XYZ OFFSHORE FUND, LTD.

FINANCIAL STATEMENTS
(Expressed in United States Dollars)

FOR THE YEAR ENDED DECEMBER 31, 20XX

XYZ OFFSHORE FUND, LTD.

CONTENTS

INDEPENDENT AUDITORS' REPORT

[CITY, STATE]
[INSERT DATE]

NOTE 1 - NATURE OF FUND

ORGANIZATION

[Elaborate on strategy of Fund in the organization footnote (for example, use language from Funds Offering Memorandum).
XYZ Offshore Fund, Ltd. (the "Fund") was formed as [**insert entity type and place of formation]** on **[insert date]** and commenced operations on **[insert date]**. The Fund was formed for the purpose of purchasing, holding, selling and investing, on margin or otherwise, securities and financial instruments of United States and foreign entities **[or insert entity purpose and objectives].** The operations and investments of the Fund are managed by **[insert name of investment manager]** (the "Investment Manager"), an affiliated entity. The Investment Manager has discretionary authority to invest the assets of the Fund and is responsible for all investment decisions made on behalf of the Fund. The Investment Manager **[is/is not]** registered as an investment adviser under the Advisers Act of 1940, as amended (the "Advisers Act").

The Fund is not registered as an investment company and is not subject to the investment restrictions limitations on transactions with affiliates and other provisions of the Investment Company Act of 1940, as amended (the "Company Act"), in reliance upon an exemption from such registration provided in Section 3(c)(7) of the Company Act.

CONCENTRATION OF SHAREHOLDERS

As of December 31, 20XX, two shareholders represented approximately XX% (XX% and XX%, respectively) of the shareholders' equity of the Fund.

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The Fund qualifies as an investment company, as defined in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946 Financial Services – Investment Companies and, therefore, is applying the specialized accounting and reporting guidance in ASC Topic 946.

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The policies are in conformity with United States generally accepted accounting principles ("U.S. GAAP"), which require management to make estimates and assumptions that affect the reported amounts, contingent assets and liabilities, and disclosures in the financial statements. Actual results could differ from those estimates. Management has considered the circumstances under which the Fund should recognize or make disclosures regarding events or transactions occurring subsequent to the balance sheet date through [**insert date**] which represents the date the financial statements were available to be issued. Adjustments or additional disclosures, if any, have been included in these financial statements.

NEW ACCOUNTING PRONOUNCEMENT

See separate template for New Accounting Pronouncement Disclosure

PORTFOLIO VALUATION

All investments are recorded at their estimated fair value, as described in Note 3.

(CONDENSED) SCHEDULE OF INVESTMENTS

The industry classifications included in the (condensed) schedule of investments represent management's belief as to the most meaningful presentation of the classification of the Fund's investments.

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

CASH, CASH EQUIVALENTS AND RESTRICTED CASH
[IF NOT INCLUDED IN DUE FROM BROKER]

Cash, including cash denominated in foreign currencies, represents cash on hand and demand deposits held at financial institutions. Cash equivalents includes short-term, highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have original maturities of three months or less. Cash equivalents are carried at cost, plus accrued interest, which approximates fair value. Cash equivalents are held to meet short-term liquidity requirements, rather than for investment purposes. Cash and cash equivalents are held at major financial institutions and are subject to credit risk to the extent those balances exceed applicable Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection (SIPC) limitations.

Restricted cash is subject to a legal or contractual restriction by third parties as well as a restriction as to withdrawal or use, including restrictions that require the funds to be used for a specified purpose and restrictions that limit the purpose for which the funds can be used.

[If applicable: The Fund considers cash pledged as collateral for securities sold short and cash collateral posted with counterparties for derivative contracts to be restricted cash OR The Fund considers (*The Fund should include a description of what balance sheet items are restricted*) to be restricted cash.]

[Disclose the nature of restriction on cash, cash equivalents, and amounts described as restricted cash]

[If cash held at foreign bank, include the following here or in Due From Broker if cash equivalents are held at broker:]
The Fund maintains cash in U.S. Dollars and/or foreign currency of $[**amount**] at bank(**s**) [**located in (list countries)**]. ***[On the Statement of Asset and Liabilities, foreign currency should be shown separate from cash and cash equivalents and historical cost noted on the face of the financials (or in the footnotes if not significant.]***

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

DUE FROM/TO BROKER

[Include this paragraph instead of paragraph above if cash equivalents are included in due from broker]
Due from broker consists primarily of cash and cash equivalents (which include foreign cash balances), cash collateral with the Fund's clearing broker and counterparties, and the amounts receivable or payable for securities that have not yet settled at December 31, 20XX. Cash at broker, which is related to securities sold, not yet purchased, and deposits on transactions is restricted until these securities are purchased or until the transactions are settled or terminated. Cash balances held at the broker, as well as securities owned by the Fund serve as collateral for margin account debit balances existing at the broker.

INVESTMENT TRANSACTIONS, INCOME AND EXPENSE

[ADD OTHER INCOME/EXPENSES AS APPLICABLE]
All securities transactions are recorded on a trade-date basis. Realized gains or losses on dispositions of investments represent the difference between the original cost of the investment, based on the [specific identification method, average cost, cost recovery, etc.], and the proceeds received from the sale. The Fund applies a fair value accounting policy to its investments with changes in unrealized gains and losses recognized in the statement of operations as a component of net unrealized gain (loss). Interest income and expense are recorded on the accrual basis. The Fund amortizes premiums and accretes discounts as adjustments to interest income. Discounts and premiums on investments purchased are accreted and amortized to interest income over the lives of the respective investments. Discounts for high-yield debt securities and other debt securities are not amortized to the extent that interest income is not expected to be realized. **[If applicable:]** Premiums to the face amount of callable debt securities that have noncontingent call features that are callable at fixed prices and on preset dates are amortized using the effective interest rate method to the next call date when a call option at a specified price becomes exercisable. If there is no remaining premium or if there are no further call dates, the Partnership resets the effective yield using the payment terms of the debt security. Dividend income and expense are recorded on the ex-dividend dates, except certain dividends from foreign securities where the ex-dividend date may have passed. These dividends are recorded as soon as the Fund is informed of the ex-dividend date. Dividend income on foreign securities is recorded net of any applicable withholding tax. Distributions that represent returns of capital in excess of cumulative profits and losses are credited to investment cost rather than investment income.

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

FOREIGN WITHHOLDING TAXES

Foreign withholding taxes represent taxes withheld on dividends earned on foreign and United States investments. Withholding taxes have been provided for in accordance with the applicable country's tax rules and rates.

FOREIGN CURRENCY

All assets and liabilities denominated in foreign currencies are translated into U.S. Dollar amounts at the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. Dollar amounts on the respective dates of such transactions. The Fund does not separately account for that portion of the results of operations resulting from changes in foreign exchange rates on investments and the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gains or losses on investments in the statement of operations. Adjustments arising from foreign currency transactions are reflected in the statement of operations.

INCOME TAXES **[SEE ASC 740 INCOME TAX TEMPLATE]**

EXPENSES PAID INDIRECTLY AND OTHER INCOME

The **Investment Manager** is authorized to determine the broker or dealer to be used for each securities transaction for the Fund. In placing orders, transactions for the Fund are allocated to brokers based upon several factors including best execution, research, ability to effect the transactions, reliability and financial responsibility. The Fund may receive a variety of research, statistical information and other benefits through "soft dollar" arrangements entered into with brokers that may be used for the benefit of the Fund or other entities under the Investment Manager's control. For the year ended December 31, 20XX, the Investment Manager received benefits from soft dollar arrangements, $[**insert amount**] of which were used for professional and administrative fees of the Fund or other entities under the **Investment Manager's** control. Such amounts have been included in the accompanying statement of operations. In addition, approximately $[**insert amount**] of soft dollar rebates have been credited back to the Fund for the year ended December 31, 20XX and are included in other income on the accompanying statement of operations.

[or, if soft dollar credits were received only for market research, include disclosure below instead]

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

NON-MONETARY TRANSACTIONS

The **Investment Manager** is authorized to determine the broker or dealer to be used for each securities transaction for the Fund. In placing orders, transactions for the Fund are allocated to brokers based upon several factors including best execution, research, ability to effect the transactions, reliability and financial responsibility. The Fund may receive a variety of research, statistical information and other benefits through "soft dollar" arrangements entered into with brokers. Such benefits will be used to pay for administrative costs or expenses borne by the Fund or other entities under the **Investment Manager**'s control. For the year ended December 31, 20XX, the **Investment Manager** received benefits from "soft dollar" arrangements that were used to pay for market research expenses. None of these amounts have been included in the financial statements with respect to such arrangements.

REDEMPTION PAYABLE

The Fund recognizes redemptions as liabilities, net of the incentive fees, when the amount requested in the redemption represents a fixed and determinable obligation. This may generally occur either at the time of the receipt of the notice, or on the last day of a fiscal period, depending on the nature of the request. Redemptions paid after the end of the year, but based upon year-end net asset balances are reflected as redemptions payable at December 31. Redemption notices received for which the dollar amount is not fixed results in net assets not being recognized as a liability until the dollar amount is determined. **[IF APPLICABLE**: Redemptions payable may be treated as net assets for purposes of allocations of gains/losses pursuant to the Fund's memorandum.]

OFFSETTING OF AMOUNTS RELATED TO CERTAIN CONTRACTS
[SEE ASU OFFSETTING TEMPLATE FOR ADDITIONAL DISCLOSURE]

[Choose this or the following paragraph depending on the election of the Fund.] The Fund has elected to offset fair value amounts recognized for cash collateral receivables and payables against fair value amounts recognized for derivative positions executed with the same counterparty under the same master netting arrangement. At December 31, 20XX, the Fund offset cash collateral receivables and payables of $X,XXX,XXX and $X,XXX,XXX respectively, against its derivative positions. At December 31, 20XX, the Fund had cash collateral receivables and payables of $XX,XXX and $XX,XXX, respectively, with derivative counterparties under the same master netting arrangement that were not eligible to be offset against its derivative positions.

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

OFFSETTING OF AMOUNTS RELATED TO CERTAIN CONTRACTS (CONTINUED)
[SEE ASU OFFSETTING TEMPLATE FOR ADDITIONAL DISCLOSURE]

[Choose this or the preceding paragraph depending on the election of the Fund.] The Fund has elected not to offset fair value amounts recognized for cash collateral receivables and payables against fair value amounts recognized for derivative positions executed with the same counterparty under the same master netting arrangement. At December 31, 20XX, the Fund had cash collateral receivables and payables of $XX,XXX and $XX,XXX, respectively, with derivative counterparties under the same master netting arrangement.

NOTE 3 – FAIR VALUE MEASUREMENTS - SEE ASU 2011-04 TEMPLATE FOR LEVEL 3 DISCLOSURES - INSERT ASU 2011-04 DISCLOSURE AT THE END OF NOTE 3.

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's investments and are summarized in the following fair value hierarchy:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date.

- Level 2 - Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield-curves, default rates, and similar data.

- Level 3 - Unobservable inputs for the asset or liability to the extent that relevant observable inputs are not available, representing the Fund's own assumptions about the assumptions that a market participant would use in valuing the asset or liability, and that would be based on the best information available.

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

Investments for which market quotations are not readily available are fair valued as determined by the Investment Manager. Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Fund's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Fund uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

Fair value pricing may be used where: (i) an investment is illiquid (restricted securities); (ii) the market or exchange for an investment is closed on an ordinary trading day and no other market prices are available; (iii) the investment is so thinly traded that there have been no transactions in the security over an extended period; or (iv) the validity of a market quotation received is questionable. In addition, fair value pricing will be used if emergency or unusual situations have occurred, such as when trading of a security on an exchange is suspended; or when an event occurs after the close of the exchange on which the security is principally traded that is likely to have changed the value of the investment.

The use of valuation techniques and the availability of observable inputs can vary from investment to investment and is affected by a wide variety of factors and other characteristics particular to the transaction. As a general principle, the current fair value of an issue of investments being valued by the Investment Manager would be the amount which the owner might reasonably expect to receive for them upon their current sale. The Investment Manager may employ a market-based valuation approach which may use related or comparable investments, recent transactions, market multiples, book values, and other relevant information to determine fair value. The Investment Manager may also use an income-based valuation approach in which anticipated future cash flows of the financial instrument are discounted to calculate fair value. Fair value methods used, which are in accordance with this principle may, for example, be based on (i) a multiple of earnings; (ii) a discount from market of a similar freely traded security (including a derivative security or a basket of securities traded on other markets, exchanges or among dealers); or (iii) yield to maturity with respect to debt issues, or a combination of these and other methods. Good faith pricing is permitted if, in the Investment Manager's opinion, the validity of market quotations appears to be questionable based on factors such as evidence of a thin market in the security based on a small number of quotations, a significant event occurs after the close of a market but before a Fund's NAV calculation that may affect a security's value, or the Investment Manager is aware of any other data that calls

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

into question the reliability of market quotations. Good faith pricing may also be used in instances when the investments the Fund invests in may default or otherwise cease to have market quotations readily available. **[TAILOR THE FOLLOWING:]** Factors that may be considered when fair valuing an investment are: fundamental analytical data relating to the investment; evaluation of the forces that influence the market in which the investment is purchased and sold; type of investment or asset; financial statements of issuer; special reports prepared by analysts or the Investment Manager; information as to any transactions or offers with respect to the security; and the historical tendency of the investment's price to track or respond to general and specific market movements (in terms of indices, sectors, or other market measurements), liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed, and the differences could be material. Accordingly, the degree of judgment exercised by the Fund in determining fair value is greatest for securities categorized in Level 3. In certain cases, the level in the fair value hierarchy which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurements falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The valuation techniques used to measure fair value for the year ended December 31, 20XX maximized the use of observable inputs and minimized the use of unobservable inputs.

[ALTERNATE PRESENTATION – IF THERE ARE MULTIPLE LEVELS FOR EACH CLASS, ALTERNATIVE PRESENTATION COULD BE TO INCLUDE THE HIERARCHY LEVELS IN THE CONDENSED SCHEDULE OF INVESTMENTS. IF THAT IS DONE, THE TABLE BELOW IS NOT NEEDED]

The following are the classes of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 20XX categorized in accordance with the fair value hierarchy:

(Expressed in United States Dollars)

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

Description	Level 1	Level 2	Level 3	Total Fair Value at December 31, 20XX
Assets:				
Cash Equivalents:				
Money market fund	$100	$ --	$ --	$100
Common Stocks:				
Consumer durable goods	250	--	--	250
Real estate industry	100	--	--	100
Service industry	--	150	--	150
Total Common Stocks	350	$150	--	500
Debt Securities:				
U.S. Treasuries	100	--	--	100
Convertible Bonds	--	100	--	100
Corporate Bonds	--	300	--	300
Foreign Bonds	--	50	--	50
Loan Assignments and Participations		125	125	250
Commercial-Mortgage-Backed Securities	--	100	--	100
Total Debt Securities	100	675	125	900
Convertible Preferred Stocks (Real Estate Industry)	--	275	--	275
Repurchase Agreements (Service Industry)	--	350	--	350
Derivatives				
Interest rate contracts	--	150	--	150
Foreign exchange contracts	100	--	--	100
Commodity futures contracts	250	--	100	350
Total Derivatives	350	150	100	600
Hedge Fund Investments				
Equity long/short hedge funds measured at NAV (1)	--	--	--	400
Event driven hedge funds measured at NAV [(1)]	--	--	--	150
Multi-strategy hedge funds measured at NAV [(1)]	--	--	--	50
Total Hedge Fund Investments	--	150	450	600
Total Assets	$900	$1,750	$675	$3,325

(Expressed in United States Dollars)

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

Description	Level 1	Level 2	Level 3	Total Fair Value at December 31, 20XX
Liabilities:				
Common Stocks Sold Short				
Healthcare industry	$400	$400	$ --	$800
Derivatives				
Commodity futures contracts	50	--	100	150
Total Liabilities	$450	$400	$100	$950

(1) Certain investments that are measured at fair value using the net asset value (“NAV”) per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the **statement of assets and liabilities.**

Alternative Sample Disclosure:

Note – if all securities are Level 1 (or the entire class is ALL in the same level) – presentation for the schedule and disclosure could be shown as follows:

(excerpt from FVM table)

Description	Level 1	Level 2	Level 3	Total
Assets:				
Common Stocks [a]	$100	$ --	$ --	$ 100
Municipal Bonds[b]	$ --	$ 200	$ --	$ 200

[a] Additional information regarding the industry classification and/or geographical location of these investments is disclosed in the condensed schedule of investments.

[b] Additional information regarding the geographical classification (state/city) of these investments is disclosed in the condensed schedule of investments.

(Expressed in United States Dollars)

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

Derivative Assets and Liabilities (note: if the derivatives have counterparty netting presentation should be as follows in the schedule of investments)::

(excerpt from FVM table)

Description	Level 1	Level 2	Level 3	Counterparty and Cash Collateral Netting	Amount reported in the Statement of Financial Condition
Derivatives					
Interest rate contracts	$ --	$ --	$150	$ --	$150
Foreign exchange contracts	100	--	100	(50)	150
Commodity futures contracts	50	--	200	--	250
Total Derivatives	$150	$ --	$450	$ (50)	$550

Or can be shown as follows:

Description	Level 1	Level 2	Level 3	Total
Derivatives				
Interest rate contracts	$ --	$ --	$150	$150
Foreign exchange contracts	100	--	100	200
Commodity futures contracts	50	--	200	250
Gross Total	150	--	450	600
Less: master netting arrangements	(50)	--	--	(50)
Total Derivatives	$100	$ --	$450	$550

NOTE: Determine "class" on the basis of the nature and risks of the investments - consider, for example activity or business sector, vintage, geographic concentration, credit quality, and economic characteristic In addition to nature and risks, also consider placement in fair value hierarchy (i.e., Levels 1, 2, or 3)—e.g., greater number of classes may be necessary for fair value measurements with significant unobservable inputs (Level 3) due to increased uncertainty and subjectivity.

(Note: Class of investment should be determined in a manner consistent with the guidance for major security types in ASC paragraph 320-10-50-1B)

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

Class Examples to consider are as follows:

1) Equity securities, segregated by any one of the following:
   (a) Industry type
   (b) Entity size
   (c) Investment objective;
2) Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies;
3) Debt securities issued by states of the United States and political subdivisions of the states;
4) Debt securities issued by foreign governments;
5) Corporate debt securities;
6) Residential mortgage-backed securities;
7) Commercial mortgage-backed securities;
8) Collateralized debt obligations;
9) Other debt obligations.

[Disclose (A) (the policy for transfers) only if the Fund has not yet adopted ASU 2018-13.]

(A)

DISCLOSE THE POLICY FOR TRANSFERS:
"The Fund's policy is to recognize transfers in and transfers out of each level as of the actual date of the event or change in circumstances that caused the transfer. [or: The Fund recognizes transfers between the levels as of the [beginning/end] of the period.]"

[Disclose (A) if the Fund has not yet adopted ASU 2018-13. Disclose (B) if the Fund has adopted ASU 2018-13]

(A)

NOTE:
-EACH TYPE/CLASS (SEE LIST ABOVE FOR EXAMPLES) OF ASSET OR LIABILITY CLASSIFIED AS LEVEL 3 IN THE FAIR VALUE HIERARCHY TABLE MUST BE SEPARATELY RECONCILED IN THE LEVEL 3 ROLLFORWARD TABLE.
-ASSETS AND LIABILITIES SHOULD BE PRESENTED IN SEPARATE TABLES.
-PURCHASES AND SALES AND TRANSFERS MUST BE GROSSED UP

(Expressed in United States Dollars)

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a reconciliation of Level 3 assets and liabilities measured at fair value. Changes in Level 3 assets and liabilities measured at fair value for the year ended December 31, 20XX were as follows:

Level 3 Rollforward:	Residential Mortgage Backed Securities	Loan Assignments and Participations	Convertible Preferred Stocks	Total Fair Value
Balance - Beginning	$ 100	$ 145	$ --	$ 245
Realized gains or (losses)	60	(100)	500	460
Change in unrealized gains (losses)	100	--	--	100
Accrued discounts/premiums	--	50	--	50
Transfers into Level 3 [c]	200[a]	--	--	200
Transfers out of Level 3[c]	--	(50) [b]	--	(50)
Purchases	--	--	1,100	1,100
Sales	(110)	--	(1,000)	(1,110)
Issuances	--	--	--	--
Settlements	--	--	--	--
Balance – Ending	$ 350	$ 45	$ 600	$ 995
Net change in unrealized gain (loss) relating to investments still held at December 31, 20XX[1]	$50	$25	$--	$75

[1] The unrealized gain (loss) is included in net change in unrealized appreciation (depreciation) on investments and foreign currency transactions in the statement of operations.

[a] Transferred from Level 2 to Level 3 because of lack of observable market data due to decrease in market activity for these securities.
[b] Transferred to Level 2 from Level 3 because observable market data was available due to increased liquidity in market activity for these securities.
[c] Describe the Partnership's policy here if not described elsewhere

[NOTE: The reconciliation is required to be presented not on a derivative-by derivative basis but by "Class" of derivative contract.]

(Expressed in United States Dollars)

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 Rollforward:	Interest Rate Contracts	Foreign Exchange Contracts	Commodity Futures	Total Fair Value
Balance - Beginning	$ 250	$ 675	$ --	$ 925
Total gains or (losses)	10	(500)	(30)	(520)
Transfers	--	--	--	--
Purchases	--	--	230	230
Sales [(1)]	--	--	--	--
Issuances	--	(150)	--	(150)
Settlements [(2)]	(110)	75	--	(35)
Balance - Ending	$ 150	$ 100	$ 200	$ 450

(1) If a reporting entity assigns a derivative asset to a third party for consideration, the payment should be presented in the sales line item. An assignment of a derivative liability should be disclosed not as a sale but as a settlement (see the Settlements discussion below for further details).

(2) All ongoing contractual cash payments (or other consideration) made under the derivative contract should be disclosed in the settlements line item. This includes payments on a multi-period settled derivative (e.g., interest rate swaps that net-cash settle quarterly) or payments between the entity and counterparty to terminate a derivative or to exercise an option.

(a) In addition, if a reporting entity assigns a derivative liability to a third party and is required to make a payment to the third party as part of the transaction, the payment should be presented in the settlements line item and accompanied by separate disclosure describing the nature of the assignment transaction and the settlement amount related to the transaction. An assignment of a derivative liability is akin to an early termination and thus a settlement of the original derivative. Alternatively, an entity may adopt a policy of presenting the consideration related to assignments of derivative liabilities in a separate line item other than purchases, sales, issuances, or settlements with disclosure describing the nature of the assignment transactions.

(B) Disclose if the Fund has adopted ASU 2018-13]

NOTE:
-FOR EACH TYPE/CLASS (SEE LIST ABOVE FOR EXAMPLES) OF ASSET OR LIABILITY CLASSIFIED AS LEVEL 3 IN THE FAIR VALUE HIERARCHY TABLE, THE FUND MUST DISCLOSE TRANSFERS IN AND OUT OF LEVEL 3 AND PURCHASES AND ISSUANCES OF LEVEL 3 INVESTMENTS.
-PURCHASES, ISSUANCES AND TRANSFERS OF LEVEL 3 ASSETS AND LIABILITIES SHOULD BE DISCLOSED SEPARATELY.

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

-PURCHASES, ISSUANCES AND TRANSFERS OF LEVEL 3 INVESTMENTS MUST BE GROSSED UP. NETTING IS NOT PERMITTED.

Purchases, issuance and transfers of Level 3 assets and liabilities for the year ended December 31, 20XX were as follows:

Level 3 Activity:	Residential Mortgage Backed Securities	Loan Assignments and Participations	Convertible Preferred Stocks	Total Fair Value
Transfers into Level 3	200[a]	--	--	200
Transfers out of Level 3	--	(50) [b]	--	(50)
Purchases	--	--	1,100	1,100
Issuances	--	--	--	--

[a] Transferred from Level 2 to Level 3 because of lack of observable market data due to decrease in market activity for these investments.

[b] Transferred to Level 2 from Level 3 because observable market data was available due to increased liquidity in market activity for these investments.

NOTE:

-IF THE FUND HOLDS ONLY A SINGLE TYPE/CLASS (SEE LIST ABOVE FOR EXAMPLES) OF ASSET OR LIABILITY CLASSIFIED AS LEVEL 3 IN THE FAIR VALUE HIERARCHY TABLE, A TABULAR PRESENTATION MAY NOT BE WARRANTED AND A NARRATIVE PRESENTATION OF LEVEL 3 PURCHASES, ISSUANCES AND TRANSFERS MAY BE PREFERABLE.

[NOTE: The Level 3 derivative purchases, issuances and transfers are required to be presented not on a derivative-by derivative basis but by "Class" of derivative contract].

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 Activity:	Interest Rate Contracts	Foreign Exchange Contracts	Commodity Futures	Total Fair Value
Transfers	--	--	--	--
Purchases	--	--	230	230
Issuances	--	(150)	--	(150)

INSERT SPECIFIC FAIR VALUE MEASUREMENTS USED- EXAMPLES ARE AS FOLLOWS:

Tailor any of the following paragraph's to be specific to the entity's Memorandum (as long as in compliance with ASC 820 – securities should be consistent with ASC 820 note)]

VALUATION TECHNIQUES AND INPUTS

A description of the valuation techniques applied to the Fund's major classes of assets and liabilities measured at fair value on a recurring basis follows.

Equity Securities

Equity securities including common stock, American Depositary Receipts, real estate investment trusts, income trusts, warrants and preferred securities, are generally valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Investment Manager believes such prices more accurately reflect the fair value of such securities. Securities that are traded on any stock exchange are generally valued by the pricing service at the last quoted sale price. Lacking a last sale price, an exchange traded security is generally valued by the pricing service at its last bid price if held long and the last asked price if sold short. Securities traded in the NASDAQ over-the-counter market are generally valued by the pricing service at the NASDAQ Official Closing Price. When using the market quotations or close prices provided by the pricing service and when the market is considered active, the security will be classified as a Level 1 security. Sometimes, an equity security owned by a Fund will be valued by the pricing service with factors other than market quotations or when the market is considered inactive or valued by reference to similar instruments. When this happens, the security will be classified as a Level 2 security. When market quotations are not readily available, when the Investment Manager determines that the market quotation or the price provided by the pricing service does not accurately reflect the current fair value, or when certain restricted or illiquid securities are being valued, such securities are valued as determined in good faith by the Investment Manager, **[in conformity**

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

VALUATION TECHNIQUES AND INPUTS (CONTINUED)

Equity Securities (continued)

with guidelines adopted by and subject to review by the Board]. These securities will be categorized as Level 3 securities. The Investment Manager has used inputs such as the financial condition of underlying issuers, anticipated restructuring settlements, and expected liquidation proceeds in determining the fair value of such Level 3 securities.

Unlisted or listed securities for which closing sales prices or closing quotations are not available are valued at the mean between the latest available bid and asked prices or, in the case of preferred equity securities that are not listed or traded in the over-the-counter market, by a third party pricing service that will use various techniques that consider factors including, but not limited to, prices or yields of securities with similar characteristics, benchmark yields, broker/dealer quotes, quotes of underlying common stock, issuer spreads, as well as industry and economic events.

Investments in mutual funds, including money market mutual funds, are generally priced at the ending net asset value (NAV) provided by the service agent of the funds. These securities will be categorized as Level 1 securities.

Fixed Income Securities

Fixed income securities such as corporate bonds, restricted corporate bonds, asset-backed securities, certificates of deposit, convertible notes, U.S. government securities and U.S. government agency securities, and foreign bonds denominated in U.S. dollars, when valued using market quotations in an active market, will be categorized as Level 1 securities. However, they may be valued on the basis of prices furnished by a pricing service when the Investment Manager believes such prices more accurately reflect the fair value of such securities. A pricing service utilizes electronic data processing techniques based on yield spreads relating to securities with similar characteristics to determine prices for normal institutional-size trading units of debt securities without regard to sale or bid prices. These securities will generally be categorized as Level 2 securities. If the Investment Manager decides that a price provided by the pricing service does not accurately reflect the fair value of the securities, when prices are not readily available from a pricing service, or when certain restricted or illiquid securities are being valued, securities are valued at fair value as determined in good faith by the Investment Manager, in conformity with guidelines adopted by and subject to review of the Board. These securities will be categorized as Level 3 securities. The Investment Manager has used inputs such as evaluated broker quotes in inactive markets, actual trade prices in relatively inactive markets, multiples of earnings, yields on similar securities, and expected liquidation proceeds in determining the fair value of such Level 3 securities.

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

VALUATION TECHNIQUES AND INPUTS (CONTINUED)

Fixed Income Securities (continued)
Short-term investments in fixed income securities (those with maturities of less than 60 days when acquired, or which subsequently are within 60 days of maturity), are valued by using the amortized cost method of valuation, which the Board has determined represents fair value. These securities will be categorized as Level 2 securities.

Foreign Securities and Currencies
Foreign securities and currencies are valued in U.S. dollars, based on foreign currency exchange rate quotations supplied by a third party pricing service. The pricing service uses a proprietary model to determine the exchange rate. Inputs to the model include reported trades and implied bid/ask spreads. The daily valuation of exchange-traded foreign securities generally is determined as of the close of trading on the principal exchange on which such securities trade. Events occurring after the close of trading on foreign exchanges may result in adjustments to the valuation of foreign securities to more accurately reflect their fair value as of

Foreign Securities and Currencies (continued)
the close of regular trading on the New York Stock Exchange. When valuing foreign equity securities that meet certain criteria, the Investment Manager has approved the use of a fair value service that values such securities to reflect market trading that occurs after the close of the applicable foreign markets of comparable securities or other instruments that have a strong correlation to the fair-valued securities.

Debt Securities
Debt instruments with remaining maturities of sixty days or less that are not credit impaired are valued at amortized cost, unless the Investment Manager determines such amount does not reflect the securities' fair value, in which case these securities will be fair valued as determined by the Investment Manager. Debt instruments having a maturity greater than sixty days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. Debt securities acquired with more than 60 days to maturity are fair valued using matrix pricing methods determined by an independent pricing service which takes into consideration such factors as similar security prices, yields, maturities, liquidity and ratings. Securities for which valuations are not readily available from an independent pricing service may be valued by brokers, which use prices provided by market makers or estimates of fair market value obtained from yield data relating to investments or securities with similar characteristics. Depending on the relative significance of valuation inputs, these instruments may be classified in either Level 2 or Level 3 of the fair value hierarchy.

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

VALUATION TECHNIQUES AND INPUTS (CONTINUED)

Government Bonds

The fair value of sovereign government bonds is generally based on quoted prices in active markets. When quoted prices are not available, fair value is determined based on a valuation model that uses inputs that include interest rate yield curves, cross-currency basis index spreads, and country credit spreads similar to the bond in terms of issuer, maturity and seniority. Sovereign government bonds are generally categorized in Levels 1 or 2 of the fair value hierarchy. **[Include/modify the description of the valuation techniques and the inputs used in the fair value of Level 2 government bonds, if necessary].**

U.S. Government Securities

U.S. government securities are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. Certain securities are valued principally using dealer quotations. U.S. government securities are categorized in Level 1 or Level 2 of the fair value hierarchy depending on the inputs used and market activity levels for specific securities. **[Include/modify the description of the valuation techniques and the inputs used in the fair value of Level 2 government securities, if necessary].**

Municipal Bonds

The fair value of municipal bonds is estimated using recently executed transactions, market price quotations and pricing models that factor in, where applicable, interest rates, bond or credit default swap spreads and volatility. Municipal bonds are generally categorized in Level 2 of the fair value hierarchy. **[Include/modify the description of the valuation techniques and the inputs used in the fair value of Level 2 municipal bonds, if necessary].**

Corporate Bonds

The fair value of corporate bonds is estimated using recently executed transactions in securities if the issuer or comparable issuers, market price quotations (where observable), bond spreads, fundamental data relating to the issuer or credit default swap spreads. The spread data used is for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer is used. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond or single name credit default swap spreads and recovery rates based on collateral values as key inputs. Corporate bonds are generally categorized in Levels 1 or 2 of the fair value hierarchy. In instances where

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

VALUATION TECHNIQUES AND INPUTS (CONTINUED)

Corporate Bonds (continued)
significant inputs are unobservable, they are categorized in Level 3 of the hierarchy. **[Include/modify the description of the valuation techniques and the inputs used in the fair value of Level 2 corporate bonds, if necessary].**

Commercial Mortgage-Backed Securities ("CMBS") and Asset-Backed Securities ("ABS")
CMBS and ABS may be valued based on external price/spread data. When position-specific external price data is not observable, the valuation is based on prices of comparable securities or cash flow modes that consider inputs including default rates, conditional prepayment rates, loss severities, expected yield to maturity, and other inputs specific to each security. Included in

Commercial Mortgage-Backed Securities ("CMBS") and Asset-Backed Securities ("ABS") (continued)
this category are certain interest-only securities which, in the absence of market prices, are valued as a function of observable whole bond prices and cash flow values of principal-only bonds using current market assumptions at the measurement date. CMBS and ABS are categorized in Level 2 of the fair value hierarchy when external pricing data is observable and in Level 3 when external pricing data is unobservable. At December 31, 20XX, the Fund had investments in ABS of $XX,XXX,XXX included in Level 3 of the fair value hierarchy. These securities represent senior tranches in various securitization trusts. The underlying loans for these securities include small business loans and credit card receivables that were originated between 20XX and 20XX.

Derivative Instruments
The Fund records its derivative activities at fair value. Gains and losses from derivative contracts are included in net (loss) from derivative contracts in the statement of operations. The Fund considers the effects of credit risk and counterparty risk when determining the fair value of its derivatives

Option Contracts
Options which are listed on major securities exchanges are valued at their last reported sales price as of the valuation date or based on the midpoint of the bid-ask spread at the close of business on the valuation date as reported by the **[Options Price Reporting Authority]** for U.S. listed options or by the relevant exchange or board of trade for non-U.S. listed options. Over-the-counter options are valued by a third party pricing service using techniques that

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

VALUATION TECHNIQUES AND INPUTS (CONTINUED)

Option Contracts (continued)
consider factors including the value of the underlying instrument, the volatility of the underlying instrument and the period of time until option expiration. Depending on the frequency of trading, listed options are generally classified in Level 1 or 2 of the fair value hierarchy.

Futures Contracts
Futures contracts \which are listed on major securities exchanges are valued at their last reported sales price as of the valuation date. Listed futures contracts are generally classified in Level 1 of the fair value hierarchy.

Warrants
Warrants which are listed on securities exchanges are valued at their last reported sales price as of the valuation date. The fair value of OTC warrants are valued using the Black-Scholes option pricing model. This model takes into account the contract terms (including as well as inputs, including time value, volatility, equity prices, interest rates and currency rates. Warrants are generally categorized in Levels 2 or 3 of the fair value hierarchy.

Contracts for Differences
Contracts for differences are traded on the OTC market. The fair value of contracts for differences is derived by taking the difference between the quoted price of the underlying security and the contract price. Contracts for differences are generally categorized in Level 2 of the fair value hierarchy.

Forward Contracts
Forward contracts are traded on the OTC market. The fair value of forward contracts are valued using observable inputs, such as currency exchange rates or commodity prices, applied to notional amounts stated in the applicable contracts. Forward contracts are generally categorized in Level 2 of the fair value hierarchy.

Interest Rate Swaps
Interest rate swaps are traded on the OTC market. The fair value for interest rate swap contracts is derived using a pricing model that is widely accepted by marketplace participants. The pricing model takes into account the contract terms (including maturity) as well as multiple inputs, including, where applicable, interest rates, prepayment speeds and currency rates. Many inputs into the model do not require material subjectivity as they are observable in the marketplace. Interest rate swaps are generally categorized in Level 2 of the fair value hierarchy.

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

VALUATION TECHNIQUES AND INPUTS (CONTINUED)

Total Return Swaps

Total return swaps are traded on the OTC market. The fair value of total return swaps is recorded at the swap contract's net equity value. Net equity is calculated by determining the notional fair value of the assets or· liabilities underlying the swap contracts, which are typically equity securities, and is consistent with the valuation procedures discussed previously. Total return swaps are generally categorized in Level 2 of the fair value hierarchy.

Credit Default Swaps

Credit default swaps are traded on the OTC market. The fair value for a credit default swap contract is derived using a pricing model that is widely accepted by marketplace participants. The pricing model takes into account multiple inputs including specific contract terms (including maturity), interest rate yield curves, interest rates, credit curves, recovery rates, and current credit spreads obtained from swap counterparties and other market participants. Many inputs into the model do not require material subjectivity as they are observable in the marketplace or set per the contract. Other than the contract terms, valuation is heavily determined by the difference between the contract spread and the current market spread. The contract spread (or rate) is generally fixed and the market spread is determined by the credit risk of the underlying debt or reference entity. If the underlying debt is liquid and the OTC market for the current spreads is active, credit default swaps are categorized in Level 2 of the fair value hierarchy. If the underlying debt is illiquid and the OTC market for the current spread is not active, credit default swaps are categorized in Level 3 of the fair value hierarchy. At December 31, 20XX, investments in credit default swaps had maturities within a range of X and XX years.

Investments in Private Operating Companies

The Fund’s investments in private operating companies consist of direct private common and preferred stock (together or individually “equity”) investments. The transaction price, excluding transaction costs, is typically the Fund’s best estimate of fair value at inception. When evidence supports a change to the carrying value from the transaction price, adjustments are made to reflect expected exit values in the investment’s principal market under current market conditions. Ongoing reviews by Fund management are based on an assessment of each underlying investment from the inception date through the most recent valuation date. These assessments typically incorporate valuation techniques that consider the evaluation of financing and sale transactions with third parties, an income approach reflecting a discounted cash flow analysis using an appropriate risk-adjusted discount rate, and a market approach that includes comparative analysis of acquisition multiples and pricing multiples generated by

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

VALUATION TECHNIQUES AND INPUTS (CONTINUED)

Investments in Private Operating Companies (continued)

market participants. In certain instances, the Fund may use multiple valuation techniques for a particular investment and estimate its fair value based on a weighted average or a selected outcome within a range of multiple valuation results.

The Fund uses the guideline company method of the market approach which involves selecting companies that are similar in size, operating strategy, market position and/or geographic location to the target company. Inputs relied upon by the income approach include annual projected cash flows for each investment through their respective investment horizons. The cash flow assumption may be probability-weighted to reflect the risks associated with achieving expected performance levels across various business scenarios. Investments valued using a market approach utilized valuation multiples times the annual earnings before interest, taxes, depreciation and amortization ("EBITDA"), or another performance metric such as net earnings or revenues. The selected valuation multiples were estimated through comparative analysis of the performance and characteristics of each investment within a range of comparable companies or transactions in the observable marketplace.

Investments in private operating companies also consist of direct private debt investments. The transaction price, excluding transaction costs, is typically the Fund's best estimate of fair value at inception. When evidence supports a change to the carrying value from the transaction price, adjustments are made to reflect expected exit values in the investment's principal market under current market conditions. Ongoing reviews by management are based on an assessment of each underlying investment from the inception date through the most recent valuation date. These assessments typically incorporate valuation techniques that consider trends in the performance and credit profile of each underlying investment, evaluation of arm's length financing, an income approach based upon a discounted cash flow analysis and sales transactions with third parties. Inputs relied upon by debt investments using the income approach include an understanding of the underlying company's compliance with debt covenants, the operating performance of the underlying company, trends in liquidity and financial leverage ratios of the underlying company from the point of the original investment to the stated valuation date, an assessment of the credit profile of the underlying company from the original investment to the stated valuation date, as well as an assessment of the underlying company's business enterprise value, liquidation value and debt repayment capacity of each subject debt investment. In addition, inputs include an assessment of potential yield

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

VALUATION TECHNIQUES AND INPUTS (CONTINUED)

Investments in Private Operating Companies (continued)
adjustments for each debt investment based upon trends in the credit profile of the underlying company and trends in the interest rate environment from the date of the original investment to the stated valuation date.

These investments in private operating companies are generally included in Level 3 of the fair value hierarchy.

[IF DISAGGREGATED ON THE ASU 2011-04 TABLE THE FOLLOWING IS NOT NECESSARY:]

At December 31, 20XX, the approximate fair values of the Fund's equity and debt investments in private operating companies, by valuation methodology, are as follows:

	Common Stocks	Preferred Stocks	Debt Securities	Total
Third party transactions				
Income approach				
Market approach				
Blended approach				

Private Investments in Public Equity
The Fund invests in private investments in public equities ("PIPE's") consisting of unregistered shares of common stock, convertible debentures, convertible preferred and/or warrants issued by public companies. The shares of stock and the underlying shares of stock related to the convertible debentures are required to be registered at a future date specified in the transaction documents. The shares (and the underlying shares) issued in connection with the PIPE transaction are not registered at the date of issuance. The Fund may resell the shares (and the underlying shares) after the applicable holding period expires pursuant to Rule 144 of the Securities Act of 1933. Historically, such shares become registered within 90 days of purchase. Since these shares are not readily available for sale, their acquisition poses a greater risk of illiquidity. **[The Fund may hedge as many of its unregistered PIPE positions as possible, typically by selling short the same security, in order to minimize the risk of a decline in market price of the investee company's shares. The fair value of the hedged portions of the investments is stated at the market price at the end of the last trading day of the**

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

VALUATION TECHNIQUES AND INPUTS (CONTINUED)

Private Investments in Public Equity (continued)
reporting period. The fair value of unhedged positions will be valued as determined by the Investment Manager in accordance with the Fund's valuation policy. DESCRIBE GENERALLY HERE AND IF A LEVEL 3 INVESTMENT LIST INPUTS AND TECHNIQUES ON THE ASU 2011-04 TABLE] Investments in PIPE's are generally included in Level 3 of the fair value hierarchy. **[Include/modify the description of the valuation techniques and the inputs used in the fair value of PIPES].**

Investments in Special Purpose Vehicles
The Fund's investments in special purpose vehicles ("SPVs") are either offshore private investment companies or United States corporations that invest directly or indirectly through joint ventures or United States limited liability companies in private equity or debt investments, real estate or intangible property. The valuation of the Fund's SPVs may depend on whether the SPV is required to be accounted for as an investment company under GAAP.

If a SPV is accounted for as an investment company, the Fund generally values the investment, as a practical expedient, using the net asset values provided by the SPV when the NAV is calculated in a manner consistent with GAAP for investment companies. The Fund applies the practical expedient to eligible SPVs on an investment-by-investment basis and consistently with the Fund's entire position in a particular investment, unless it is probable that the Fund will sell a portion of an investment at an amount different from the NAV of the investment.

If a SPV is not accounted for as an investment company, the SPV may be valued in its entirety using an income approach or a market approach. **[See the Private Operating Companies section for examples of valuation techniques and inputs that may apply to SPVs.]** In certain instances, a SPV may be valued based on the evaluation of the net assets of the SPV, whereby the assets and liabilities of the SPV are valued based on each underlying investment within the SPV, incorporating valuations that consider the evaluation of financing and sale transactions with third parties, expected cash flows and market-based information including comparable transactions, and performance multiples, among other factors.

SPVs are generally categorized in Level 3 of the fair value hierarchy**. [Note: This paragraph does not apply to SPVs valued using NAV as a practical expedient.]**

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

VALUATION TECHNIQUES (CONTINUED)

OR

At various times, the Partnership may utilize special-purpose vehicles ("SPVs") in the investment process. The Partnership advances money to these SPVs for the specific purpose of investing in securities on behalf of the Partnership (an "SPV Investment"). When the Partnership makes an SPV Investment, the investment is held through the Partnership's interest in the respective SPV. The Partnership presents and fair values its SPV Investments in the financial statements as if they were owned directly by the Partnership and the SPVs have been

Investments in Special Purpose Vehicles

disregarded for presentation purposes as a result of the following:(1) an SPV Investment is the sole activity of the SPV; (2) the Partnership's underlying ownership of the SPV is proportionate to the contributions made by the SPV members; and (3) the Partnership will receive the exact proportion of cash proceeds as the SPV Investment is monetized and distributed. The SPVs may incur a tax liability associated with distributions made by underlying portfolio investments.

As discussed above, since the Partnership is not subject to any direct taxation, any taxes incurred would be taxed to the individual partners who are responsible for their proportionate share.

Investments in Private Investment Companies (SEE FUND OF FUND TEMPLATE FOR ADDITIONAL DISCLOSURES WHEN USING THE PRACTICAL EXPEDIENT AS FAIR VALUE)

Investments in private investment companies are valued, as a practical expedient, utilizing the net asset valuations provided by the underlying private investment companies and/or their administrators, without adjustment, when the net asset valuations of the investments are calculated (or adjusted by the Fund if necessary) in a manner consistent with U.S. GAAP for investment companies. The Fund applies the practical expedient to its investments in private investment companies on an investment-by-investment basis, and consistently with the Fund's entire position in a particular investment, unless it is probable that the Fund will sell a portion of an investment at an amount different from the net asset valuation. If it is probable that the Fund will sell an investment at an amount different from the net asset valuation or in other situations where the practical expedient is not available, the Fund considers other factors in addition to the net asset valuation, such as features of the investment including subscription and redemption rights, expected discounted cash flows, transactions in the secondary market, bids received from potential buyers, and overall market conditions in its determination of fair value.

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

VALUATION TECHNIQUES (CONTINUED)

Investments in Private Investment Companies (SEE FUND OF FUND TEMPLATE FOR ADDITIONAL DISCLOSURES WHEN USING THE PRACTICAL EXPEDIENT AS FAIR VALUE) (continued)

The Fund values investments in private investment companies that do not qualify for the practical expedient based on the Fund's estimates of secondary market transactions for those investments. Those estimates are typically based on adjustments to the NAV per share (or its equivalent) using inputs such as transactions in principal-to-principal or brokered markets; benchmarks, indexes, expected returns and historical returns of comparable funds; features of the investment; expected discounted future cash flows; and overall market conditions. Investments in private investment companies that are not valued using the practical expedient are typically classified in Level 3 of the fair value hierarchy.

Restricted Securities (Public Companies)
Investments in restricted securities of public companies cannot be offered for sale to the public until the Fund complies with certain statutory requirements. The valuation of the securities by management takes into consideration the type and duration of the restriction, but in no event does the valuation exceed the listed price on a national securities exchange or the NASDAQ national market. The fund may apply liquidity discounts to similar publicly traded securities which consider the respective financial performance of the public companies and expected holding period for the restrictions. Investments in restricted securities of public companies are generally included in Level 2 of the fair value hierarchy. However, to the extent that significant inputs used to determine liquidity discounts are not observable, investments in restricted securities in public companies may be included in Level 3 of the fair value hierarchy. **[Include/modify the description of the valuation techniques and the inputs used in the fair value of Level 2 restricted securities, if necessary].**

Restricted Securities (Equity and Debt - non public companies)
Restricted securities for which quotations are not readily available are valued at fair value as determined by the Investment Manager. Restricted securities issued by nonpublic entities may be valued by reference to comparable public entities and/or fundamental data relating to the issuer which considers the respective financial performance and expected holding period for the restrictions. Depending on the relative significance of valuation inputs, these instruments may be classified in either Level 2 or Level 3 of the fair value hierarchy. **[Include/modify the description of the valuation techniques and the inputs used in the fair value of Level 2 restricted securities, if necessary].**

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

VALUATION TECHNIQUES (CONTINUED)

Physical commodities
Physical commodities are valued using the most recent prices from established commodity exchanges, less estimated transportation costs. Physical commodities are generally categorized in Level 2 of the fair value hierarchy.

Repurchase agreements
The Fund records repurchase agreements at their contracted resell amounts, which approximate fair value. Interest on repurchase agreements is included in interest receivable in the statement of assets and liabilities. Repurchase agreements are generally categorized in Level 2 of the fair value hierarchy.

Contingent consideration
The Fund may sell its portfolio investments and receive the proceeds from such disposition in installments. Proceeds anticipated, but not yet received, are fair valued and included in escrow receivable on the statement of financial condition. Escrow receivables are expected to be funded and available for release to the Fund based on the requirements in the purchase and sales agreements between the Fund and the purchasing entities. The Investment Manager of the Fund has been notified by the purchasing entities of certain claims against the escrow receivables.

At December 31, **20XX**, the total escrow balances potentially available for distribution to the Fund were **[$insert amount]**. The Fund has fair valued its escrow receivable at **[$insert amount]**, which reflects the Investment Manager's best estimate of the amounts that will ultimately be collected by the Fund. The escrow receivable as of December 31, **20XX** is expected to be received by **20XX**.

The Fund recognizes contingent consideration (Escrow receivable amounts) from the sale of liquidated investments as a financial asset measured at fair value. Contingent consideration refers to additional amounts from liquidated investments that management believes may be realized at future dates and/or as future events occur. The terms of these milestones are generally defined in the sales agreements of the liquidated investment. The amount of the actual milestone payments ultimately received by the Fund may vary depending on whether the future milestone events occur. The fair value reflects the Investment Manager's best estimate of the amounts that will ultimately be collected by the Fund. The escrow balances are anticipated to be released to the Fund pending the occurrence of future dates or future events. Due to the

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

VALUATION TECHNIQUES (CONTINUED)

Contingent consideration (continued)

uncertainty surrounding the collection of these balances, the Investment Manager has estimated the fair value of the escrow balances to reflect a discount of **[insert%]** to **[insert%]** of the balances held in the Fund's various escrow accounts. At December 31, 2016 the fair value of the Fund's escrow receivable was **[$insert amount]**.

INSERT ASU 2011-04 DISCLOSURE HERE.

NOTE 4 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In the normal course of business, the Fund utilizes derivative financial instruments in connection with its proprietary trading activities. Investments in derivative contracts are subject to additional risks that can result in a loss of all or part of an investment. In addition to its primary underlying risks, the Fund is also subject to additional counterparty risk should its counterparties fail to meet the terms of their contracts. The Fund records its derivative activities at fair value. Derivative contracts include forward, future, swap, warrant and option contracts related to interest rates, foreign currencies, credit standing of reference entities, equity prices or commodity prices. See Note 7 for additional risks associated with derivatives still held as of December 31, 20XX. **[New ASU 2011-11 Balance Sheet Offsetting Disclosure Requirement: Add the following sentence if the Fund's derivatives consist only of equity options NOT traded on margin and no master netting arrangement exists:]** As of December 31, 20XX, the Fund's financial instruments and derivative instruments are not subject to a master netting arrangement.

The principal types of derivatives utilized by the Fund, as well as the methods in which they may be used are:

INSERT ADDITIONAL DERIVATIVES AND/OR TAILOR THE DISCLOSURE BELOW TO REFLECT SPECIFIC DERIVATIVES USED BY THE FUND

NOTE 4 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (CONTINUED)

FORWARD FOREIGN CURRENCY EXCHANGE CONTRACTS

The Fund may enter into forward foreign currency exchange contracts primarily to hedge against foreign currency exchange rate risks on its non-U.S. Dollar denominated investment securities. When entering into a forward currency contract, the Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed upon future date. A forward contract is marked-to-market daily, and the unrealized gain or loss on the contract, which is measured by the difference between the contract rate and the applicable forward rate applied to the face amount of the forward contract, is recorded in the statement of operations. Any realized gains or losses on forward contracts are recorded in the statement of operations on the expiration date of the contract.

FORWARD CONTRACT

The Fund enters into forward contracts to hedge itself against foreign currency exchange rate risk for its foreign currency denominated assets and liabilities due to adverse foreign currency fluctuations against the U.S. Dollar, and to manage the price risk associated with its commodity portfolio positions. A forward contract is marked-to-market daily, and the unrealized gain or loss on the contract, which is measured by the difference between the contract rate and the applicable forward rate applied to the face amount of the forward contract, is recorded in the statement of operations. Any realized gains or losses on forward contracts are recorded in the statement of operations on the expiration date of the contract.

FUTURES CONTRACTS

The Fund uses futures contracts to gain exposure to, or hedge against, changes in the value of equities and commodities, interest rates or foreign currencies. A futures contract is a firm commitment to buy or sell a specified quantity of currency or securities, or a standardized amount of a deliverable grade commodity, at a specified price and specified future date, unless the contract is closed before the delivery date. Upon entering into a futures contract, the Fund is required to pledge to the broker an amount of cash, U.S. government securities, or other assets, equal to a certain percentage of the contract amount (initial margin deposit). Subsequent payments, known as “variation margin”, are made or received by the Fund each day, depending on the daily fluctuations in the fair value of the underlying security. The Fund records an unrealized gain or loss equal to the daily variation margin. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

NOTE 4 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (CONTINUED)

OPTIONS

The Fund enters into options to speculate on the price movements of the financial instrument underlying the option, or for use as an economic hedge against certain equity positions held in the Fund's portfolio holdings. Option contracts give the Fund the right, but not the obligation, to buy or sell within a limited time, a financial instrument, commodity or currency at a contracted price that may also be settled in cash, based on differentials between specified indices or prices.

WARRANTS

The Fund may receive purchase warrants in the normal course of pursuing its investment objectives or warrants from its portfolio companies upon an investment in the debt or equity of a portfolio company. Warrants provide the Fund with exposure and potential gains upon equity appreciation of the portfolio company's share price. The value of a warrant has two components—time value and intrinsic value. A warrant has a limited life and expires on a certain date.

[INCLUDE ONLY IF FUND WRITES OPTIONS.]
OPTION WRITING

When the Fund writes an option, an amount equal to the premium received by the Fund is recorded as a liability and is subsequently adjusted to the current fair market value of the option written. Premiums received from writing options that expire unexercised are treated by the Fund, on the expiration date, as realized gains from investments. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security or currency in determining whether the Fund has realized a gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the Fund.

SWAP AGREEMENTS

The Fund may invest in equity swap contracts, including contracts for differences ("CFDs"). An equity swap is an agreement to exchange a market-linked return generated by an instrument for interest based on a predetermined notional amount. CFDs are single name equity swaps, which are used in lieu of making investments directly in securities in certain countries where

NOTE 4 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (CONTINUED)

this is advantageous, particularly the United Kingdom. Swaps and CFDs are marked-to-market, based upon the market value of the underlying security and the change, if any, is recorded as unrealized gain or loss in the statement of operations. Realized gains or losses on swaps and CFDs are recorded in the statement of operations upon the termination date or the reset date of the contracts.

SWAP CONTRACTS

The Fund enters into various swap contracts, including interest rate swaps, total return swaps, and credit default swaps as part of its investment strategies to hedge against unfavorable changes in the value of investments and to protect against adverse movements in interest rates or credit performance with counterparties. Generally, a swap contract is an agreement that obligates two parties to exchange a series of cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified notional amount of the underlying assets. The payment flows are usually netted against each other, with the difference being paid by one party to the other. During the term of the swaps, changes in value are recognized as unrealized gains or losses by marking the contracts to fair value. Additionally, the Fund records a realized gain (loss) when a swap contract is terminated and when periodic payments are received or made at the end of each measurement period, but prior to termination. Unrealized gains (losses), realized gains (losses) and periodic payments are reflected in net realized and unrealized gain (loss) on derivative contracts in the statement of operations.

INTEREST RATE SWAPS

The Fund enters into interest rate swap contracts to protect against adverse movements in the interest rates. Interest rate swaps are contracts whereby counterparties exchange different rates of interest on a specified notional amount for a specified period of time. The payment flows are usually netted against each other, with the difference being paid by one party to the other. The Fund's interest rate swap contracts are scheduled to terminate from 20XX through 20XX.

TOTAL RETURN SWAPS

The Fund enters into total return swaps to obtain leverage on its investments and to manage its exposure to [the market or certain sectors of the market, or to create exposure to certain equities] to which it is otherwise not exposed. Total return swap contracts involve the exchange by the Fund and a counterparty of their respective commitments to pay or receive a net amount based on the change in the fair value of a particular security or index and a specified notional amount. The Fund's total return swap contracts are scheduled to terminate from 20XX through 20XX.

NOTE 4 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (CONTINUED)

CREDIT DEFAULT SWAPS

The Fund enters into credit default swaps to manage its exposure to the market or certain sectors of the market, to reduce its risk exposure to defaults of corporate and sovereign issuers, or to create exposure to corporate or sovereign issuers to which it is not otherwise exposed. Credit default swap contracts involve an arrangement between the Fund and a counterparty which allow the Fund to protect against losses incurred as a result of default by a specified reference entity. The Fund pays a premium and the counterparty agrees to make a payment to compensate the Fund for losses upon the occurrence of a specified credit event. Generally, the Fund pays a premium upfront and the counterparty agrees to make a payment to compensate the Fund for losses upon the occurrence of a specified credit event. The Fund's credit default swap contracts are scheduled to terminate from 20XX through 20XX.

INSERT TABULAR DISCLOSURE FROM DERIVATIVES ASC 815 TEMPLATE

NOTE 5 – OFFSETTING ASSETS AND LIABILITIES

[SEE ASU 2011-11 BALANCE SHEET OFFSETTING TEMPLATE

NOTE 6 - FUND TERMS AND RELATED PARTY TRANSACTIONS

MANAGEMENT FEES

The Fund has entered into an agreement with the **Investment Manager** (the "Investment Management Agreement") to provide certain investment management services to the Fund. In exchange for services provided pursuant to the Investment Management Agreement, the Fund will pay the Investment Manager a **[insert frequency]** management fee from each shareholder equal to approximately **[insert %]** (**[insert %],** annually) of the net asset value of the Fund calculated on the **[first or last]** day of each **[insert frequency]**. The Investment Manager may reduce or waive the management fee with respect to one or more shareholders for any period of time or agree to apply a different management fee for that shareholder. For the year ended December 31, 20XX, the Fund incurred management fees of $**[insert amount]**, of which $**[insert amount]** was payable at December 31, 20XX. **[if applicable]** The fees received by the Investment Manager, or its affiliates, for the "break-up fees," "transaction fees", "management fees" or "advisory fees", as defined in the Operating Agreement, are subject to an involuntary management fee offset. [**insert %]** of such fees received by the Manager, or its affiliates, shall be credited to reduce the management fees payable by the Fund. Fees received by the Manager during the year ended December 31, **20XX** was $**[insert amount]** of which $**[insert amount]** was used as an offset against management fees.

NOTE 6 - FUND TERMS AND RELATED PARTY TRANSACTIONS (CONTINUED)

INCENTIVE FEE

Pursuant to the Investment Management Agreement, the Investment Manager receives an annual incentive fee with respect to each share of each series equal to [**insert %**]% of the net profits, if any, during a fiscal year allocable to each share of that series, subject to a loss carryforward ("high water mark"). The incentive fee will be paid to the Investment Manager at the end of the year, or upon any redemption or transfer of shares by a shareholder. The Investment Manager, may in its sole discretion, waive or reduce the incentive fee charged to any series of shares. For the year ended December 31, 20XX, incentive fees of **$[insert amount]** were incurred and are included in [**incentive fees payable]** in the accompanying statement of assets and liabilities. OR [For the year ended December 31, 20XX, the Fund did not incur any incentive fees]

LOAN RECEIVABLE

During 20XX, the Fund loaned a member of the Investment Manager $**[insert amount]** in order to **[insert reason for loan]**. The amount was paid in full, including interest thereon, at December 31, 20XX. Interest, which is charged at a rate of **[insert rate]**%, amounted to $**[insert amount]** and is included in interest income on the accompanying statement of operations.

DUE TO INVESTMENT MANAGER

The Investment Manager pays expenses on behalf of the Fund, which are reimbursable to the Investment Manager and are non-interest bearing. At December 31, 20XX, $**[insert amount]** was payable to the Investment Manager and is included in due to affiliate on the accompanying statement of assets and liabilities.

SHAREHOLDERS

Certain shareholders are affiliated with the Investment Manager. The aggregate value of the affiliated shareholders' share of net assets at December 31, 20XX is approximately $[**insert amount**].

Certain shareholders have special management fee arrangements, performance arrangements, or redemption rights as provided for in the Agreement.

NOTE 6 - FUND TERMS AND RELATED PARTY TRANSACTIONS (CONTINUED)

FINANCIAL SUPPORT PROVIDED TO INVESTEES

[SEE ASU 2013-08 TEMPLATE]

TRANSACTIONS WITH AFFILIATED ENTITIES

[if applicable] The Investment Manager, or other employees of such entities sit on the board of directors of all the Fund's portfolio companies [or name the specific portfolio companies]. During the year ended 20XX, the Investment Manager, the Manager or other employees of such entities received $[insert amount] as compensation for serving on the board of directors OR During the year ended 20XX, the Investment Manager or other employees of the Investment Manager did not receive any compensation from portfolio companies for serving on the board of directors.**[if applicable]** The Fund's Investment Manager is also the Investment Manager of [ABC Fund] and [DEF Fund]. The Fund, [ABC Fund] and [DEF Fund] have invested in the same asset, [Investment 123]. Collectively, the Fund, [ABC Fund] and [DEF Fund] own [XX]% of [Investment 123].

[if applicable] During 20XX, the Fund entered into purchase and sale transactions with an affiliated entity, which is also managed by the Investment Manager. Total purchases and sales at fair value of approximately $[insert amount] were made with this related party. Transactions with related parties resulted in net gain (losses) of $[insert amount] and are included in net realized and unrealized gain (loss) on investments in the statement of operations. The terms, conditions and execution of each such purchase and sale were on arm's-length basis. ALSO ADD FEES ALSO CHARGED OR RECEIVED AS A RESULT OF THE TRANSACTION

[if applicable] The Investment Manager generally allocates investments between the Fund and other entities for which it serves as the Investment Manager on a pro rata basis based on assets under management. In order to maintain pro rata allocation, the Fund may sell securities to, or purchase securities from, these other entities. Such transactions are generally executed at the closing price on the date prior to the trade date, or, in the case of restricted yet tradable securities, at fair value as determined by the Investment Manager.

[if applicable] Additionally, the Fund may co-invest with other entities with the same Investment Manager as the Fund.

[If applicable:] In the normal course of operations, the Fund enters into derivative transactions that are cross-collateralized between related funds under common management that enter into similar transactions with the same counterparty. In the event the related funds are unable to fulfill their obligations with the counterparty, the Fund may be required to perform to the extent the related funds have outstanding obligations. At December 31, **20XX**, the outstanding obligations of the related funds amounted to approximately **$X,XXX,XXX**.

NOTE 6 - FUND TERMS AND RELATED PARTY TRANSACTIONS (CONTINUED)

TRANSACTIONS WITH AFFILIATED ENTITIES

[if applicable] Administrator Fund Services LLP (The "Administrator") serves as the Fund's administrator and performs certain administrative and clerical services on behalf of the Fund. The Administrator is also affiliated with a broker through which the Fund transacts operations. At December 31, 20XX, there is a balance of approximately $X,XXX,XXX due from/to this broker. At December 31, 20XX, cash balance in the amount of approximately $XXX,XXX are held by an affiliate of the Administrator.

Items to include for Related Party Transactions
Please ensure that the (1) nature of the relationship(s) involved is disclosed, (2) a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to gain an understanding of the effects of the transactions on the financial statements, (3) the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period, (4) and amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement. If the Investment Manager reimburses the Fund for virtually all its expenses, that should be added in as a disclosure.]

NOTE 7 - CAPITAL ACCOUNTS

The authorized share capital of the Fund consists of $**[insert amount]** divided into **[insert # of shares]** shares with a par value of [**insert amount per share]** per share, of which shares may be issued as Class A shares, Class B shares, or any other class of shares created by the Board of Directors in its sole discretion. The shares may be further issued in series, with a new series being issued on each date that the Fund permits subscriptions with respect to each Class. In addition to the shares being offered, the Fund may offer additional voting and non-voting classes of shares, including shares denominated in a currency other than U.S. Dollars. The Fund may also issue Class C shares, which are non-voting participating shares. Class C shares will represent Special Situation Investments, as defined in the Memorandum, made by the Investment Manager.

NOTE 7 - CAPITAL ACCOUNTS (CONTINUED)

The Fund may offer shares on the first day of each [**insert frequency**] or at such other times as the Board of Directors, in its sole discretion, may allow (each such date being a "Closing Date"). The subscription price for the shares of each series to be issued on each Closing Date shall be US $**[insert amount per share]** per share of the series being offered. The minimum initial subscription for shares is $**[insert amount]**. Thereafter, the minimum subscription for additional shares is $**[insert amount]**. The Board, in its sole discretion, may accept subscriptions of a lesser amount. At no time, however, will a minimum initial subscription of less than $**[insert amount]** be accepted by the Board.

Shareholders may not redeem any shares for a period of **[insert lock-up period]** from the date of initial purchase, subject to the sole discretion of the Board to permit redemptions prior to such time. Thereafter, a shareholder may redeem all or some of its shares on at least **[insert # of days]** days prior written notice on the last day of each calendar **[insert frequency]**, and at such other times with the consent of the Board, in its sole discretion. ***Redemption of shares may be in cash or in kind, upon the discretion of the Board of Directors.***

[If applicable, add disclosure of gate provisions.]
[Additionally, redemptions in the Fund may be limited due to a discretionary "gate" that may be imposed by the Investment Manager. Funds typically exercise gates when redemption requests exceed a specified percentage of the overall net assets. Gates are imposed to prevent disorderly redemptions and may limit the amount of capital allowed to redeem from the Fund on its respective redemption dates.

[If applicable, add disclosure on Investment Manager's right to suspend redemptions.]

[If Fund has investments in side pockets, add disclosures about redemption restrictions from PPM. Disclose $XX of investments in side pockets.]

A new participating series is issued each time investors are admitted into the Fund. Investment profits and losses are allocated to each series of participating shares based on investment performance subsequent to each entrance date. At the end of each fiscal year, the Fund intends to convert ("roll up") any issued and outstanding series of shares of each class, which do not have a loss carryforward, into one series of shares of each class after payment of the incentive fees due to the Investment Manager. This re-designation and conversion has no economic effect on any shareholder's investment.

Transactions in capital shares during the period and the shares outstanding and the net asset value ["NAV"] per share as of December 31, 20XXX for each class and series of shares are as follows:

NOTE 7 - CAPITAL ACCOUNTS (CONTINUED)

	Beginning Shares	**Transfers/Conversion of Shares**	**Shares Issued**	**Shares Redeemed**	**Ending Shares**
Participating Shares:					
Class A					
Series 1					
Series 2					
Series 3					
Class B					
Series 1					
Series 2					
Series 3					

	Beginning Net Assets	**Transfers/Conversion of Shares**	**Amounts Issued**	**Amounts Redeemed**	**Ending Net Assets**
Participating Shares:					
Class A					
Series 1					
Series 2					
Series 3					
Class B					
Series 1					
Series 2					
Series 3					

	Ending NAV Per Share
Participating Shares:	
Class A	
Series 1	
Series 2	
Series 3	
Class B	
Series 1	
Series 2	
Series 3	

NOTE 8 - PRINCIPAL RISKS

Elaborate on types of risk (for example, use language from Fund Memorandum. NOTE – THE DERIVATIVES RISK DISCLOSURE INCLUDED HERE SHOULD MATCH TO THE SPECIFIC DERIVATIVES THAT THE FUND IS INVESTED IN AND STILL HOLDS AT PERIOD END.

CONCENTRATION OF CREDIT RISK

The Fund maintains its cash at [insert amount] institution/s which is/are insured by the Federal Deposit Insurance Corporation ("FDIC") and/or Securities Investor Protection Corporation ("SIPC"). At December 31, 20XX, the Fund had cash and security balances held at its bank/broker in excess of the maximum amounts insured. The Fund is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf.

FINANCIAL INSTRUMENTS

In the normal course of its business, the Fund enters into various financial transactions with off-balance sheet risk where the risk of potential loss due to changes in the market (market risk), failure of the other party to the transaction to perform (credit risk) or changes in foreign exchange rates (currency risk) exceeds the related amounts recorded. These transactions give rise to varying degrees of market, credit and currency risk depending on the counterparties used, trading strategies employed and fluctuations in the values of the underlying financial instruments or currencies. The Fund is also exposed to interest rate risk when there is an unfavorable change in the value of investments as a result of adverse movements in the market interest rates.

LIQUIDITY RISK

Liquidity risk arises in the general funding of the Fund's trading activities. It includes the risks of not being able to fund trading activities at settlement dates and liquidate positions in a timely manner at a reasonable price. **[since a significant amount of its investments are in PIPEs, which have a greater risk of illiquidity (See Note 3)]**The Fund manages its liquidity risk by investing primarily in marketable securities and financing its trading activities using traditional margin arrangements. ***[If preceding sentence is not applicable, add language specific to the Fund.]*** Generally, the financial instruments can be closed out at the discretion of the Investment Manager. An illiquid or closed market, however, could prevent the closeout of positions.

NOTE 8 - PRINCIPAL RISKS (CONTINUED)

FOREIGN SECURITIES/EMERGING MARKET RISK

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local and regional economic, political and social conditions, which may result in greater market volatility. In addition, certain foreign securities may not be as liquid as U.S. securities. Investing in emerging markets may accentuate these risks.

INVESTMENTS IN DERIVATIVES RISK (ALSO SEE NOTE 4)

[ONLY INCLUDE THE RISKS BELOW IF THE DERIVATIVE IS STILL HELD AT PERIOD END]

INVESTMENTS IN DERIVATIVES RISK (ALSO SEE NOTE 4) (CONTINUED)

Futures Contracts
Futures contracts provide reduced counterparty risk to the Fund since futures are exchange-traded; and the exchange's clearinghouse, as the counterparty to all exchange-traded futures, guarantees the futures against default. The Commodity Exchange Act requires a Futures Commission Merchant ("FCM") to segregate all customer transactions and assets from the FCM's proprietary activities. A customer's cash and other equity deposited with an FCM are considered commingled with all other customer funds subject to the FCM's segregation requirements. In the event of an FCM's insolvency, recovery may be limited to the Fund's pro rata share of segregated customer funds available. It is possible that the recovery amount could be less than the total cash and other equity deposited.

Forward Contracts
Risks associated with forward currency and commodities contracts are the inability of counterparties to meet the terms of their contracts and movements in fair value and exchange rates.

Swap Contracts
The fair value of open swaps may differ from that which would be realized in the event the Fund terminated its position in the contract. Risks may arise as a result of the failure of the counterparty to the swap contract to comply with the terms of the swap contract. The loss incurred by the failure of a counterparty is generally limited to the aggregate fair value of swap contracts in an unrealized gain position as well as any collateral posted with the counterparty. The risk is mitigated by having a master netting arrangement between the Fund and the counterparty and by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty. Therefore, the Fund considers the creditworthiness of each counterparty to a swap contract in evaluating potential credit risk. Additionally, risks may arise from unanticipated movements in the fair value of the underlying investments.

NOTE 8 - PRINCIPAL RISKS (CONTINUED)

INVESTMENTS IN DERIVATIVES RISK (ALSO SEE NOTE 4) (CONTINUED)

Options
The Fund is exposed to counterparty risk from the potential that a seller of an option contract does not sell or purchase the underlying asset as agreed under the terms of the option contract. The maximum risk of loss from counterparty risk to the Fund is the fair value of the contracts and the premiums paid to purchase its open option contracts. The Fund considers the credit risk of the intermediary counterparties to its option transactions in evaluating potential credit risk.

[INCLUDE ONLY IF FUND WRITES OPTIONS.]
Option Writing
Options written obligate the Fund to buy or sell within a limited time, a financial instrument, commodity or currency at a contracted price that may also be settled in cash, based on differentials between specified indices or prices. Options written by the Fund may expose the Fund to the market risk of an unfavorable change in the financial instrument underlying the written option.

Warrants
Since warrants have a limited life, as the expiration date of a warrant approaches, the time value of a warrant will decline. In addition, if the stock underlying the warrant declines in price, the intrinsic value of an "in the money" warrant will decline. Further, if the price of the stock underlying the warrant does not exceed the strike price of the warrant on the expiration date, the warrant will expire worthless. As a result, there is the potential for the Fund to lose its entire investment in a warrant. The Fund is exposed to counterparty risk from the potential failure of an issuer to settle its exercised warrants. The maximum risk of loss from counterparty risk to the Fund is the fair value of the contracts and the purchase price of the warrants.

Credit-risk-related Contingent Features
The Fund's derivative contracts are subject to International Swaps and Derivatives Association ("ISDA") Master Agreements which contain certain covenants and other provisions that may require the Fund to post collateral on derivatives if the Fund is in a net liability position with its counterparties exceeding certain amounts. ***[OR: Certain of the Fund's derivative contracts contain provisions whereby if its credit rating, as determined by major credit rating agencies indicated in the relevant contracts, were to fall below investment grade (or any other trigger/criterion as applicable or breach of credit covenants), the counterparty could demand additional collateral or require termination or replacement of derivative instruments in a net liability position.]*** The aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a net liability position at December 31, 20XX, is $[**insert amount**], for which the Fund has posted $[**insert amount**] as collateral in the normal course of

NOTE 8 - PRINCIPAL RISKS (CONTINUED)

INVESTMENTS IN DERIVATIVES RISK (ALSO SEE NOTE 4) (CONTINUED)

Credit-risk-related Contingent Features (continued)

business. If the credit-risk-related contingent features underlying these agreements were triggered as of December 31, 20XX, the Fund would have been required to post additional collateral of $[**insert amount**] to its counterparties. Additionally, counterparties may immediately terminate these agreements and the related derivative contracts if the Fund fails to maintain sufficient asset coverage for its contracts or its net assets decline by stated percentages or amounts. As of December 31, 20XX, the termination values of these derivative contracts were approximately $[**insert amount**] less than their fair values.

SECURITIES SOLD SHORT

The Fund may sell a security it does not own in anticipation of a decline in the fair value of that security. When the Fund sells a security short, it must borrow the security sold short and deliver it to the broker-dealer through which it made the short sale. A gain, limited to the price at which the security sold short, or a loss, unlimited in size, will be recognized upon the termination of the short sale. Securities sold short represent obligations of the Fund to deliver specified securities at contracted prices and thereby create a liability to repurchase the securities in the market at prevailing prices. Accordingly, these transactions involve, to varying degrees, elements of market risk, as the Fund's ultimate obligation to satisfy the sale of securities sold short may exceed the amount recognized in the statement of financial condition. The Fund is not exposed to this risk to the extent it holds offsetting long positions which are valued approximately $[**insert amount**] at December 31, 20XX.

SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL AND SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

[SEE ASU 860 TEMPLATE FOR ADDITIONAL DISCLOSURE]

Transactions involving purchases of securities under agreements to resell and securities sold under agreements to repurchase are treated as collateralized financial transactions, and are recorded at their contracted resell or repurchase amounts. In addition, interest on both types of transactions is included in interest receivable and interest payable, respectively. In connection with transactions in agreements to resell, it is the Fund's policy that its custodian takes possession of the underlying collateral securities, the fair value of which exceeds the principal amount of the agreements to resell, including accrued interest, at all times, At December 31, 20XX, securities with a fair value of approximately $XX,XXX,XXX were received as

NOTE 8 - PRINCIPAL RISKS (CONTINUED)

SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL AND SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (CONTINUED)

collateral for securities purchased under agreements to resell. If the counterparty defaults under agreements to resell, and the fair value of the collateral declines, the realization of the collateral by the Fund may be delayed or limited. At December 31, 20XX, securities with a fair value of approximately $X,XXX,XXX, which are included in investments in securities in the statement of financial condition, were pledged to collateralize securities sold under agreements
to repurchase.

[SEE ASU 860 TEMPLATE FOR ADDITIONAL DISCLOSURE]

SECURITIES LENDING AGREEMENTS

The Fund has entered into securities lending agreements with its prime brokers. From time to time, the prime brokers lend securities on the Fund's behalf. Those transactions are secured by cash collateral, the fair value of which, at all times, is required to be at least equal to the fair value of the securities loaned plus accrued interest and dividends. The Fund earns a return by holding the cash at the broker or investing the cash typically in short-term, high-quality debt instruments. A rebate for a portion of the interest earned on the cash collateral is paid to the security lending agent for arranging the transaction. The Fund has the right under its securities lending agreement to recover the securities loaned from the counter-party on demand. If the counter-party fails to deliver the securities on a timely basis, the Fund could experience delays or loss on recovery. In addition, the Fund is subject to risk of loss from investments made with cash collateral received, if any. In the event of default, the Fund has the right to use the collateral to offset the net amount owed by the counter-party. At December 31, 2017, the Fund loaned common stocks with a fair value of $XXX,XXX and received $XXX,XXX as cash collateral. **[Or, if applicable]** As of December 31, 20XX, there were no securities loaned.

LIBOR TRANSITION

The ICE Benchmark Administration ("IBA") ceased publication of one-week and two-month USD London Interbank Offered Rate ("LIBOR") settings after December 31, 2021, and intends to cease publishing the remaining USD LIBOR settings after June 30, 2023.

The Alternative Reference Rate Committee ("ARRC"), a group of diverse private-market participants assembled by the Federal Reserve Board and the Federal Reserve Bank of New York, was tasked with identifying alternative reference rates to replace LIBOR.

The Secured Overnight Finance Rate ("SOFR") has emerged as the ARRC's preferred

NOTE 8 - PRINCIPAL RISKS (CONTINUED)

LIBOR TRANSITION (CONTINUED)

alternative rate for LIBOR. SOFR is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities in the repurchase agreement market. At this time, it is not possible to predict how markets will respond to SOFR or other alternative reference rates.

It is expected that a number of banks currently reporting information used to set LIBOR will stop doing so when their reporting commitments end. This will either end the publication of LIBOR immediately or degrade its quality such that it would no longer be a relevant metric to the Fund. Change in LIBOR could affect the interest rates of the Fund's LIBOR based investments and revolving credit facility.

[If applicable:] As of December 31, 20XX, the potential effect of no longer using the LIBOR rate component to the Fund's interest rates would not have had a material effect on either rate, thus the discontinuation of LIBOR is not expected to have a material effect on the Fund's financial statements.

[If applicable:] As of December 31, 20XX, The Fund holds LIBOR based investments with a fair value of approximately $X,XXX,000. ***[Consider additional disclosures of the potential impact of a permanent cessation of LIBOR to the Fund's investments, financing arrangements and other contractual arrangements, and the Fund's plans to address the potential impacts.]***

RUSSIA-UKRAINE CONFLICT

The Russia-Ukraine war caused severe disruptions of the global supply chain, putting significant pressure on inflation. The recent commencement of war in Ukraine had an impact on international financial markets, leading to a significant rise in the price of oil and gas.

The unpredictable outcome of this conflict could inflict on the world economy significant and/or prolonged harm. Recent Russian military actions in Ukraine have prompted and might prompt further sanctions on Russia from the United States, the European Union, and other nations. Despite the fact that we have no direct exposure to Russia or the surrounding regions, the military incursion by Russia and the sanctions that follow could have a negative impact on the world's energy and financial markets, which could then have an impact on the businesses of our customers as well as our own. The extent and duration of the military action, sanctions and resulting market disruptions are impossible to predict, but could be substantial. Any such disruptions caused by Russian military action or resulting sanctions may magnify the impact of other risks described herein.

NOTE 9 - GUARANTEES

In the normal course of its operations, the Fund enters into contracts and agreements that contain indemnifications and warranties. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

[If applicable:] The Fund is a guarantor of a loan payable entered into by a related party of approximately $XXX,XXX, which matures on **[Date, Year].** If the related party defaults on its loan payments, the Fund may be required to perform under the guarantee to the extent of unpaid loan principal and interest amounts outstanding.

NOTE 10 - FINANCIAL HIGHLIGHTS

If applicable - show the impact of voluntary fee waivers and the expense waiver gross and net of such waivers.

Financial highlights for the year ended December 31, 20XX are as follows:

	Class A-Series 1	Class B-Series 1
Per Share Operating Performance:		
Net Asset Value - Beginning	$[insert amount]	$[insert amount]
Increase (decrease) in net assets resulting from operations:		
Net investment income/(loss)	[insert amount]	[insert amount]
Net realized and unrealized income (loss)on investments	[insert amount]	[insert amount]
Net Asset Value - Ending	$[insert amount]	$[insert amount]
Total Return:		
Total return before incentive fees	[insert %] %	[insert %] %
Incentive fees	[insert %]	[insert %]
Total Return After Incentive Fees	[insert %] %	[insert %] %
Ratio To Average Net Assets:		
Operating expenses (including short dividends and interest)	[insert %] %	[insert %] %
Incentive fees	[insert %]	[insert %]
Total Expenses	[insert %] %	[insert %] %
Net Investment Income/(Loss), Before Incentive Fees	[insert %] %	[insert %] %

NOTE 10 - FINANCIAL HIGHLIGHTS (CONTINUED)

Financial highlights are calculated for each permanent, non-managing class or the first series of each class of common shares. An individual shareholder's end of year net asset value per share, total return and ratios may vary based on participation in different management fee and incentive fee arrangements and the timing of shareholder transactions [if applicable, may vary based on participation in new issue and/or private investments]. The ratios are computed using a weighted-average of the net assets for the year ended December 31, 20XX. Expenses paid indirectly are included for purposes of computing total return and are excluded for purposes of computing the ratios. The net investment income/(loss) ratio does not reflect the effects of incentive fees. **FOR PERIODS GREATER THAN OR LESS THAN ONE YEAR:]** The ratios, excluding nonrecurring expenses and incentive fees have been annualized. [If applicable, for investments in private investment companies] The net investment income (loss) ratio does not reflect the income and expenses incurred by the underling private investment companies.

NOTE 11 - SUBSEQUENT EVENTS

From January 1, 2012 through [**insert date**], the Fund received additional subscriptions and paid additional redemptions of $[**insert amount**] and $[**insert amount**], respectively.

In addition, as of **[insert date],** the Fund has received shareholder redemption requests that are anticipated to be effective on [**insert effective date or range of dates**]. The shareholder interests for these requests were approximately XX% of the net assets of the Fund as of December 31, 20XX. The ultimate amounts redeemed for these requests may vary based upon the performance of the Fund and the amount of redemptions declared effective by the Investment Manager.

[Additional disclosures are required for significant changes to the value of the Fund. (i.e. Investment values, or significant purchases or sales of investments, significant redemption requests, liquidation of Fund, reorganization, etc.)]