INVESTOR GUIDE

Altegris KKR Commitments Fund
Altegris invites accredited investors to gain broad exposure to private equity managed by Kohlberg Kravis Roberts & Co. (KKR) via the Altegris KKR Commitments Fund, a continuously offered closed-end fund.
At KKR, culture affects results

A private equity pioneer associated with the successful execution of many of the largest and most complex private equity transactions worldwide

KKR

One investment team, one investment culture

Founded in 1976 by Henry Kravis and George Roberts, Kohlberg Kravis Roberts & Co. LP (KKR) has evolved through more than three decades of global economic cycles and changes and grown into a leading global investment firm with $98.6 billion in assets under management.

INDUSTRY EXPERTISE

KKR has completed over 315 transactions with approximately $500 billion of total enterprise value in approximately 25 industries.

DISCIPLINED INVESTMENT PROCESS

Each investment decision is predicated on a clear thesis, utilizing KKR’s resources and knowledge, which includes working with portfolio company senior managers to help identify and implement operational improvements.

PROPRIETARY SOURCING

Experienced and dedicated sourcing professionals utilize the full network comprised of long-standing relationships to find opportunities.

VALUE ENHANCEMENT

KKR invests only when it believes a competitive advantage exists in sourcing, analysis or diligence findings.

There is no guarantee that any investment will achieve its objectives, generate profits or avoid losses.

1 Transactions include over 250 investments in portfolio companies and 66 follow-on investments in these companies.

KKR information is provided by KKR or derived from materials approved for use by KKR and is believed to be accurate and reliable. Altegris Advisors cannot guarantee the accuracy of, or be responsible for the timeliness, completeness or suitability for use of such information. Information is as of December 31, 2014 unless otherwise noted. KKR is neither a sponsor, promoter, adviser nor affiliate of the Altegris KKR Commitments Fund.

Private equity strategies with strong global presence across the Americas, Europe and Asia

» Buyouts
» Special situations
» Infrastructure
» Real estate
» Direct lending/mezzanine

An investment process with the potential to create multiple investment opportunities and economic growth

Structured diligence and investment review processes allow KKR’s Investment Committees to be highly selective in identifying attractive opportunities.

~3,000

Global investment opportunities that KKR deal teams spent significant time evaluating since January 1, 2012

~395

Discrete global opportunities discussed with KKR’s investment committee

91

Global investments announced or closed

2 Most investments are presented to the Investment Committee numerous times throughout the diligence process, however this count includes each individual investment opportunity once and does not include subsequent presentations.

3 Includes transactions/commitments closed or announced for the period 1/1/12 to 12/31/14. Excludes follow-on transactions and confidential investments.

As of December 31, 2014 unless otherwise noted; includes private equity and real asset opportunities; includes a small number of opportunities related to existing KKR portfolio companies.

All investments contain risks and private equity is subject to a set of unique risks. Of course, due diligence is not a panacea against investment failures or even against fraud.
KKR’s firm history
An extensive heritage in private equity

1976
KKR FOUNDED
Henry Kravis and George Roberts make this decision over dinner at Joe and Rose Restaurant

1982
FIRST STATE PUBLIC PENSION FUNDS INVEST IN KKR’S PRIVATE EQUITY FUNDS
The states involved in this maiden allocation are Oregon, Washington State, and Michigan

1984
KKR RAISES ITS FIRST $1.0 BILLION INSTITUTIONAL FUND

1998
KKR EXPANDS ITS EUROPEAN FOOTPRINT
With the opening of the London office, the European investment platform is further developed

2002
KKR CAPSTONE ENTITY IS OFFICIALLY DEVELOPED
Consists of operations professionals with knowledge across KKR portfolios; KKR Capstone is an integral part of value creation through operational efficiencies and cross-portfolio programs

2004
KKR’S CREDIT INVESTING PLATFORM IS LAUNCHED
Utilizing the firm’s differentiated strengths with a range of products such as leveraged and alternative credit, KKR Credit gives clients a broad range of active investment strategies

2006
KKR CAPITAL MARKETS IS LAUNCHED
Providing innovative financial solutions, KKR Capital Markets supports the firm, portfolio companies and clients

2008
THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PLATFORM IS CREATED
The KKR Green Portfolio Program, in partnership with the Environmental Defense Fund, launches with a focus on creating shared value

2009
KKR EXPANDS TO THE MIDDLE EAST AND INDIA
Office openings in Dubai and Mumbai

2011
GLOBAL MACRO AND ASSET ALLOCATION TEAM IS FORMED TO PROVIDE INSIGHTS ON THE ECONOMY
Works with deal teams across KKR on macro considerations, manages balance sheet capital, advises clients on asset allocation decisions, and provides macro commentary

2012
KKR EXPANDS HEDGE FUND CAPABILITIES
With the acquisition of KKR Prisma

2013
DEEPER COMMITMENT TO LATIN AMERICA
KKR opens São Paulo office

THE KKR GLOBAL INSTITUTE IS CREATED
To provide insights on geopolitical and global trends

LAUNCH OF MERCHANT CAPITAL SOLUTIONS
A capital markets platform focused on mid-market companies; in partnership with Canada Pension Plan Investment Board (CPPIB) and Stone Point Capital

2014
KKR EXPANDS ITS EUROPEAN CREDIT BUSINESS
With the acquisition of Avoca Capital

KKR EXTENDS REACH IN THE AMERICAS AND EUROPE
KKR opens offices in Calgary and Madrid

KKR ACQUIRES KKR FINANCIAL HOLDINGS, LLC
Adding scale, diversification and greater balance sheet liquidity and yield

KKR INVESTS IN BLACKGOLD CAPITAL MANAGEMENT
A credit-oriented hedge fund specializing in energy and hard asset investments

4 References to “KKR Capstone” or “Capstone” are to all or any of KKR Capstone Americas LLC, KKR Capstone EMEA LLP, KKR Capstone EMEA (International) LLP, KKR Capstone Asia Limited, and their affiliates, which are owned and controlled by their senior management. KKR Capstone is not a subsidiary or affiliate of Kohlberg Kravis Roberts & Co. L.P. or its affiliates (together, “KKR”). KKR Capstone operates under several consulting agreements with KKR and uses the “KKR” name under license from KKR. References to operating executives, operating experts, or operating consultants are to employees of KKR Capstone and not to employees of KKR. In this presentation, the impact of initiatives in which KKR Capstone has been involved is based on KKR Capstone’s internal analysis and information provided by the applicable portfolio company. Impacts of such initiatives are estimates that have not been verified by a third party and are not based on any established standards or protocols. They may also reflect the influence of external factors, such as macroeconomic or industry trends, that are unrelated to the initiative presented.
Opportunity in private equity

Significant market depth creates multiple opportunities through investments in private companies

EXCHANGE LISTED COMPANIES versus PRIVATE COMPANIES

AS OF MARCH 2014

<table>
<thead>
<tr>
<th>Listed Companies</th>
<th>Private Companies</th>
</tr>
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<tbody>
<tr>
<td>0.7%</td>
<td>3.5%</td>
</tr>
<tr>
<td>19.2%</td>
<td></td>
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</tbody>
</table>

Percentage of listed domestic companies on US exchanges versus the total number of US private sector firms with 20+ employees.

Percentage of listed domestic companies on US exchanges versus the total number of US private sector firms with 100+ employees.

Percentage of listed domestic companies on US exchanges versus the total number of US private sector firms with 500+ employees.

There is no guarantee that any investment will achieve its objectives, generate profits or avoid losses.

Vintage is the year of a fund’s formation and first drawdown of capital. A curve is the concept that the curve depicted by plotting the returns generated by a private equity fund against time (from inception to termination) will resemble the letter “J.”

5 Depicts the percentage of listed domestic companies on US exchanges versus the total number of US private sector firms, not seasonally adjusted. Listed companies on US exchanges is derived from the number of domestic companies on the NASDAQ OMX and NYSE as of March 2014; excludes foreign companies listed on these exchanges. Date range based on common date of data availability from sources.


Three ways to participate in private equity

PRIMARY MARKET

This investment type is comprised of new funds, with the majority of capital not yet invested. Each vintage is typically focused on one strategy and/or geography.

SECONDARY MARKET

Secondary investments offer access to more mature funds that were once primaries. Capital is largely invested with greater knowledge of existing holdings. The secondary market can potentially mitigate negative returns associated with the early part of the J-curve. Secondary investments also provide diversification across vintages, geographies, sectors and strategies.

CO-INVESTMENTS

A direct investment into a portfolio company or operating company alongside the private equity managers.
The case for private equity

Potential benefits

HISTORICAL OUTPERFORMANCE
With lower volatility to publicly-traded equities. 6

DIVERSIFICATION
Including private equity in a balanced portfolio can improve its overall diversification.

FOCUS ON VALUE CREATION
Active private equity firms partner with companies’ management team with the goal of achieving growth and improving productivity.

SEEKING TO CREATE SUSTAINABLE VALUE
May incorporate environmental, social and governance factors into decision-making processes.

VALUE of an INITIAL $1,000 INVESTMENT
LOGARITHMIC SCALE | APRIL 1986 – SEPTEMBER 2014

Demonstrated historical outperformance of private equity versus public equities

Over the common time period of April 1986 through September 2014, private equity, as represented by the Cambridge US Private Equity Index, exhibited historical annualized standard deviation of 11.2%, whereas public equities, as represented by the S&P 500 Total Return Index, exhibited historical annualized standard deviation of 15.3%. 7 Source: 2014 NACUBO-Commonfund Study of Endowments. Includes private equity (LBOs, mezzanine, M&A funds and international private equity), venture capital, and private equity and real estate (non-campus).

Everyone cannot invest like an institution. Institutions are professional money managers who have unique access and the ability to perform extensive due diligence on managers. Many investors’ experience, financial means, objectives, risk tolerance, and time frame will differ from that of institutions, and they may not be able to access the same investment opportunities as institutions. These factors should be taken into consideration when creating an allocation to alternatives. The above should not be construed as investment advice. Diversification does not ensure profit nor protect against loss.

Volatility can be measured by standard deviation, which is a statistical measure of how consistent returns are over time; a lower standard deviation indicates historically less volatility. Correlation is a statistical measure of how two securities move in relation to each other.

Institutional investors have invested in private equity for decades; endowments allocated 21 percent of assets to private equity 7

Past performance is no guarantee of future results. There is no guarantee that any investment will achieve its objectives, generate profits or avoid losses. There are significant differences between public and private equities, which include but are not limited to, the fact that public equities have a lower barrier to entry than private equities. There is also greater access to information about public companies. Private equities typically have a longer time horizon than public equities before profits, if any, are realized. Additionally, public equities provide greater liquidity whereas private equities are considered highly illiquid.

Cambridge US Private Equity Index data based on quarterly returns. S&P 500 Total Return Index data based on monthly returns. Date range based on common period of data availability. The referenced indices are shown for general market comparisons and are not meant to represent any particular investment. An investor cannot invest directly in an index. Moreover, indices do not reflect commissions or fees that may be charged to an investment product based on the index, which may materially affect the performance data presented. Source: Cambridge Associates, Pertrac based on data from S&P.
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**Why should private equity be a part of your portfolio?**

Adding private equity can potentially enhance a portfolio’s risk/return profile

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### TRADITIONAL PORTFOLIO

- **US Stocks**: 60%
- **Bonds**: 40%

**指标**

- **Total Return**: 1,133%
- **Annualized Return**: 9.2%
- **Annualized Standard Deviation**: 9.5%
- **Worst Drawdown**: -30.8%
- **Sharpe Ratio**: 0.71

### TRADITIONAL PORTFOLIO plus PRIVATE EQUITY

- **US Stocks**: 40%
- **Bonds**: 60%
- **Private Equity**: 10%

**指标**

- **Total Return**: 1,258%
- **Annualized Return**: 9.6%
- **Annualized Standard Deviation**: 8.3%
- **Worst Drawdown**: -27.4%
- **Sharpe Ratio**: 0.86

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**Time period: April 1986–September 2014**, data range based on common period of data availability. This is a hypothetical illustration. Past performance is not indicative of future results. There is no guarantee that any investment will achieve its objectives, generate profits or avoid losses. The above is not intended, and should not be construed as asset allocation advice. Private equities may not be suitable for everyone. These allocations are based on Altegris’ views about what historically constitutes a traditional portfolio and how it can be further diversified by adding an allocation to private equities. Differences may not equal due to rounding.

Returns are represented by benchmark indices for general market comparisons and are not meant to represent any particular investment. An investor cannot invest directly in an index. Moreover, indices do not reflect commissions or fees that may be charged to an investment product based on the index, which may materially affect the performance data presented. Indices: US Stocks: S&P 500 TR Index; Bonds: Barclays US Aggregate Bond Index; Private Equity: Cambridge US Private Equity Index. Cambridge US Private Equity Index data based on quarterly returns, all other index data based on monthly returns. Source: Altegris, Barclays, Cambridge Associates, Pertrac based on data from S&P.

Standard deviation is a statistical measure of how consistent returns are over time; a lower standard deviation indicates historically less volatility. Drawdown measures the peak to valley loss relative to the peak for a stated time period. Sharpe Ratio measures return in excess of the risk-free rate, per unit of risk, as measured by standard deviation; assumed risk-free rate is 2.5%.

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### Altegris KKR Commitments Fund Features

Potential diversification across diverse strategies, investment types, vintage years and geographies

- Investments will be diversified across strategies, with a bias toward buyout and special situation opportunities
- Seeks to allocate assets to primary and secondary investments, as well as co-investment opportunities
- Expects to place heavy emphasis on secondaries and co-investments early in the Fund’s life

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**EXPOSURE to KKR**

- **Obtain Diversified Exposure to KKR Private Equity**
- **Lower Minimum Investment than Traditional Private Equity**
- **1099 Tax Reporting and NO CAPITAL CALLS**

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Diversification does not ensure profit nor protect against loss. There is no guarantee that any investment will achieve its objectives, generate profits or avoid losses. The Fund’s strategy may be adjusted based on the Investment Advisers’ analysis of the private equity market, the Fund’s existing portfolio at the relevant time, and other pertinent factors. There can be no assurance that the Fund’s strategy assumptions will be implemented as described above.

Primary investments are investments in newly offered private equity investment funds. Secondary investments represent existing private equity fund interests acquired from third parties in a secondary market transaction. Co-investment is a direct investment in an operating company made alongside a private equity fund manager. Cash drag in regards to a primary offering refers to the fact that a primary investment is typically required to initially fund only a small percentage of its total capital commitment. This initial funding may be followed by subsequent drawdowns (the timing and size of which will vary and often come with short notice) as needed to make new investments. The investor may hold cash uninvested in order to have it on hand to satisfy later drawdowns, which can result in a drag on performance.
Altegris KKR Commitments Fund
Combining the talent of a premier alternative investment provider and proven private equity expert

Investment Adviser
ALTEGRIS ADVISORS, LLC
As the Master Fund’s investment adviser, Altegris Advisors determines the final investment selection and portfolio construction
» Veteran alternative investment expert and an industry leader in 1940 Act alternatives
» Institutional caliber research team focused solely on alternative investments
» Extensive experience in portfolio construction and allocation

Sub-adviser
STEPSTONE GROUP LP
As the Master Fund’s sub-adviser, StepStone Group recommends primary, secondary, and co-investment opportunities, and advises on portfolio construction
» Information and sourcing advantages provided by diverse investment activities
» Oversees $60 billion in private capital allocations *
» 150 professionals on four continents *

INVESTMENT TERMS and CONDITIONS
Investment Objective: The Fund seeks long-term capital appreciation

General Terms
INVESTMENT MINIMUM A
$25,000
INVESTMENT QUALIFICATIONS B
Accredited investor eligibility as defined by Rule 501(a) of Regulation D under the Securities Act of 1933, as amended. Generally, individuals with net worth of $1 million (excluding primary residence); entities with $5 million in total assets
SHARE REPURCHASES (I.E., POTENTIAL LIQUIDITY) C
Will not commence for at least two full calendar years following commencement of Fund operations; beginning in the third year, the Investment Adviser will recommend to the Fund’s Board of Trustees ("Board") that the Fund offers to repurchase Shares from Shareholders on a quarterly basis, in an amount not to exceed 5% of the Fund’s net asset value ("NAV"), subject to the discretion of the Board to make such tender offer each quarter.
EARLY REPURCHASE FEE D
Upon commencement of the Share repurchase program in the third year of Fund operations, any repurchase of Shares from a Shareholder which were held for less than one year will be subject to a 2% NAV fee on shares repurchased

INVESTOR GUIDE

RISKS ASSOCIATED with an INVESTMENT in the FUND

The discussions of the various risks associated with the Fund and the Shares are not, and are not intended to be, a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective investors should read the entire Prospectus and consult with their own advisors before deciding whether to invest in a Fund. An investment in the Fund involves a high degree of risk and may involve loss of capital, up to the entire amount of a Shareholder’s investment. Other risks include:

» The Master Fund expects to invest a substantial portion of its assets in Investment Funds managed by Investment Managers affiliated with KKR, and therefore may be less diversified, and more subject to concentration risk and/or Investment Manager-specific risk, than other funds of private equity funds. If the Fund determines that its focused investment strategy on KKR Investment Funds and Co-Investment Opportunities is no longer appropriate or desirable, the Master Fund would allocate its assets to other non-KKR investment opportunities, which may expose the Fund to other risks or make it more difficult for the Fund to achieve its investment objective.

» The Fund’s performance depends upon the performance of the Investment Managers and selected strategies, the adherence by such Investment Managers to such selected strategies, the instruments used by such Investment Managers and the Advisers’ ability to select Investment Managers and strategies and effectively allocate Master Fund assets among them. The Fund is organized to provide Shareholders with a multi-strategy investment program and not as an indirect way to gain access to any particular KKR or other Investment Fund. The Master Fund’s investment portfolio will consist of Investment Funds which hold securities issued primarily by privately held companies, and operating results for the portfolio companies in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

» The securities in which an Investment Manager may invest may be among the most junior in a portfolio company’s capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

» Subject to the limitations and restrictions of the Investment Company Act of 1940, the Master Fund may use leverage by borrowing money for investment purposes, to satisfy repurchase requests and for other temporary purposes, which may increase the Fund’s volatility. Leverage is a speculative technique that exposes the Fund to greater risk and higher losses than if it were not implemented. The Master Fund will have to pay interest and dividends on its borrowings, which may reduce the Fund’s current income.

» An Investment Manager’s investments, depending upon strategy, may be in companies whose capital structures are highly leveraged. Such investments involve a high degree of risk, in that adverse fluctuations in the cash flow of such companies, or increased interest rates, may impair their ability to meet their obligations, which may accelerate and magnify declines in the value of any such portfolio company investments in a down market.

» Fund Shareholders will bear two layers of fees and expenses: asset-based fees and expenses at the Master Fund level, and asset-based fees, carried interests, incentive allocations or fees and expenses at the Investment Fund level. There are also fees and expenses borne by the Shareholders of the Feeder Fund.

» The Fund is a non-diversified fund which means that the percentage of the Master Fund’s assets that may be invested in the securities of a single issuer is not limited by the Investment Company Act of 1940. As a result, the Master Fund’s investment portfolio may be subject to greater risk and volatility than if investments had been made in the securities of a broad range of issuers.

» Fund Shareholders will have no right to receive information about the Investment Funds or Investment Managers, and will have no recourse against Investment Funds or their Investment Managers.

» The Fund is subject to the risk that KKR and/or other Investment Managers may not provide information sufficient to ensure that the Fund qualifies as a Regulated Investment Company (“RIC”) under the Code. To qualify as a RIC under the Internal Revenue Code of 1986, an investment company must satisfy, among other requirements, certain ongoing asset diversification, source of income and annual distribution requirements.

» The Fund intends to qualify as a RIC under the Code, but may be subject to substantial tax liabilities if it fails to so qualify.

» The Fund is subject to risks associated with legal and regulatory changes applicable to private equity funds.

» The Securities and Exchange Commission (“SEC”) has been inspecting and continues to inspect advisers and general partners of private equity funds, which inspections to date have identified issues concerning, among other things, whether certain advisers and general partners have misallocated certain fees and expenses to the private equity funds to the detriment of their limited partners and/or may have breached their fiduciary duties to their limited partners. The SEC has initiated enforcement proceedings against certain advisers and general partners and may initiate other enforcement proceedings in the future.

» Proposed tax legislation in Congress, if adopted into law, could alter the favorable tax treatment of the carried interest earned by advisers and general partners of private equity funds, which could adversely affect the business of these advisers and general partners.

» The Master Fund will invest a substantial portion of its assets in Investment Funds that follow a particular type of investment strategy, which may expose the Fund to the risks of that strategy.

» The Master Fund’s investments in Investment Funds (which will constitute a vast majority of the Master Fund’s investments), and many of the investments held by the Investment Funds, will be priced in the absence of a readily available market and may be priced based on determinations of fair value, which may prove to be inaccurate. Neither the Advisers nor the Board of Trustees will be able to confirm independently the accuracy of the Investment Managers’ valuations (which are unaudited, except at year-end). This risk is exacerbated to the extent that Investment Funds generally provide valuations only on a quarterly basis. While such information is provided on a quarterly basis, the Fund will provide valuations, and will issue Shares, on a monthly basis.

» The Fund may not be able to vote on matters that require the approval of Investment Fund investors, including matters that could adversely affect the Master Fund’s investment in such Investment Fund.

» The Master Fund may receive from an Investment Fund an in-kind distribution of securities that are illiquid or difficult to value and difficult to dispose of.

» There is no market exchange available for Shares of the Fund thereby making them illiquid and difficult to dispose of.

» The Master Fund will allocate to multiple Investment Funds, resulting in investment-related expenses, such as additional layers of expenses, including management fees and performance fees, that may be higher than if the Master Fund invested in other types of securities.

» Investment Funds located outside of the US may be subject to withholding taxes in such jurisdictions, which may reduce the return of the Fund and thus indirectly reduce the return of the Shareholders.

» Investment Funds will not be registered as investment companies under the Investment Company Act of 1940 and, therefore, the Fund and Fund Shareholders, as indirect limited partners or members in such Investment Funds, may not avail themselves of 1940 Act protections.

» The Fund will be registered as an investment company under the 1940 Act, which may limit its investment flexibility compared to a fund that is not so registered.

» Investment Managers may invest the Investment Funds’ assets in securities of early-stage venture investments which may result in or contribute to significant losses to the Fund.

» The Master Fund may maintain a sizeable cash position in
RISKS ASSOCIATED with an INVESTMENT in the FUND (continued)

Anticipation of funding capital calls. As a result, the Master Fund generally will not contribute the full amount of its commitment to an Investment Fund at the time of its admission to the Investment Fund. Instead, the Master Fund will be required to make incremental contributions pursuant to capital calls issued from time to time by the Investment Fund. The overall impact on performance due to holding a portion of the investment portfolio in cash or cash equivalents could be negative.

The Master Fund will employ an “over-commitment” strategy, which could result in an insufficient cash supply to fund Investment Fund commitments. Such a short fall would have negative impacts on the Master Fund, including an adverse impact on the Master Fund’s ability to pay for repurchases of Shares tendered by Shareholders or to meet expenses generally. Moreover, if the Master Fund defaults on its commitment or fails to satisfy capital calls in a timely manner then, generally, it will be subject to significant penalties, including the complete forfeiture of the Master Fund’s investment in the Investment Fund. Any failure by the Master Fund to make timely capital contributions in respect of its commitments may (i) impair the ability of the Master Fund to invest its program; (ii) force the Master Fund to borrow; (iii) indirectly cause the Fund, and, indirectly, the Shareholders to be subject to certain penalties from the Investment Funds (including the complete forfeiture of the Master Fund’s investment in an Investment Fund), or (iv) impair any value of the Master Fund’s investments (including the devaluation of the Fund).

Investment Managers may invest the Investment Funds’ assets in securities of non-US issuers, including those in emerging markets, and the Master Fund’s assets may be invested in Investment Funds that may be denominated in non-US currencies, thereby exposing the Master Fund (and thus the Feeder Fund and the Shareholders) to various risks that may not be applicable to US securities.

An Investment Manager may focus on a particular industry or sector (e.g., energy, utilities, financial services, healthcare, consumer products, industrials and technology), which may subject the Investment Fund, and thus the Fund, to greater risk and volatility than if investments had been made in issuers in a broader range of industries.

An Investment Manager may focus on a particular country or geographic region, which may subject the Investment Fund, and thus the Fund, to greater risk and volatility than if investments had been made in issuers in a broader range of geographic regions.

An Investment Fund’s assets may be invested in a limited number of securities or portfolio companies which may subject the Investment Fund, and thus the Fund, to greater risk and volatility than if investments had been made in a larger number of securities.

Secondary investments may be acquired based on incomplete or imperfect information, and may expose the Master Fund to contingent liabilities, counterparty risks, reputational risks and execution risks. Additionally, the absence of a recognized “market” price means that the Master Fund cannot be assured that it is realizing the most favorable price in connection with trades in secondary.

While the Advisers will conduct independent due diligence before entering into a Co-Investment Opportunity, the Fund’s ability to realize a profit on such investments will be particularly reliant on the expertise of the lead investor in the transaction. To the extent that the lead investor in such a Co-Investment Opportunity assumes control of the management of the private company, the Fund will be reliant not only upon the lead investor’s ability to research, analyze, negotiate and monitor such investments, but also on the lead investor’s ability to successfully oversee the operation of the company’s business. The Master Fund’s ability to dispose of such investments is typically severely limited, both by the fact that the securities are unregistered and illiquid and by contractual restrictions that may preclude the Master Fund from selling such investment.

Accordingly, the Fund should be considered a speculative investment and entails substantial risks, and a prospective investor should invest in the Fund only if it can sustain a complete loss of its investment.

GLOSSARY

ACCREDITED INVESTOR. As defined in Rule 501(a) of Regulation D promulgated under the 1933 Act. An “accredited investor” includes a natural person with a net worth (or a joint net worth with that person’s spouse), excluding the value of such natural person’s primary residence, in excess of $1 million, or income in excess of $200,000 (or joint income with the investor’s spouse in excess of $100,000) in each of the two preceding years and has a reasonable expectation of reaching the same income level in the current year; and certain legal entities with total assets exceeding $5 million.

BUYOUT. Buyout funds seek to acquire private and public companies, as well as divisions of larger companies, and reposition them for sale at a multiple of invested equity by enhancing the value of the portfolio company.

CAPITAL CALL. Private equity funds issue capital calls to investors (limited partners) when a portion of their committed capital is needed to fund investments.

CASH DROP. Cash drop in regards to a primary offering refers to the fact that a primary investment is typically required to initially fund only a small percentage of its total capital commitment. This initial funding may be followed by subsequent drawdowns (the timing and size of which will vary and often come with short notice) as needed to make new investments. The investor may hold cash uninvested in order to have it on hand to satisfy later drawdowns, which can result in a drag on performance.

CO-INVESTMENT. Direct investment by a limited partner alongside a general partner in a portfolio company.

CORRELATION. A statistical measure of how two securities move in relation to each other. Correlation is computed into what is known as the correlation coefficient, which ranges between -1 and 1. Perfect positive correlation (a correlation co-efficient of +1) implies that as one security moves, either up or down, the other security will move in lockstep, in the same direction. Alternatively, perfect negative correlation means that if one security moves in either direction the security is perfectly negatively correlated will move by an equal amount in the opposite direction. If the correlation is 0, the movements of the securities are said to have no correlation; they are completely random.

DRAWDOWN. Measures the peak to valley loss relative to the peak for a stated time period.

J-CURVE EFFECT. A concept that during the first few years of a private equity fund, cash flow or returns are negative due to investments, losses, and start-up costs; but as investments produce results, the cash flow or returns will move upward so that a graph of cash flow or returns versus time would resemble the letter “J.”

PRIMARY INVESTMENT. Primary investments are investments in newly offered private equity investment funds.

SECURITIES ACT OF 1933. Often referred to as the “truth in securities” law, the Securities Act has two main objectives: 1) require that issuers selling securities to the public disclose material information to investors; and 2) establish laws to prohibit deceit, misrepresentations, and other fraudulent activities in the sale of securities. The full text of this act is available at: http://www.sec.gov/about/laws/lsa33.pdf.

SPECIAL SITUATION. Funds that focus on special situations investments typically make mezzanine or other debt investments that provide a middle level financing below the senior debt level of the capital structure and above the equity level. A typical special situation investment may include a loan to a borrower, together with equity in the form of warrants, common stock, preferred stock or some other form of equity investment. In addition, special situations investments may include other forms of investment, such as distressed debt, energy or utility investments and turnaround investments.

STANDARD DEVIATION. A statistical measure of how consistent returns are over time; a lower standard deviation indicates historically less volatility.

VINTAGE YEAR. The first drawdown of capital which is the first year the private equity fund begins investing.

INDEX DESCRIPTIONS and RISKS

BARCLAYS US AGGREGATE BOND INDEX. Represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the US investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a weekly basis. These specific indices include the Government/Credit Index, Government Index, Treasury Index, Agency Index, and Credit Index. KEY RISKS: interest rate risk–bond prices will decline if interest rates rise; credit risk–bond issuer may not pay income risk–income may decline.

CAMBRIDGE ASSOCIATES LLC US PRIVATE EQUITY INDEX. The Cambridge Associates US Private Equity Index is based on data compiled from more than 1,100 institutional-quality buyout, growth equity, private equity energy and mezzanine funds formed between 1988 and 2014. KEY RISKS: liquidity risk–inability to sell asset quickly; market risk-value may decline; country/regional risk–world events may adversely affect values.

S&P 500 TOTAL RETURN INDEX. The total return version of S&P 500 index. The S&P 500 index is unmanaged and is generally representative of certain portions of the US equity markets. For the S&P 500 Total Return Index, dividends are reinvested. All regular cash dividends are assumed reinvested in the S&P 500 index on the ex-date. Special cash dividends trigger a price adjustment in the price return index. KEY RISKS: stock market risk–stock prices may decline; country/regional risk–world events may adversely affect values.
Veteran experts in the art and science of alternatives

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