneficiary's best interest at all times. Some but not all investment professionals are fiduciaries.

Illiquid describes an asset that cannot be converted to cash quickly and easily at its fair market value.

Limited partnership (LP) is a business entity with one or more general partners who manage its operations and are legally liable for its debts, and one or more limited partners who have no management responsibility and no liability. An LP is organized under the rules of the state where it is established.

Liquidity event occurs at the end of a non-traded REIT or BDC term, when the investment's managers follow an exit strategy to dispose of the program's assets. Any net gains from the disposition are passed on to investors as part of their total return unless done as a tax-free merger.

Net asset value (NAV) is what one share, or unit, of a pooled investment is worth at any given time, based on the value of the pooled investment's holdings. With a traded investment, the fund managers calculate NAV at the end of every trading day by dividing the aggregate market value of the fund holdings, minus expenses, by the number of outstanding shares. With a non-traded investment,

NAV is usually calculated less frequently and often by reference to an asset's fair value.

Non-correlation is when the returns of two different categories of investments do not move up or down in tandem. That's because the return on one category is not impacted by the same market forces that impact the return on the other.

Non-traded describes an investment that is not listed on a national exchange or traded over-the-counter (OTC). Rather, it is sold in an extended offering period and is designed to be held for a specific term, often in the 7 to 12 year range.

Private placements are investments that are not required to register with the SEC, are not publicly traded, and are typically offered only to investors who meet certain income or net worth standards or have allocated no more than a set percentage of their portfolios to non-traded securities.

Private Placement Memorandum (PPM) is a legal document that a company planning to offer a security in a private placement must provide to prospective investors. The PPM provides details about the offering's terms, objectives, risks, and other information.

Program is a non-traded investment that is sponsored by an offering company and sold to individual and institutional investors.

Prospectus is a written document that is required to provide enough detail about an investment offering, including its objective, risk profile, and fees, to enable potential investors to make an informed decision about whether to purchase it or not.

Return of investment means an investor is repaid investment principal. This amount is not usually taxable, though there may be exceptions.

Return on investment is the gain an investor realizes on investment principal. This gain is generally taxable, at whatever rate applies, when the investor realizes it in a taxable account. When the investment is held in a tax-deferred account, generally no tax is due immediately and the return becomes part of the account balance and is taxed at withdrawal.

Sponsor is the person or firm that creates non-traded investment programs and offers shares, or units, to potential investors through broker-dealers and other intermediaries.

Guide to Alternative Investments provides a complete overview of the range of alternatives that are available to investors, including REITs and BDCs, energy and leasing programs, alternative mutual funds, and private placements.

The potential benefits of these investments for investors is explored in depth, with discussions of diversification, income streams, and tax reduction tools. Also covered in the booklet is investor suitability, regulation, and the importance of pre-investment investigation as well as tracking alternative investment performance.



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Exhibit F

Northwest Quadrant Alternative Investments
Opportunity Fund, LLC Marketing Brochure

Northwest
Quadrant
Alternative
Investments
Opportunity
Fund, LLC



A message from:

Dr. Paul M. Wendee
Managing Director
Northwest Quadrant Alternative Investments
Opportunity Fund, LLC



Thank you for your interest in the **Northwest Quadrant Alternative Investments Opportunity Fund, LLC**. As you read through this brief description of the fund, you will discover the criteria it takes to make a great investment.

In this brochure we will show you how we construct our portfolios, the analytical process we use, and the factors we consider before choosing the asset classes, the individual assets, and the asset managers in which we invest.

The Northwest Quadrant Mission Statement

Whether or not you invest with us, our mission is to educate and empower you with the knowledge and the information that can help you make an informed investment decision, because we believe a well-informed investor is a successful investor.

One of my greatest passions is education. I have been teaching university courses in business, strategy, management, investments, economics, entrepreneurship, and finance to university students worldwide for more than 30 years.

I am currently teaching at two major universities in Southern California. A number of my students are and have been professionals in various fields including as registered investment advisors (RIAs), Certified Public Accountants (CPAs), and investment bankers.

I want to thank you again for your interest in the **Northwest Quadrant Alternative Investments Opportunity Fund, LLC**. Please take the time to review the fund with your financial adviser. We are always available to answer questions. We look forward to being partners with you in achieving investment success.

Dr. Paul M. Wendee



Northwest Quadrant Alternative Investments Opportunity Fund Goals

By utilizing and leveraging our more than 40 years of experience in portfolio management, investment due diligence, and our extensive network in the alternative investment arena, **Northwest Quadrant Alternative Investments Opportunity Fund, LLC** is able to engineer and construct a powerful investment vehicle that seeks to provide low-risk and high-return investments. We do this with our **Double Alpha Strategy** of:

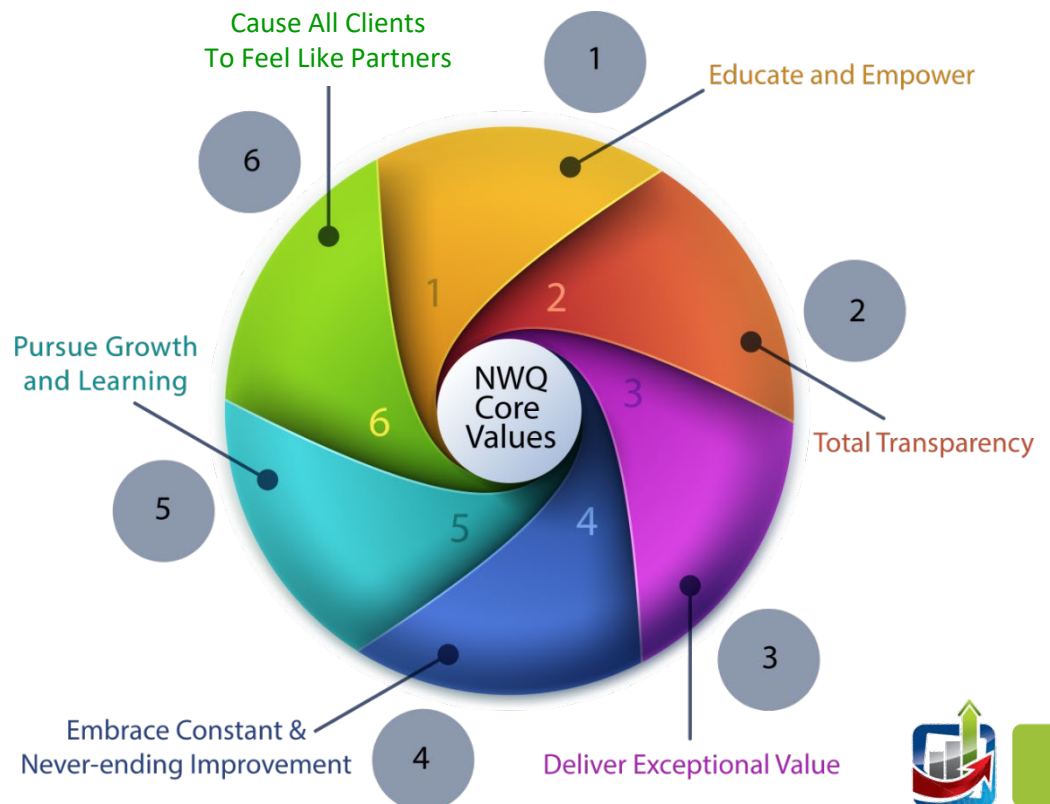
1. Picking highly qualified asset managers; and
2. Diversifying across asset classes, individual assets, and asset managers.

Our objective is to build a diversified portfolio of strong, solid, steady-performing assets, with highly qualified asset managers who have proven track records that meet our underwriting requirements.

The Goals of the **Northwest Quadrant Opportunity Fund, LLC** are:

- Generation of Cash Flow
- Preservation of Capital
- Asset Appreciation
- Achieving Potential Tax Benefits

NWQ Core Values



Your Portfolio and Diversification

Diversification is one of the most essential strategies in protecting your investment portfolio. When investment advisors speak of diversification in a portfolio, they typically are referring to an allocation of 60% in stocks and 40% into a combination of bonds and cash. While that does provide a level of diversification, that still leaves considerable risk when there are swings in the market.

On the other hand, **True Diversification** can reduce your risk dramatically.

The Double Alpha Strategy and True Diversification

True Diversification

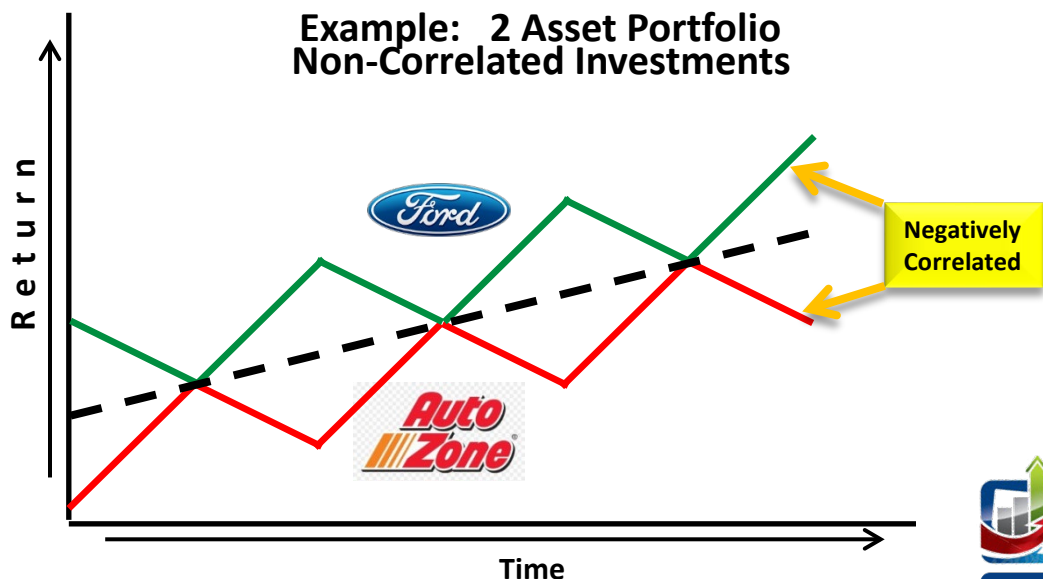
True Diversification achieves portfolio returns while substantially reducing portfolio risk.

How does True Diversification work?

In our ***Double Alpha Strategy*** portfolios, we acquire 10 to 15 alternative assets that are low-correlated or non-correlated with each other and other asset classes.

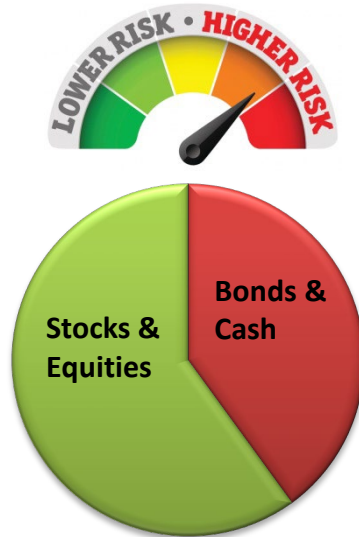
Click [here](#) to watch this video and see exactly how non/low-correlated investments work.

The graphic below is an example of how low-correlated and non-correlated investments interact with each other to reduce risk as demonstrated in this video, [Click here to view the video](#).

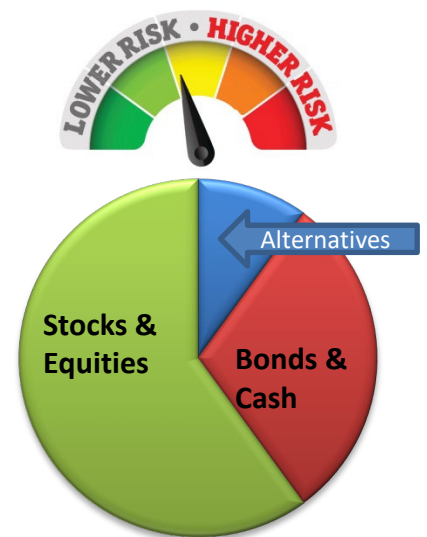


A Well-Balanced Portfolio With True Diversification Can Reduce Your Risk Dramatically

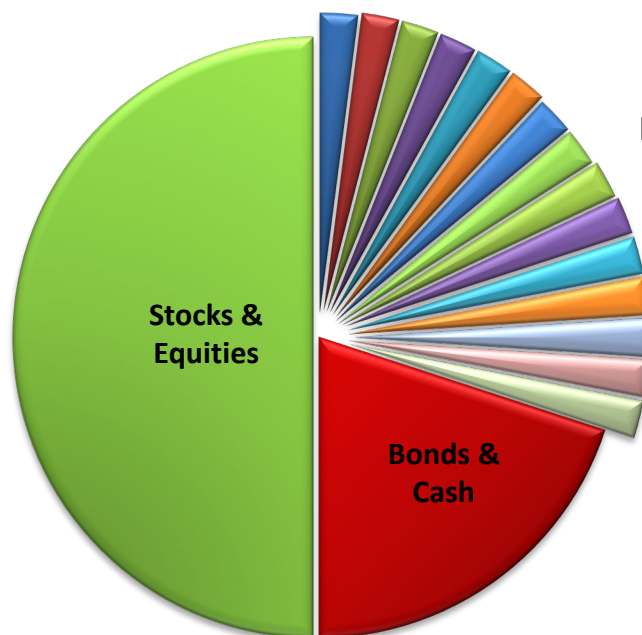
Traditional 60/40 Portfolio



Traditional 60/40 Portfolio with Alternatives

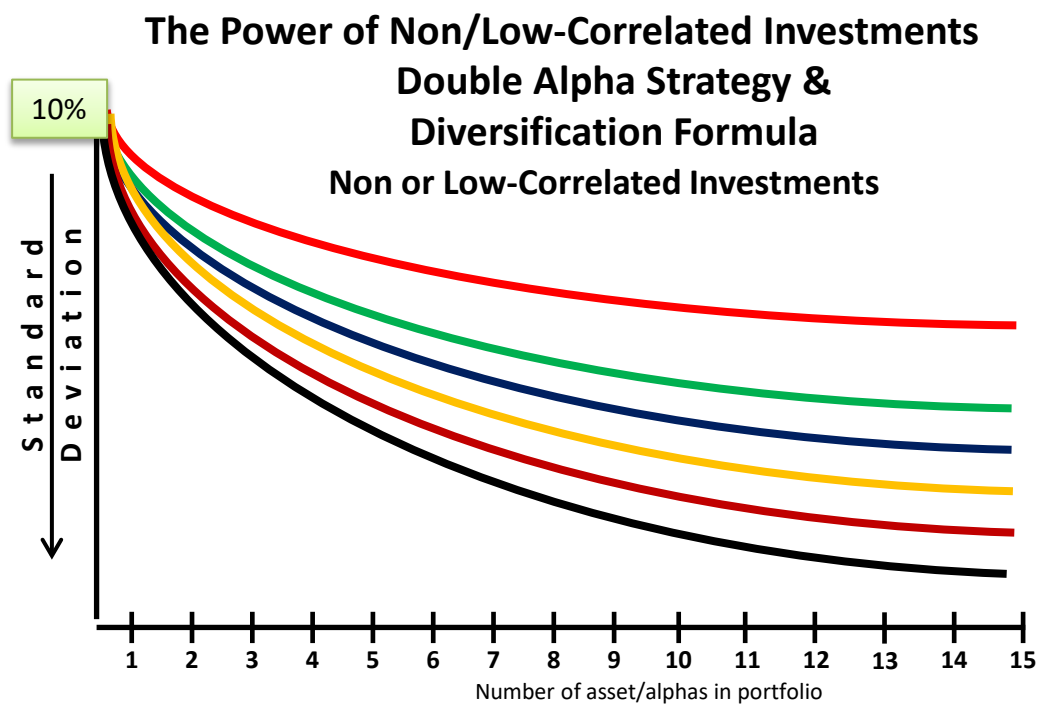


The Double Alpha Strategy True Diversification – Well-Balanced Portfolio



60/40 Portfolio
with 10-15
Non or Low-Correlated
Alternative Assets





[Click here to watch this video](#)

Watch the explanation how non/low-correlated investments work.

The chart pictured above demonstrates how the combined risk of non/low-correlated assets interact with each other.

This model assumes that:

- All the assets have a 10% return with different levels of correlation.
- Assets have a correlation range of 60% down to a 0%.
- A one-asset portfolio has a 10% return and a 10% risk factor.
- As more investments are added with low correlation, the curved lines demonstrate how the portfolio risk is reduced.

This chart demonstrates how having assets with low or non-correlation in a portfolio reduces the risk of a portfolio. The lower the correlation and the more assets that are added, the lower the portfolio risk. The formula to calculate the standard deviations and correlations between the assets is very complex and requires an extensive algorithm.

The Northwest Quadrant Alternative Investments Opportunity Fund, LLC intends to invest in 10-15 low-correlated or non-correlated assets managed by asset managers experienced in various alternative asset classes.



The Four Important Steps We Follow When Constructing Our Portfolios

1. We survey the entire universe of alternative investments and pick what we believe are the best asset classes and individual assets.
2. From there we pick investments from asset managers who we believe are proven performers and who offer the best potential for future performance.
3. Then our due diligence partners inspect and thoroughly vet the sponsors and the investments.
4. We then construct our portfolio from the chosen asset classes, asset managers, and individual assets.

The fundamental mission of the **Northwest Quadrant Alternative Investments Opportunity Fund, LLC** is to create *Intrinsic Value* for our investor partners. While intrinsic value may be an unfamiliar term to some people, intrinsic value can be thought of simply as shareholder value.

We create intrinsic value with our **Double Alpha Strategy** of:

1. Picking highly qualified asset managers; and
2. Diversifying across asset classes, individual assets, and asset managers.

Dr. Wendee is a recognized expert on intrinsic value and shareholder value creation. For more information on intrinsic value and shareholder value creation, please visit the [Intrinsic Value Wealth Report Newsletter](#).

*"Most people are always in search of that one great investment. And It is important to have a great investment, but no one single great investment can compete with the power of **true diversification** through non-correlated or low-correlated investments."*

Dr. Paul M. Wendee



Why Should You Invest With The Northwest Quadrant Alternative Investments Opportunity Fund?

What makes alternative investments so attractive is the high returns relative to other investments and the low correlation that they often have with the stock market and other investments.

When most people think of investing, they normally think of the stock and bond markets. That's because the news media is filled with information about what's happening in the stock market.

On the other hand, alternative investments never receive the amount of press coverage that large companies that trade on the stock market get. This lack of media coverage is one of the reasons why it's more challenging to find great alternative investments. Furthermore, there are only a few specialized marketplaces where investors can find alternative investments. And most investors don't have the research and due diligence resources and experience to thoroughly vet these investments in order to make a well-informed investment decision.

We believe that alternative investments, for suitable investors, can be used to get higher returns and to better diversify investment portfolios in order to mitigate the investment risks associated with publicly-traded equities and bonds. The **Northwest Quadrant Alternative Investments Opportunity Fund, LLC** may be suited for investors seeking the potential for:

- Regular Cash Distributions
- Preservation of Capital
- Asset Appreciation
- Portfolio Diversification
- Higher Overall Returns



**Preserve, Protect &
Return Capital**



**Regular Cash
Distributions**



Growth



**About Dr. Paul M. Wendee
Managing Director
Northwest Quadrant Alternative
Investments Opportunity Fund, LLC**



Dr. Paul M. Wendee holds a Doctorate in Business Administration (DBA) degree. He has spent over 40 years studying, researching, investing in, and teaching some of the most powerful and profitable investment strategies that are designed to bring higher returns at a much lower risk.

He has been over his extensive career, and is currently, a financial planner, entrepreneur, investment banker, business economist, securities analyst, portfolio manager, private equity fund manager, and angel investor.

Dr. Wendee clearly understands how important it is to perform thorough due diligence on investments. As an investment banker with many years of successfully investing in the alternative investment markets, he has seen first-hand how important it is to conduct thorough due diligence and to completely know and understand the sponsors of the alternative investments in which he and his investor-partners invest.

For More Information and an Offering Memorandum

Contact Us:

pwendee@pmwassoc.com

(949) 919-2853



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Investors and potential investors should make an independent evaluation of any and all information such investor deems necessary prior to committing to any investment. This may contain forward looking statements including statements regarding our intent, belief or current expectations with respect to business practices, market conditions, operations or economic forecasts. Readers should not place undue reliance on these forward-looking statements. Past performance metrics noted are not guarantees of future results. Actual results of any investment may vary in significant or material positive or negative ways. Private placement investments are NOT bank deposits (thus NOT insured by the FDIC or by any other federal governmental agency) and are NOT guaranteed by NorthWest Quadrant Opportunity Fund, and MAY lose value. Neither the Securities and Exchange Commission nor any federal or state securities commission or regulatory authority has recommended or approved any investment or the accuracy or completeness of any of the information or materials provided by or through the website. Investors must be able to afford the loss of their entire investment. Any offerings or investments hereunder are being offered under SEC Regulation D, 506c. This website is intended solely for the use of accredited investors only.

