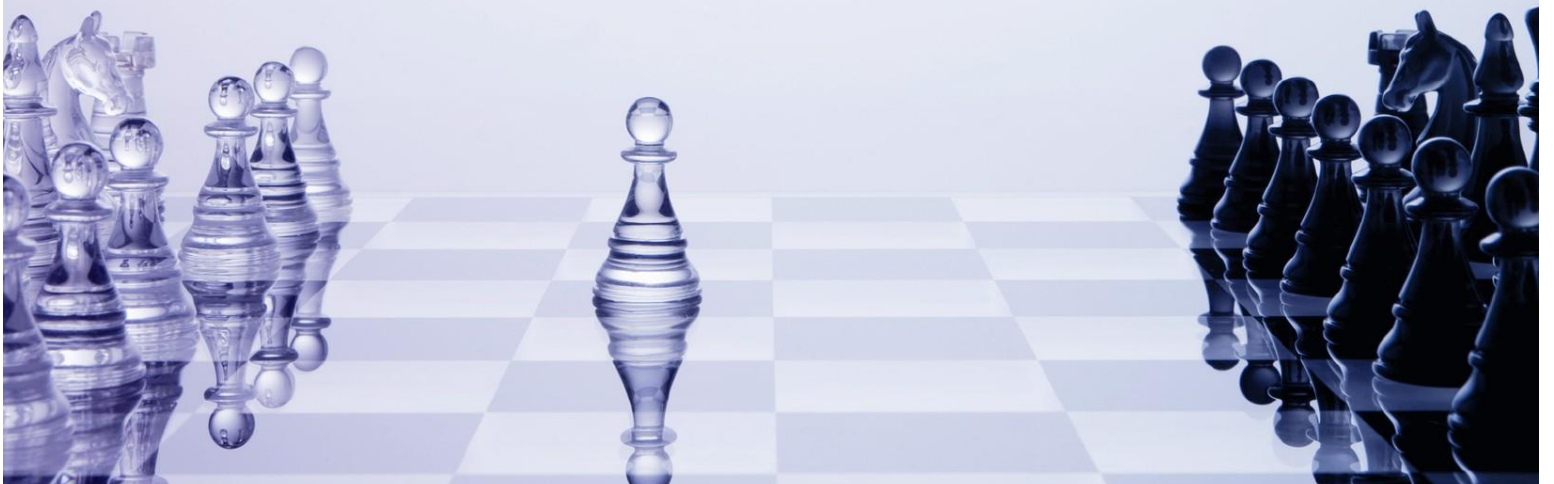




Paix et Prospérité

Your Global Financial Partners





Introduction to Paix et Prospérité Millennial Fund

As the name of my family of funds suggests, Paix et Prospérité, peace and prosperity, I am committed to creating wealth for my investors by achieving significant annual positive performance to be used to benefit mankind worldwide while controlling risk.

I have chosen the game of chess as a metaphor for how I invest. Like a Chess master, I plan several moves ahead but stay sensitive to daily turns and twists in the market. I anticipate their effect so I can respond, take appropriate action and win.

Where we differ from the traditional hedge fund in the United States and abroad is that we invest in equities globally wherever the best values may be at any given point in time analyzing and distilling the macro-economic, financial, regulatory, and geo-political data points in one region of the world and look at how it impacts other regions around the globe.

We have core beliefs serving as our compass guiding our economic and market perspective at all times.

Our values align with our investors such that they become our partners. We believe in transparency, frequent and open communication, being strategic, and the creation of wealth while controlling risk at all times.

In launching Paix et Prospérité, I have brought together the very best resources from our service providers to our in-house team. I am committed to accountability, transparency and openness. I pick up the phone when called and answer the hard as well as easy questions.

Sincerely,

Bill Ehrman





Time-Tested Investing

Bill Ehrman's Global Long Short Value Fund

Disclaimer

Paix et Prospérité Capital Management, LP (the "Firm") is an investment management firm for a family of private funds, Paix et Prospérité Partnership, LP, Paix et Prospérité Offshore, Ltd, and Paix et Prospérité Master, LP. Available to qualified investors. The information contained herein does not constitute a complete description of the Firm's investments or investment strategies and is for informational purposes only. The investments described herein do not represent the complete portfolio of the Fund as of the date of this presentation or at any other time.

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Executive Summary

“I’m a fundamentalist from A to Z”

Bill Ehrman, Forbes Magazine, ‘Looking Beyond the Valley’, August 14, 1995

(Forbes’ first interview with a hedge fund manager)

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Consistent Strategy:

Paix et Prospérité Millennial Fund. L.P. (the ‘Fund’) combines extensive macro analysis and bottom-up fundamental research to identify compelling long and short investment opportunities globally.

The Fund will invest in thematic and idiosyncratic opportunities, including cyclical investments and special situations. In addition, the Fund may dedicate <5% of its portfolio to short-term tactical trading.

Distinguished Management:

Bill Ehrman has over 40 years of direct investment and risk management experience. He was co-head of the investment committee at Century Capital Associates with noted Wall Street strategist Byron Wien. Assets under management grew from \$100mm to \$2.6 billion in six years at which point the firm was sold to a Canadian Industrialist. After the sale of Century Capital, Mr. Ehrman became head of global investments and partner at the George Soros led Quantum Fund. Assets under management for the eight years Bill led the investment committee grew from \$300mm to over \$8billion. Mr. Ehrman then founded his own firm called EGS Partners where assets grew \$800mm under his leadership. The Fund’s compounded rates of return exceeded 18% net of fees.

Looking for new challenges, Mr. Ehrman devoted his time exclusively to investment banking and was able to leverage his public market skills in the private market. During this period he participated in a number of large-scale international projects in Europe, Mexico, South America, China and the United States.

Mr. Ehrman started Paix et Prospérité with a separate account whose positive performance was 12% net of fees in the fourth quarter 2013, unaudited.

Paix et Prospérité LLC currently manages several separate accounts and has consistently outperformed the markets since inception.

Focused Objective:

To generate superior risk-adjusted returns over the market cycle with moderate volatility and low correlation to the S&P.



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To maintain a focused portfolio of 25–30 investments on the long side and 10–15 investments on the short side that combined the best ideas from the team with low cross-correlations.

Risk Management:

Defining risk as permanent loss of capital, the Fund integrates risk management throughout its investment process, utilizing limits on positions, portfolio exposure and other qualitative and quantitative tools.

Paix et Prospérité addresses business management and operational risks by outsourcing key capabilities and support services to best-in-class service providers.

Alignment of Interests:

The management team of Paix et Prospérité intends to maintain a significant portion of its investable net worth in the Fund, aligning our interests with our investors. The managing director will utilize the management fee to enhance the global research capabilities of the firm and to engage the best global support team available.



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Bill Ehrman's Global Long Short Value Fund

Management Background

Mr. Ehrman was one of the first hedge fund managers to be featured in Forbes magazine; all four of his recommendations in that article came to fruition.

Over his 40-year career in money management, Mr. Ehrman's most significant achievement has been his consistent considerable outperformance of the financial markets.

Mr. Ehrman's success is a result of his distinct view of the worldwide investment landscape coupled with in-depth research, uncovering undervalued investment opportunities globally.



Time-Tested Investing

Bill Ehrman's Global Long Short Value Fund

Mr. Ehrman's Milestones

Market Events

<p>2013: Founded Paix et Prospérité Began managing separate private account</p>	<p>Easy monetary policy/QE now global to support / stimulate economies. Operating margins, returns and free cash continue to rise</p>
<p>2010 – 2012: Private Equity Consultant to True North Resources Roll ups of Money Management Firms Acquisitions / Expansion of Senior Living Centers Capital Raise / advisory roll for private companies</p>	<p>August 2011: Global Stock Market Drop May 2010: Flash Crash – Dow Jones drops nearly 1000 points before recovering April 2010: European Sovereign Debt Crisis</p>
<p>2005 – 2010: Joined Santana Investments as Partner. Provided strategic consulting on major projects, including: Privatization of Mexico's railroad system Monetization of Peru's natural gas system</p>	<p>March 2008: Global Financial Credit/Subprime Crisis February 2007: Chinese stock bubble</p>
<p>1989 – 2005: Founded EGS Funds, one of the most successful launches ever Managed both hedge and private equity funds One of the first Hedge Fund manager to be profiled in Forbes Magazine Annualized net performance of over 18% Grew assets from zero to over \$800 million during his 15- year leadership. Performance estimated at over 18%/year net of fees</p>	<p>September 2001: Post 9/11 market havoc and recession March 2000: Collapse of the dot-com bubble. The Quantum Fund loses its place as the world's largest hedge fund August 1998: Russian Financial Crisis – Default and devaluation of the ruble October 1997: Asian Financial Crisis leads to global stock market crash September 1992: Black Wednesday. Soros makes \$1.8 billion shorting the British Pound against the German Mark 1991: Japanese asset bubble burst</p>
<p>1982 – 1989: Joined Soros Fund Management as Head of Worldwide Investments Became Soros' first partner at the Quantum Fund Head of the investment committee for Worldwide Equities Head of the investment committee for Worldwide Private Equity Led global team working on acquisitions, bankruptcies and workouts Assets grew from \$300 million to well over \$8 billion</p>	<p>October 1987: Black Monday stock market crash. Soros Fund sells out prior to the crash April 1986: Chernobyl explode</p>
<p>1977 – 1982 Century Capital Associates Co-Head of the Investment committee with Byron Wien Assets grew from \$100mm to \$2.6B in 6 years</p>	<p>1980: Silver Thursday. Silver prices collapse.</p>



Investment Philosophy

Long Live the Dinosaur

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In 1987, George Soros said to me that we were dinosaurs, soon to be extinct, when neither of us could relate to, nor understand, valuations on tech stocks. The stocks were selling at multiples of infinite times infinite, with no projected tangible earnings, assets or positive cash flow for as far as you could reasonably project in the future.

The Wisdom of the Dinosaur

We believe that time-tested, fundamental investing, like Warren Buffett successfully does, is still alive and well. The future is indeed bright for stock selection with a global perspective based on solid fundamental research and valuation.

- We rarely use charts for idea-generation or selection; however, we do use them for risk control. *'We make charts—We don't obey them'*
- As much an art as a science, our approach relies on being able to distill material concepts and actionable ideas from the distillation and synthesis of massive amounts of information
- We seek overarching exploitable trends, and a nuanced understanding of how that trend is likely to play out by country, industry, and company
- We look to make money consistently year to year, while always controlling risk
- We are fundamental investors, NOT traders: the Fund invests based on 3-5 year economic and market cycles, though typical positions have a time horizon of 18 months although when we see an opportunity to tactically trade we will capitalize on it.
- We look past the current terrain to the hills beyond – and then, further.
- We believe in open, transparent communication with our clients.
- We believe that the management fee is not profit center and we must exceed the risk-free rate of return before earning an incentive fee with a high water mark.
- We are true global investors.



Investment Strategy

Thinking Four Moves Ahead

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"We begin with a worldwide macro point of view in the aggregate, then determine the countries, the industries and finally the companies that will benefit and/or suffer from current market trends."

Completion of our in-depth research process points us in the right direction for our portfolio longs and shorts.

Idea Generation and Macro Analysis: Gain a nuanced understanding of trends

Global news, industry research, company analysis, market intelligence and management meetings.

Liquidity trends: Determine which way funds are flowing

In a weak economy, money moves into financial instruments; in a strong economy, money moves out of financial instruments to fund the economy.

Sector choice: Key component

Worldwide economic and currency trends influence regional and industry selection, specific company analysis follows to search for the best value in the world.

Fundamental Research: Quantitative and qualitative analysis to identify companies positioned to make major gains or suffer significant losses

Current valuation based on changes in margins and earnings both positively and negatively influence both the longs and the shorts in the portfolio.

Qualitative analysis – understanding management's capabilities, strategies and motivations is essential in determining if they are able to execute a strategic plan.

Focus:

- Undervalued companies with overlooked assets
- Consistent performers currently out of favor
- Companies positioned for mid and long-term growth
- Companies undergoing strategic change
- Management team with the mindset needed to succeed in our VUCA environment.

Investment Selection: Best opportunities, both thematic and idiosyncratic

Look for multiple ways to win, e.g., improving fundamentals, dominant competitive position, and the ability to participate in consolidation within its industry.

Each long and short position is designed to be an alpha-generating stand-alone position.



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“We look for trends that will lead to investments with the expectation of significant long-term capital appreciation. Our investment strategy can include both event driven stocks and those that would benefit/suffer from government policies.”

Sample Market Themes	Our View	Sample Investment
<p>Excess Liquidity is Boosting Values of all Financial Assets. Monetary Authorities want to Stimulate Growth while increasing Inflation.</p>	<ul style="list-style-type: none"> • QE Monetary policies in the U.S, Europe and Japan have flooded the market with cheap money • Regional differences exacerbated • Move Cyclical 	<p>Long Major Industrial and Commodity Companies Long Financial Assets</p>
<p>A Paradigm Shift in Energy is Occurring due to Shale Oil and Gas Production</p>	<ul style="list-style-type: none"> • Secular shift due to shale gas will have immediate and multiple ripple effects on domestic markets. • Trade Deficit Declines • Natural gas is becoming broad-based fuel source of choice. 	<p>Long Chemical Companies Long Industrial Companies Short Oil and Coal Companies Short Refiners Short Oil Service Companies</p>
<p>Apple issued a \$17-billion-dollar bond issue secured by their foreign retained earnings.</p>	<ul style="list-style-type: none"> • This new idea can be expected to start a trend that will lead to greater corporate buy-backs of stock, enhancing earning per share and valuations. • Other multi-nationals with significant retained earnings in foreign currencies can 'unlock' the value of their reserves and put the capital to work without having to repatriate the funds 	

You can read more about my mindset and strategies, week by week, for the past three years [on my website](#).



Risk Management

Strategic Moves

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"Risk Mitigation is the most important non-alpha generating aspect of running the fund. We do this by employing practical checks and balances in the fund process as well as utilizing some of the industry's top professionals internally and externally."

Process:

- **Position Level**
 - Sizing is determined by fundamental analysis of risk-reward payoffs, downside scenarios and a margin of safety.
 - Individual securities are assessed for position-level risks and for how they impact overall portfolio risk.
 - Establish target exit points based on fundamental valuation views and original investment thesis.
 - Straightforward sell discipline: exit positions with a relatively less attractive risk/reward profile, whether because of a deterioration in fundamentals, a fulfilled thesis or a better alternative.
 - No more than one-minute trading volume.
- **Portfolio Level**
 - Diversify enough to mute the negative impact of any one or a set of correlated positions on portfolio performance.
 - Gross and net exposure are an organic result of stock selection as well as a reflection of perceived risks at the position, sector and portfolio levels.
 - Portfolio tends to be very liquid, both as a result of investment focus and to remain dynamic and nimble.
 - Futures used sparingly and opportunistically at perceived inflection points in the market. Futures will then be replaced by either longs or shorts to adjust exposure.
 - The fund is never more than 95% net-long nor less than 25% net-long unless the marketplace warrants a more bearish attitude.
- **Operational Level**
 - We also monitor "non-market" risks such as operational, counterparty, compliance, legal and political risk.
 - Our investment management team determines positions, but does not trade.
 - Experienced head trader, is our eyes and ears to Wall Street.
 - The prime brokers, the inside and outside administrator and the accounting firm keep a set of records independent of each other and of the firm.
 - World-class software system and operational teams reconcile all trades daily.



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Portfolio Construction

Our portfolio is built around key economic industry and company-specific fundamentals.

While the actual portfolio will be constructed dynamically based on analysis and conviction level, indicative ranges are below.

Number of Positions	35 – 50 total
Shorts	25 – 30
Shorts Tactical	10 – 15 (5% – 8%) of the portfolio may be in short-term opportunistic positions
Position Sizing	2% at inception, can grow to 7% based on liquidity
Exposure	100 – 200% gross (longs plus shorts) 20 – 95% net Rarely net short
Geography	50 – 100% U.S. 0 – 50% Foreign Markets
Liquidity	Generally invested in liquid names Portfolio can be liquidated within nanoseconds
Futures	Generally used on a temporary basis at major inflection points in the market to either increase or decrease market exposure as warranted.
Tax Efficiency	Typical portfolio positions are expected to have an investment time horizon of 18 months, although when opportunities present themselves, the manager will seek capitalize on them through tactical trading.



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Fund Terms

Fund	Paix et Prospérité Millennial Fund
Structure	Master Feeder 3 (c) 1
Subscriptions	Monthly
Minimum Investment	\$3,000,000
Lock up	One Year
High-water Mark	Yes
Management Fee	1.5%
Incentive Fee	20% after 3% hurdle rate
Redemptions	Semi Annually with 45 days written notice
Administrator	Conifer Financial Services
Auditors / Tax	Eisner Amper
Prime Brokers	Cowen
Custodian Bank	Pershing/Bank of New York
Risk Reporting	Concept Capital Markets (Cowen)
Legal / Compliance	Thompson Hine
Middle and Back Office Support	Concept Capital Markets (Cowen)



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Bill Ehrman's Global Long Short Value Fund

Appendix



Over Bill Ehrman's successful 40-year career in money management and investment banking, his most significant achievement is his considerable outperformance of the financial markets.

Bill served as Head of the Investment committee at Century Capital Associates, followed by Head of Investments for Worldwide Equities and Private Equities at the Quantum Fund. He was George Soros' first partner. Finally, he was the Founding Partner, CEO and Head of the Investment committee at EGS.

Bill's success is a result of his in-depth view of the worldwide investment landscape coupled with in-depth research, uncovering undervalued investment opportunities.

Bill has strong and unique relationships, both domestic and international, with the heads of virtually every major brokerage, investment banking, and private equity firms, built over his decades long career. They are the foundation of his inimitable ability to achieve superior results while offering personalized, boutique services with major bracket capabilities and resources.

After graduating magna cum laude from Lehigh University in 1971 with dual degrees in economics and finance, Bill started his impressive career as an investment analyst at Chemical Bank. During this time, Bill achieved his MBA from NYU with highest honors. Following Chemical Bank, Bill served as the Assistant Director of Investment Research and as a group head at Marine Midland Bank.

Bill's next role was head of investment research at Century Capital Associates, primarily a corporate pension firm. Bill quickly rose to the role of co-head of the investment committee with Byron Wien (a well-known Wall Street market analyst who is now Vice Chairman at Blackstone) while becoming the third largest partner in the firm, after the two founding partners. During his tenure, assets grew from under \$100 million to over \$2.5 billion at which point Century was sold to a well-known Canadian financial firm.

Following the sale of Century in 1982, George Soros recruited Bill to work with him at the Quantum fund and became Soros' first real partner while heading up the investment committee for worldwide equities. Bill ran Quantum's merchant banking activities, including acquisitions, bankruptcies, and workouts. Assets increased from \$300 million to well over \$8 billion during his tenure. During this time, Quantum participated in deals with Sir James Goldsmith, the Rothschild Group, Wilbur Ross, and other notables.

Bill's departure from Quantum in 1989 was sparked by his desire to start his own firm, EGS Associates, a hedge fund, one of the most successful start-ups ever. Bill headed up worldwide investments including the banking division, which also managed private equity funds. Bill grew assets from zero to over \$800 million during his 15-year leadership. The Fund compounded in excess of 18% per annum net of fees.

While money management was Bill's forte, he also led investment banking and private equity at each firm where he was partner, providing strategic advice to companies worldwide, assisting them to raise capital to achieve objectives.

After a successful 35-year career running hedge funds, Bill decided in 2005, to pursue investment banking full-time. Bill was a partner at Merlin Partners in Palm Beach, Florida later becoming a partner at Santana Associates in New York City. At Santana, Bill assisted multi-national corporations in formulating short- and long-term business plans, writing



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offering memorandums, and raising capital from public and private sources to achieve key objectives. He joined True North Resources in 2011 as a financial consultant and continued to pursue investment-banking opportunities worldwide.

Bill has recently decided to re-enter the hedge fund arena full-time, because he believes his fundamentalist approach to investment is sorely needed in today's trading environment to achieve superior market performance.

His new family of domestic and foreign hedge funds is called Paix et Prospérité (French for "Peace and Prosperity"). He began managing a separate account in the fourth quarter of 2013 and he has earned significant positive rates of return far in excess of all indexes ever since.

Paix et Prospérité LLC currently manages several separate accounts and has significantly outperformed the market since inception.

Portfolio Manager, Director of Research

(Name withheld due to confidentiality)

- 20-year career on Wall Street, Partner, Senior Industrials & Infrastructure Analyst with leading investment banking, securities and investment management firm with assets over \$5 billion (Name withheld due to confidentiality)
- Served as Senior Equity Analyst at Rodman & Renshaw
- Portfolio manager of Andrecca Asset Management and Moore Capital, equity firm focused on companies in the \$100 million to \$8 billion range in market capitalization
- MBA with emphasis on international taxation



Illustrative Strategic Moves

2013

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January

Paix et Prospérité LLC was 95% net long invested in the United States with an emphasis on consistent growth companies with 2.5 – 3% dividend yields, expecting continued ease by the Fed with full QE at \$85 billion per month, and a moderate expanding economy with little or no growth in Europe and Japan.

March – April

Prime Minister Abe introduces QE into Japan at around \$60 billion per month in an economy half our size; anticipate weakening in yen to drive exports. We went long with 25% of our portfolio in Japan, emphasizing the major exporters, reducing our U.S exposure by a similar amount, while still emphasizing total return of stocks in the U.S.

June

Monetary authorities in Europe ease up on strict budgetary policies recognizing that economic growth is the real path to prosperity...expect both the yen and euro now to fall in value vs. the dollar...Take 20% from the US to deploy in Europe primarily in Germany and Switzerland...some in UK...added both financial and industrial stocks.

August

Recognizing that economic growth in the industrialized world had bottomed, began to shift the portfolio to more cyclical and industrial...sectors that have trailed the markets for 3 years and were nowhere near their highs.

October

Confidence in the United States begins to ebb due to problems in Washington...dollar weakens, yen strengthens so sell Japanese exposure, added slightly to cyclical component here and abroad.



Illustrative Strategic Moves

2014

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January

Reduced retail exposure due to expected poor sales due to unusually poor weather in U.S while added to cyclical exposure, including banks, on weakness as expect the economic recovery to accelerate as the year progresses after a weather induced weak first quarter. Banks are a proxy for the economic recovery and most, but not all, of the legal issues are fully reserved and behind them.

One over riding theme (throughout the last year) has been the development of shale oil in the US and the change in energy economics globally.... USA is becoming a new low cost supplier of energy...benefitting those companies who purchase a lot of oil/gas products like chemicals and airlines and most importantly the consumer.

Stay invested in financial assets as global monetary policy remains easy, growth is improving and inflation is still low. Corporations continue to generate higher operating earnings and positive free cash flow to benefit shareholders.

March – April

Russia's actions in Ukraine and annexation of Crimea have changed global politics and economics. Russia and China work together. Energy independence in the United States became even more of a priority than before. Corporations reporting first quarter results lowered expectations slightly for the year due to weather induced difficult first quarter results. No change in our overall investment outlook for an improving economy thru 2016 at least, albeit slower than the norm in an economic recovery.

May – June

Merger activity accelerated both here and abroad for multiple reasons. Boards of major corporation's act if under attack from activists, even if not, and plan accordingly. Federal Reserve, ECB and Japanese monetary authorities maintain easy monetary policies offsetting government programs to reduce systemic risk. Fed reduces long term economic growth forecast to 2.1 to 2.3 percent down from 3 percent. Moderate economic growth with low inflation is good for investing in risk assets.

February 2014 – January 2016

Detailed weekly pieces providing a written record of Bill's global economic view, asset allocation and specific long and short investments. Visit the Paix et Prospérité LLC website.

To read more, month by month, go to [our website](#) to read about our weekly take on market conditions and where best to invest for wealth creation over time.



Contact Information

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"Our objective is to assist you in creating wealth while minimizing risk with in a totally open architecture.

I believe in picking up the phone when called and providing total transparency such that you are a true partner in the process."

– Bill Ehrman

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