



Illustrative Financial Statements

Alternative Investment Funds



December 31, 2024

These materials contain sample financial statements for private domestic and offshore investment companies including master feeder funds and funds of funds. They are not intended to represent sample financial statements for public investment companies such as 1940 Act Mutual Funds or BDCs. They highlight variables to consider for an entity's structure (partnership, LLC, Ltd, etc.) and provide suggestions on where to find information needed for disclosure. These materials are not a substitute for authoritative pronouncements. As considered necessary, refer to authoritative pronouncements. Additional examples and clarification may be found in the AICPA Audit & Accounting Guide: Investment Companies.

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[FUND NAME]

[(a Cayman Islands exempted company)]

FINANCIAL STATEMENTS

DECEMBER 31, XXXX

WITH INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

[FUND NAME]

[(a Cayman Islands exempted company)]

Statement of [Assets, Liabilities and Partnership Capital] [Members' Equity]

December 31, XXXX

[(expressed in United States dollars)]

| ASSETS | |
|--|-----------|
| Investments, at fair value (cost \$XX,XXX,XXX) | \$ |
| Cash | |
| Due from broker | |
| Other | |
| Total Assets | \$ |
| LIABILITIES AND PARTNERSHIP CAPITAL [MEMBERS' EQUITY] | |
| Liabilities: | |
| Securities sold short, at fair value (proceeds \$XX,XXX,XXX) | \$ |
| Accrued expenses | |
| Management fee payable | |
| Payable to partners [members] | |
| Total Liabilities | |
| Partnership capital [Members' equity]: | |
| General Partner [Managing Member] | |
| Limited partners [Other members] | |
| Total partnership capital [Members' equity] | |
| Total liabilities and partnership capital [Members' equity] | \$ |

See notes to financial statements

[FUND NAME]

[(a Cayman Islands exempted company)]

Statement of [Net Assets]
December 31, XXXX
[(expressed in United States dollars)]

| ASSETS | |
|--|-----------|
| Investments, at fair value (cost \$XX,XXX,XXX) | \$ |
| Cash | |
| Due from broker | |
| Other | |
| Total assets | |
| LIABILITIES | |
| Securities sold short, at fair value (proceeds \$XX,XXX,XXX) | |
| Accrued expenses | |
| Management fee payable | |
| Payable to shareholders | |
| Total Liabilities | |
| NET ASSETS | \$ |

See notes to financial statements

[FUND NAME]

[(a Cayman Islands exempted company)]

Statement of Operations

Year Ended December 31, XXXX

[(expressed in United States dollars)]

| | |
|--|-----------|
| Investment income: | |
| Interest | \$ |
| Dividends [, net of withholding tax of \$XXX] | |
| <hr/> | |
| Expense: | |
| Management fee | |
| Incentive fee [where applicable] | |
| Interest | |
| Dividends | |
| Professional fees and other | |
| <hr/> | |
| Net investment income [loss] | |
| <hr/> | |
| Realized and unrealized gains [(losses)] from investments: | |
| Net realized gain [loss] on investments | |
| Net change in unrealized appreciation [depreciation] of investments | |
| Net gain [loss] on derivative contracts | |
| <hr/> | |
| Net realized and unrealized gains [losses] from investments | |
| <hr/> | |
| Net income [loss] [Net increase [decrease] in net assets resulting from operations] | \$ |

See notes to financial statements

[FUND NAME]

[(a Cayman Islands exempted company)]

Statement of Operations [Feeder fund]

Year Ended December 31, XXXX

[(expressed in United States dollars)]

| | |
|---|-----------|
| Fund expenses: | |
| Management fee | \$ |
| Incentive fee [where applicable] | |
| Professional fees and other | |
| Total fund expenses | |
| Net investment income [loss] allocated from XYZ Master Fund: | |
| Interest income | |
| Dividend income [, net of withholding tax of \$XXX] | |
| Interest expense | |
| Dividend expense | |
| Management fee | |
| Incentive fee | |
| Professional fees | |
| Net investment income [loss] allocated from XYZ Master Fund | |
| Net investment income [loss] | |
| Realized and unrealized gains [(losses)] from investments allocated from XYZ Master Fund: | |
| Net realized gain [loss] on investments | |
| Net change in unrealized appreciation [depreciation] of investments | |
| Net gain [loss] on derivative contracts | |
| Net realized and unrealized gains [losses] from investments [allocated from XYZ Master Fund] | |
| Net income [loss] [Net increase [decrease] in net assets resulting from operations] | \$ |

See notes to financial statements

[FUND NAME]

[(a Cayman Islands exempted company)]

Statement of Changes in Partnership Capital [Members' Equity]
Year Ended December 31, XXXX
[(expressed in United States dollars)]

| | [Managing Member] General Partner | [Other Members] Limited Partners | Total |
|---|--|---|--------------|
| Balance - January 1, XXXX | \$ | \$ | \$ |
| Contributions | | | |
| Withdrawals | | | |
| Net income [loss] | | | |
| Incentive reallocation to General Partner [Managing Member] | | | |
| Balance - December 31, XXXX | \$ | \$ | \$ |

See notes to financial statements

[FUND NAME]

[(a Cayman Islands exempted company)]

Statement of Changes in [Net Assets]

Year Ended December 31, XXXX

[(expressed in United States dollars)]

| | |
|--|-----------|
| Increase [Decrease] in net assets resulting from operations: | |
| Net investment income [loss] | \$ |
| Net realized gain [loss] on investments [allocated from XYZ Master Fund] | |
| Net change in unrealized appreciation [depreciation] of investments [allocated from XYZ Master Fund] | |
| Net gain [loss] on derivative contracts | |
| | |
| Net increase [decrease] in net assets resulting from operations | |
| | |
| Capital transactions: | |
| Subscriptions [Disclose amounts by class for each class] | |
| [Class Name] | |
| [Class Name] | |
| | |
| Total subscriptions | |
| | |
| Redemptions [Disclose amounts by class for each class] | |
| [Class Name] | |
| [Class Name] | |
| | |
| Total redemptions | |
| | |
| Net increase [decrease] in net assets from capital transactions | |
| | |
| Increase [Decrease] in net assets | |
| Net assets - January 1, XXXX | |
| | |
| Net assets - December 31, XXXX | \$ |

See notes to financial statements

[FUND NAME]

[(a Cayman Islands exempted company)]

Statement of Cash Flows

Year Ended December 31, XXXX

[(expressed in United States dollars)]

| Cash flows from operating activities: | |
|--|-----------|
| Net income [loss] [Net increase [decrease] in net assets resulting from operations] | \$ |
| Adjustments to reconcile net income [loss] [Net increase [decrease] in net assets resulting from operations] to net cash provided by [used in] operating activities: | |
| Accretion of discount [Amortization of premium] on fixed income investments | |
| Net realized gain [loss] on investments | |
| Net change in unrealized appreciation [depreciation] of investments | |
| Net gain [loss] on derivative contracts | |
| Net income [loss] allocated from XYZ Master Fund | |
| Purchases of investments | |
| Proceeds from sales of investments | |
| Proceeds from securities sold short | |
| Purchase of securities sold short | |
| Changes in: | |
| Due from broker | |
| Other assets | |
| Accrued expenses | |
| Management fee payable | |
| Payable to shareholders | |
| Net cash provided by [used in] operating activities | |
| Cash flows from financing activities: | |
| Capital contributions [Shareholder subscriptions] | |
| Capital withdrawals [Shareholder redemptions] | |
| Net cash provided by [used in] financing activities | |
| Net increase [decrease] in cash | |
| Cash - January 1, XXXX | |
| Cash - December 31, XXXX | \$ |
| Supplemental disclosure of cash flow information: | |
| Cash paid during the year for interest | |
| Cash paid during the year for taxes | |
| Reconciliation of cash and restricted cash:^[1] | |
| Cash | \$ |
| Restricted cash | \$ |
| Total cash and restricted cash (reported as cash), December 31, XXXX | \$ |

^[1] This is an example of a reconciliation of restricted cash in reference to ASU 2016-18

See notes to financial statements

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE A - ORGANIZATION

For a Standalone Fund:

[Fund Name] (the "Fund") was organized under the laws of the [state of State Name or Cayman Islands and is regulated under the Mutual Funds Act of the Cayman Islands or the Private Funds Act, as applicable]. The Fund commenced operations on [Date]. [The Fund will terminate on [insert Date], unless extended for up to [two] consecutive one-year terms or dissolved prior to the termination date in accordance with the Limited Partnership Agreement. The commitment period of the Fund ended on [Date].]

[Entity Name] (the ["General Partner" "Managing Member"]) is responsible for managing the administrative matters of the Fund. [Entity Name] (the ["Investment Manager"]) is responsible for managing the Fund's investment activities. The [Investment Manager] is registered with the United States Securities and Exchange Commission under the Investment Advisers Act of 1940.

The Fund's principal investment objective is [state investment objective and strategy from fund document].

For a Master Fund:

[Fund Name] (the "Master Fund") was organized under the laws of the [state of State Name or Cayman Islands and is regulated under the Mutual Funds Act of the Cayman Islands or the Private Funds Act, as applicable]. The Master Fund commenced operations on [Date]. [The Master Fund will terminate on [insert Date], unless extended for up to two consecutive one-year terms or dissolved prior to the termination date in accordance with the Limited Partnership Agreement. The commitment period of the Master Fund ended on [Date].]

[Entity Name] (the ["General Partner" "Managing Member"]) is responsible for managing the administrative matters of the Master Fund and the Feeder Funds. [Entity Name] (the ["Investment Manager"]) is responsible for managing the Master Fund's investment activities. The [Investment Manager] is registered with the United States Securities and Exchange Commission under the Investment Advisers Act of 1940.)

The Master Fund's principal investment objective is [state investment objective and strategy from fund document].

The Master Fund serves as a "master fund" in a master-feeder structure. It has two investors ("feeders"), [U.S. Feeder name] (the "U.S. Feeder"), a partnership [limited liability company] organized under the laws of the [State Name], and [Offshore Feeder name] (the "Cayman Feeder"), an exempted company incorporated under the laws of the Cayman Islands, (collectively, the "Feeder Funds").

For a Feeder Fund:

[Fund Name] (the "Fund"), was organized under the laws of the [state of State Name or Cayman Islands and is regulated under the Mutual Funds Act of the Cayman Islands or the Private Funds Act, as applicable]. The Fund commenced operations on [Date]. [The Fund will terminate on [insert Date], unless extended for up to [two] consecutive one-year terms or dissolved prior to the termination date in accordance with the Limited Partnership Agreement. The commitment period of the Fund ended on [Date].]

The Fund invests its investable assets in the [name of Master Fund] (the "Master Fund"). The Master Fund serves as a "master fund" in a master-feeder structure. The percentage of the Master Fund owned by the Fund at December 31, XXXX was X.XX%. The Fund's investment objective is the same as the Master Fund.

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE A - ORGANIZATION (CONTINUED)

[Entity Name] (the ["General Partner" "Managing Member"]) is responsible for managing the administrative matters of the Fund. [Entity Name] (the ["Investment Manager"]) is responsible for managing the Master Fund's investment activities. The [Investment Manager] is registered with the United States Securities and Exchange Commission under the Investment Advisers Act of 1940.)

The financial statements of the Master Fund are included separately in this report and should be read in conjunction with the Fund's financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The [Master] Fund is an investment company that follows the specialized accounting and reporting guidance of FASB Accounting Standards Codification Topic 946 "Financial Services - Investment Companies."

[2] Investment valuation:

The [Master] Fund carries its investments at fair value. Fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Fair value measurements are not adjusted for transaction costs. A fair value hierarchy provides for prioritizing inputs to valuation techniques used to measure fair value into three levels:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the [Master] Fund.

Level 3 Unobservable inputs. Unobservable inputs reflect the assumptions that the [General Partner, Managing Member, Investment Manager] develops based on available information about what market participants would use in valuing the asset or liability.

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. The [General Partner, Managing Member, Investment Manager] uses judgment in determining fair value of assets and liabilities and Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets or liabilities.

The following are examples of valuation disclosures for selected investments. Remember to refer to the General Partner, Managing Member, Investment Manager's valuation policies and procedures and the applicable fund documents to ensure accuracy. Also, the valuation policies must be consistent with other disclosures in the financial statements and related notes.

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Common and preferred equity securities. Securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded, and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy. Certain foreign securities may be valued using a pricing service that considers the correlation of trading patterns of the foreign security to the intraday trading in U.S. markets for investments such as American depositary receipts, financial futures, exchange traded funds, and movement of certain securities indices based on a statistical analysis of the historical relationship; such securities are categorized in Level 2 of the fair value hierarchy. Preferred stock and other equity securities traded in inactive markets or valued by reference to similar instruments are also categorized in Level 2 of the fair value hierarchy.

Corporate bonds. The fair value of corporate bonds is estimated using various techniques, which may consider recently executed transactions in securities of the issuer or comparable issuers, market price quotations (when observable), bond spreads, fundamental data relating to the issuer and credit default swap spreads adjusted for differences between cash and derivative instruments. Corporate bonds are generally categorized in Level 2 or Level 3 of the fair value hierarchy.

Asset-backed securities. The fair value of asset-backed securities is estimated based on models that consider estimated cash flows, benchmark yields, and estimated tranche-specific spreads to the benchmark yield based on the unique attributes of each tranche. To the extent that inputs are observable and timely, the values are categorized in Level 2 of the fair value hierarchy; otherwise, they are categorized in Level 3 of the fair value hierarchy.

U.S. government securities. U.S. government securities are 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 generally categorized in Level [1 or 2] of the fair value hierarchy, depending on the inputs used and market activity levels for specific securities.

U.S. agency securities. U.S. agency securities comprise two main categories consisting of agency-issued debt and mortgage pass-throughs. Agency- issued debt securities are generally valued in a manner similar to U.S. government securities. Pass-throughs include to-be-announced (TBA) securities and mortgage pass-through certificates. TBA securities and mortgage pass-throughs are generally valued using dealer quotations. Depending on market activity levels and whether quotations or other data are used, these securities are categorized in level 2 of the fair value hierarchy.

Restricted equity and debt securities. Restricted securities are recorded at fair value in accordance with the [Master] Fund's policy {add details about the valuation policy}. The nature of any restriction (e.g., legal, regulatory, entity specific, etc.) on the sale or transfer of a security would determine whether an adjustment to the valuation should be considered in accordance with ASU 2022-03 [insert specifics]. Depending on the relative significance of valuation inputs, these instruments may be classified in Level [2 or 3] of the fair value hierarchy.

Crypto currency (digital assets).* Crypto currency positions are initially measured at the transaction price (inclusive of commissions and other charges that are part of the transaction price) and subsequently recorded at their fair value. The principal market used to measure fair value is the one with the greatest volume and level of activity of the crypto currency that the Fund can access. The market in which the Fund normally transacts is presumed to be the principal market unless evidence to the contrary exists. Crypto currency positions are generally considered Level 1 if pricing is referenced to an active market with quoted prices for identical assets in the principal market. The Fund does not adjust the fair value of its crypto currency position(s) due to the size of its holding. [Note: As crypto markets can operate continuously, the Fund should consider disclosing its policy regarding a cut-off time generally used for determining fair values.]

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**As a result of recent bankruptcies and financial turmoil among crypto asset market participants, Investment Managers are strongly encouraged to evaluate their disclosures regarding crypto assets to ensure they are providing investors with specific information regarding market events and conditions, including the [Master] Fund's relation to those events and conditions, and any impacts on investors. Investment Managers are encouraged to address crypto market developments in their business descriptions, and risk factors, as applicable. The following are examples of topics for disclosures that should be considered: material impacts of crypto asset market developments, exposure to counterparties and market participants, risks relating to liquidity and ability to obtain financing, risks relating to legal proceedings and risks relating to investigations and regulatory impacts. These topics are not meant to be an all-inclusive list, Investment Managers should tailor all disclosures specific to their operations in the crypto asset markets.*

Derivative instruments. Listed derivative instruments that are actively traded are valued based on quoted prices from the exchange and categorized in Level 1 of the fair value hierarchy. Over-the-counter (OTC) derivative contracts include forward, swap, and option contracts related to interest rates, foreign currencies, credit standing of reference entities, equity prices, or commodity prices and warrants on exchange-traded securities. Depending on the instrument and terms of the transaction, the fair value of the OTC derivative products may be modeled taking into account the counterparties' creditworthiness and using a series of techniques, including simulation models. Many pricing models do not entail material subjectivity because the methodologies employed do not necessitate significant judgments, and the pricing inputs are observed from actively quoted markets, as is the case of interest rate swap and option contracts. OTC derivative products valued by the company using pricing models fall into this category and are categorized within Level 2 of the fair value hierarchy.

Investments are classified within Level 3 of the fair value hierarchy because they trade infrequently (or not at all) and therefore have little or no readily available pricing. [List investment classifications for Level 3 investments from the schedule of investments] are classified within Level 3 of the fair value hierarchy. [Use the existing pricing methodology or fund document to describe the valuation approaches and techniques and inputs for each Level 3 investment classification.]

When a pricing model is used to value Level 3 investments, inputs to the model are adjusted when changes to inputs and assumptions are corroborated by evidence such as transactions in similar instruments, completed or pending third-party transactions in the underlying investment or comparable entities, subsequent rounds of financing, recapitalizations and other transactions, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows.

[Use the following as appropriate when an investment company has financial instruments. Include the above with the related fair value hierarchy level.]

Fair values for exchange traded derivatives, principally futures and certain options, are based on quoted market prices. Fair values for over-the-counter derivative financial instruments, principally forwards, options, and swaps, are based on internal pricing models as no quoted market prices exist for such instruments. Factors taken into consideration in estimating fair value of over the counter ("OTC") derivatives include forward yield curves, credit spreads, market liquidity, concentrations, and funding and administrative costs incurred over the life of the instruments.]

[Use the following as appropriate when an investment company has investments in funds of funds and they are valued using the "practical expedient." Include the above with the related fair value hierarchy level.]

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Fund's investments in investment companies represent interests in private investment companies that do not trade in an active market and represent investments that may require a lock up or future capital contributions based on existing commitments. The [General Partner, Managing Member Investment Manager] has elected to value the investment companies using the net asset value ("NAV") of each investment company as reported by the investment company without adjustment, unless it is probable that the investment will be sold at a value significantly different than the reported NAV. If the reported NAV of an investment company is not calculated in a manner consistent with the measurement accounting principles for investment companies generally accepted in the United States, then the [General Partner, Managing Member, Investment Manager] adjusts the reported NAV to reflect the impact of those measurement principles.]

For positions that are not traded in active markets or are subject to transfer restrictions, valuation inputs include the impact of such illiquidity and/or non-transferability. Such adjustments are generally based on available market information. In the absence of such evidence, management's best estimate is used.

[As applicable, disclose policy for determining when transfers of investments between levels of the fair value hierarchy are deemed to have occurred]

The values assigned to investments and any unrealized gains or losses reported are based on available information and do not necessarily represent amounts that might be realized if a ready market existed and such difference could be material. Furthermore, the ultimate realization of such amounts depends on future events and circumstances and therefore valuation estimates may differ from the value realized upon disposition of individual positions.

[3] Investment transactions:

Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses on securities transactions are recognized based on the [state method, e.g., first-in-first-out, specific identification, for funds of funds: proportional, cost recovery] method. Changes in unrealized gains and losses (or appreciation and depreciation) are included in the results of operations.

[4] Investment income and expense:

Interest income and expense are recorded on the accrual basis. Dividend income and dividends paid on securities sold short are recorded on the ex-dividend date.

[Discounts and premiums on fixed income securities are accreted and amortized using the effective yield method over their expected life.] [Discounts and premiums on fixed income securities are not accreted or amortized when interest income is not expected to be realized.] [Interest receivable is written off when it is deemed uncollectible.]

[Withholding taxes on foreign dividends and capital gains have been provided for, where applicable, in accordance with the [Master] Fund's understanding of the applicable country's tax rules and rates.]

[For feeder funds: The Fund records its proportionate share of the Master Fund's income, expenses and realized and unrealized gains and losses. In addition, the Fund assumes its own expenses.]

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Due from [to] broker:

Amounts due from and to brokers are presented on a net basis, by counterparty, to the extent the [Master] Fund has the legal right to offset the recognized amounts and intends to settle on a net basis.

[6] Cash and cash equivalents:

Cash equivalents include money market funds and highly liquid investments with a maturity of ninety days or less when purchased.

[Disclose any restricted or collateral balances and the nature of restrictions on cash and collateral balances in accordance with ASU 2016-18.]

[7] Repurchase agreements and reverse repurchase agreements:

When the [Master] fund purchases a financial asset and enters into an agreement to resell the same asset at a fixed price at a specified future date (repurchase agreement), the transaction is treated as a receivable and recognized at its contracted resell amount in the statement of financial position. Securities purchased under agreements to resell at a specified future date are generally not recognized in the statement of financial position. The corresponding cash paid is derecognized from the statement of financial position. The difference between the purchase and resell amounts is treated as interest income and is accrued over the life of the agreement.

When the [Master] fund sells a financial asset and enters into an agreement to repurchase the same asset at a fixed price at a specified future date (reverse repurchase agreement), the transaction is treated as a payable and recognized at its contracted repurchase amount in the statement of financial position. Securities sold under agreements to repurchase are not derecognized from the statement of financial position since the [Master] Fund retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognized in the statement of financial position. The difference between the sale and repurchase amounts is treated as interest expense and is accrued over the life of agreement.

[If applicable, the following accounting policy disclosures for securities loaned and securities borrowed should be included in this note and the note title should be modified to include securities loaned and securities borrowed:

Securities loaned to counterparties are not derecognized from the statement of financial position as the [Master] Fund retains substantially all the risks and rewards of ownership. Cash received as collateral is recognized in the statement of financial position with a corresponding obligation to return it (cash collateral on securities loaned). Securities received as collateral that may be sold or repledged are accounted for in the same way as cash received.

Securities borrowed are generally not recognized in the statement of financial position. Cash delivered as collateral is derecognized and a corresponding receivable is recorded in the statement of financial position reflecting the [Master] Fund's right to receive it (cash collateral on securities borrowed).]

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[8] Foreign currency translation:

Assets and liabilities denominated in foreign currencies are translated into United States dollar amounts at the period-end exchange rates. Purchases and sales of investments and income and expenses that are denominated in foreign currencies are translated into United States dollar amounts at the prevailing rates of exchange on the transaction date. Adjustments arising from foreign currency transactions are reflected in the statement of operations.

[The [Master] Fund does not isolate that portion of the results of operations arising from the effect of changes in foreign exchange rates on investments from fluctuations arising from changes in market prices of investments held. Such fluctuations are included with the net realized or unrealized gain or loss on investments [and foreign currency] in the statement of operations.]

[9] Income taxes:

The [Master] Fund is not required to pay income taxes on income or gains. Each [partner's, shareholder's, member's] applicable share of the [Master] Fund's income or gains is reported on the partner's [member's] income tax returns in accordance with the laws of the applicable jurisdictions. [The [Master] Fund obtained an undertaking from the Cayman Islands authorities which provides, for a period of [insert number of years from undertaking] years from the date such undertaking was issued, an exemption from any taxes thereafter enacted. The [Master] Fund has elected to be classified as a partnership for U.S income tax purposes.]

The [General Partner, Managing Member, Investment Manager] is responsible for determining whether a tax position taken by the [Master] Fund is more likely than not to be sustained on the merits. The [Master] Fund has no material unrecognized tax benefits. [The only taxes incurred by the [Master] Fund are withholding taxes of countries other than [Fund country of domicile] that are applicable to certain investment income.]

[The following disclosures are for consideration:

Tax laws are complex and subject to different interpretations by the taxpayer and taxing authorities. Significant judgment is required when evaluating tax positions and related uncertainties. Future events such as changes in tax legislation could require a provision for income taxes and any such changes could significantly affect amounts reported in the statement of operations.

Additional considerations:

- If the entity has unrecognized tax benefits, additional disclosures, such as related interest and penalties and tax years that remain subject to examination, are required.
- Offshore entities may be subject to local income taxes.
- Partnerships with business operations in New York City are subject to the New York City Unincorporated Business Tax.
- There may be other situations where an entity level tax is imposed.
- *In the event that the entity does not file a tax return in a jurisdiction in which it is required to file (e.g., a state that requires filing of a tax return due to the residence of a partner), the note may have to be modified.]*
- Entities should consider specific implications and disclosures related to the Pass-Through Entity Tax Election ("PTET"). The election is state/entity specific and should be an entity-by-entity determination.]

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[10] Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates, assumptions and judgments that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

NOTE C - RECENT ACCOUNTING PRONOUNCEMENTS

[Include as applicable]

The FASB issued ASU No. 2020-04 and ASU No. 2021-01 to provide guidance on reference rate reform which is codified in ASC 848 (Reference Rate Reform). This guidance provides exceptions and temporary optional expedients to the FASB's guidance on certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based references rates. The FASB approved an (optional) two year extension to December 31, 2024, for transitioning away from LIBOR (hence, deferring the sunset date of ASC 848). [The Investment Manager has evaluated the impact of the adoption of the guidance and has concluded that it will not have a material impact on the Fund's financial statements and related disclosures.] [The Investment Manager is evaluating the effect of the standard on its contracts.]

In October 2020, the FASB issued ASU No. 2020-08, Codification Improvements to Subtopic 310-20, *Receivables – Nonrefundable Fees and Other Costs*, which clarifies that an entity should reevaluate whether a callable debt security is within the scope of paragraph 310-20-35-33 (ASU 2017-08, *Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities*) for each reporting period. [The guidance is effective for entities other than public business entities, for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early application of ASU No. 2020-08 is permitted for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years.] [The Investment Manager has evaluated the impact of the adoption of the guidance and has concluded that it will not have a material impact on the Fund's financial statements.]

In June 2022, the FASB issued ASU No. 2022-03, Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. Generally, this ASU clarifies that a contractual restriction on equity securities is not considered a part of the unit of account of the equity security and therefore should not be considered when measuring fair value. The ASU also requires three new disclosures for equity securities subject to a contractual restriction: the fair value of equity securities subject to contractual sale restrictions reflected in the balance sheet, the nature and remaining duration of the restriction, and any circumstances that could cause a lapse in the restriction. The amendments from this update should be applied prospectively on or after the date of adoption. For an equity security subject to a contractual sale restriction that was executed before the date of adoption, entities should continue to account for these securities using the accounting policy applied before the adoption of this ASU until the contractual restrictions expires or is modified. [The guidance is effective for entities other than public business entities, for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance.] An entity that qualifies as an Investment Company under Topic 946 should apply the amendments in this ASU to investments in equity securities subject to contractual sale restrictions that are executed or modified on or after the date of adoption; equity securities subject to contractual sale restrictions that were executed before the date of adoption of this ASU are generally not affected by the amendments in the ASU.

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE C - RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In December 2023, the FASB issued ASU No. 2023-08, Accounting for and Disclosure of Crypto Assets, which requires entities to subsequently measure assets at fair value with changes recognized in net income each reporting period, if all of the following criteria is met: (1) meet the definition of intangible assets (2) do not provide the asset holder with enforceable rights to or claims on underlying goods, services, or other assets (3) are created or reside on a distributed ledger based on blockchain or similar technology (4) are secured through cryptography (5) are fungible and (6) are not created or issued by the reporting entity or its related parties. The ASU also requires that an entity present crypto assets measured at fair value separately from other intangible assets in the balance sheet and changes from the remeasurement of crypto assets separately from changes in the carrying amounts of other intangible assets in the income statement. The ASU requires specific presentation of cash receipts arising from crypto assets that are received as noncash consideration in the ordinary course of business and are converted nearly immediately into cash. The amendments also require that an entity provide enhanced disclosures for both annual and interim reporting periods to provide investors with relevant information to analyze and assess the exposure and risk of significant individual crypto asset holdings. [\[The guidance is effective for all entities for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available or issuance.\]](#)

In December 2023, the FASB issued ASU No. 2023-09, Improvements to Income Tax Disclosures, which requires entities to disclose on an annual basis the following information about income taxes paid: (1) the amount of income taxes paid (net of refunds received) disaggregated by federal, state and foreign taxes, (2) the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than 5 percent of total income taxes paid (net of refunds received), (3) income or (loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign and (4) income tax expense (or benefit) from continuing operations disaggregated by federal, state and foreign. The ASU eliminates the requirement for entities to (1) disclose the nature and estimate of the range of the reasonably possible change in the unrecognized tax benefits balance in the next 12 months or (2) make a statement that an estimate of the range cannot be made. The ASU also removes the requirement to disclose the cumulative amount of each type of temporary difference when a deferred tax liability is not recognized because of the exceptions to comprehensive recognition of deferred taxes related to subsidiaries and corporate joint ventures. [\[The guidance is effective for entities other than public business entities for annual periods beginning after December 15, 2025. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance.\]](#)

NOTE D – DUE FROM/TO BROKER

At December 31, 20XX, due from broker includes:

| | |
|--|----------|
| Cash held at broker | \$ _____ |
| Cash pledged as collateral for securities sold short | _____ |
| Cash pledged as collateral for derivative contracts | _____ |
| Gains on futures contracts as if settled | _____ |
| Receivable for unsettled trades | _____ |
| Total | \$ _____ |

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE D – DUE FROM/TO BROKER (CONTINUED)

At December 31, 20XX, due to broker includes:

| | |
|--|----------|
| Margin borrowing | \$ _____ |
| Cash received as collateral for derivative contracts | _____ |
| Losses on futures contracts as if settled | _____ |
| Payable for unsettled trades | _____ |
| Total | \$ _____ |

Amounts due from broker(s) is restricted in the amount of \$XXXX as they serve as deposits for securities sold short. In addition, margin borrowings are collateralized in the amount of \$XXXX by certain securities and cash balances held by the [Master] Fund. The [Master] Fund is subject to interest on margin accounts based on [Describe the provisions by which margin interest is charged to the [Master] Fund]. In the normal course of business, substantially all of the [Master] Fund's securities transactions, money balances, and security positions are transacted with the [Master] Fund's broker(s): Broker A, LLC and Broker B, LLC. [For funds with separate clearing brokers, include the following sentence:] Accounts with Broker A, LLC are cleared by Broker C, LLC. The [Master] Fund is subject to credit risk to the extent a broker with which it conducts business is unable to fulfill contractual obligations on its behalf. The [Master] Fund's management monitors the financial condition of those brokers and does not anticipate losses from these counterparties.

[Include the following disclosure if there are material foreign currency balances]

At December 31, XXXX, foreign currency balances valued at \$XXXX with a cost of \$XXXX were included in due from [to] broker.

NOTE E - FAIR VALUE OF INVESTMENTS

The following are the [Master] Fund's investments owned and sold short [if any] by level within the fair value hierarchy at [balance sheet date]:

| | Fair Value Hierarchy | | | |
|---|----------------------|----------|----------|----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investments | | | | |
| [A classification] | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| [B classification] | | | | |
| [C classification] | | | | |
| | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| Investments measured at net asset value | | | | \$ _____ |
| Total investments | | | | \$ _____ |
| Derivative assets | | | | |
| [A classification] | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| [B classification] | | | | |
| [C classification] | | | | |
| Total derivative assets | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| Repurchase agreements | \$ _____ | \$ _____ | \$ _____ | \$ _____ |

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE E - FAIR VALUE OF INVESTMENTS (CONTINUED)

| | Fair Value Hierarchy | | | |
|-------------------------------|----------------------|---------|---------|-------|
| | Level 1 | Level 2 | Level 3 | Total |
| Securities sold short | | | | |
| [A classification] | \$ | \$ | \$ | \$ |
| [B classification] | | | | |
| [C classification] | | | | |
| Total securities sold short | \$ | \$ | \$ | \$ |
| Derivative liabilities | | | | |
| [A classification] | \$ | \$ | \$ | \$ |
| [B classification] | | | | |
| [C classification] | | | | |
| Total derivative liabilities | \$ | \$ | \$ | \$ |
| Reverse repurchase agreements | \$ | \$ | \$ | \$ |

Classification Guidance

For equity and debt securities, entities shall disaggregate the assets and liabilities included in the table above by "class," see ASC 820-10-50-2A.

In determining classes, an entity should consider the nature and risks of the security and the following qualitative factors:

- (Shared) activity or business sector
- Vintage
- Geographic concentration
- Credit quality
- Economic characteristic.

More specifically, ASC 820-10-50-2A indicates that, if applicable, classes shall be disaggregated as follows:

- Equity securities, segregated by any one of the following:
 - Industry type
 - Entity size
- Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies
- Debt securities issued by states of the United States and political subdivisions of the states
- Debt securities issued by foreign governments
- Corporate debt securities
- Residential mortgage-backed securities
- Other debt obligations. Commercial mortgage-backed securities
- Collateralized debt obligations
- Other debt obligations.

The following provides information on valuation techniques and nature of significant unobservable inputs used to determine the value of Level 3 assets and liabilities.

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE E - FAIR VALUE OF INVESTMENTS (CONTINUED)

[The information contained in the following table is provided as an example. Actual disclosures, including the range of inputs and weighted average inputs, must be tailored to a client's specific Level 3 investments and valuation process.]

| [Classifications below should follow classifications used for Level 3 assets and liabilities in the Fair Value Hierarchy] | Fair Value December 31, XXXX | Valuation Techniques | Unobservable Inputs | [Specify range from high to low and weighted average as described below] Range of Inputs (Weighted Average) ² |
|---|---------------------------------------|---------------------------------------|---|--|
| Assets | | | | |
| Corporate bonds | | Yield analysis | Yield to maturity | X.X% to X.X% (X.X%) |
| | | Broker quotes | N/A | |
| Asset-backed securities | | Discounted cash flow | Constant prepayment rate | X.X% to X.X% (X.X%) |
| | | | Probability of default | X.X% to X.X% (X.X%) |
| | | | Loss severity | X.X% to X.X% (X.X%) |
| Private equities | | Discounted cash flow | Weighted average cost of capital / discount rate | X.X% to X.X% (X.X%) |
| | | | Perpetuity growth rate | X.X to X.X% (X.X%) |
| | | | Terminal multiple | X.X to XX.X (X.X) |
| | | Comparable public company analysis | EBITDA multiple | X.X to XX.X (X.X) |
| | | | Control premium | X.X to X.X% (X.X%) |
| | | | Marketability / Liquidity discount | X.X to X.X% (X.X%) |
| | Comparable transaction analysis | EBITDA multiple | X.X to XX.X (X.X) | |
| | | Control premium | X.X to X.X% (X.X%) | |

² Prior to ASU 2018-13, all entities were required to provide quantitative information about significant unobservable inputs for level 3 fair value measurements. This has not changed under the ASU. General practice for investment companies has developed such that the range and weighted average of unobservable inputs are generally disclosed to comply with this requirement. ASU 2018-13 added an explicit requirement for public entities to disclose range and weighted average of unobservable inputs. Non-public entities (such as private investment companies) are exempt from this specific requirement, however, the requirement to provide quantitative information about unobservable inputs remains. Entity management must use judgement in determining the most appropriate quantitative information about unobservable inputs to disclose under ASU 2018-13.

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

| | Fair Value December 31, XXXX | Valuation Techniques | Unobservable Inputs | [Specify range from high to low and weighted average as described below] Range of Inputs (Weighted Average) ² |
|---|------------------------------------|-------------------------|------------------------------------|--|
| [Classifications below should follow classifications used for Level 3 assets and liabilities in the Fair Value Hierarchy] | | | | |
| | | | Marketability / Liquidity discount | X.X to X.X% (X.X%) |
| Options | | Black-Scholes model | Implied volatility | X.XX to XX.XX (X.XX) |
| Real estate equity | | Income capitalization | Capitalization rate | X.X to X.X% (X.X%) |
| | | Sales comparable | Price per acre / square foot | X.XX to X.XX (X.XX) |

[Describe valuation approaches and techniques as needed]

[Describe any change in valuation technique or recurring Level 2 or Level 3 investments]. For example: For \$XXXX of Level [2 and/or 3] investments in [specify investments] the Fund changed its approach/technique from _____ to _____. The Fund made this change because [describe reasons].

The following summarizes transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities of the [Master] Fund [if any] for the year ended [balance sheet date] in accordance with ASU 2018-13.

| | Purchases | Issues | Transfers In | Transfers Out |
|---------------------------|-----------|-----------|--------------|---------------|
| Investment, at Fair Value | | | | |
| [Classification A] | \$ | \$ | \$ | \$ |
| [Classification B] | | | | |
| [Classification C] | | | | |
| Total | \$ | \$ | \$ | \$ |

[As applicable disclose reason(s) for any transfers to or from Level 3 of the fair value hierarchy]

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE E - FAIR VALUE OF INVESTMENTS (CONTINUED)

(For Fund of Funds:

| | Fair Value | Fair Value as a Percentage of Partnership Capital [Members' Equity Net Assets] | Unfunded commitments | Redemption frequency | Redemption notice period | Liquidity restrictions |
|----------------------------|------------|--|----------------------|----------------------|--------------------------|------------------------|
| Investment strategy | | | | | | |
| Equity long/short | \$ | | \$ | | | |
| Event driven | | | | | | |
| Global opportunities | | | | | | |
| Multistrategy | | | | | | |
| Real estate | | | | | | |
| Private equity | | | | | | |
| | \$ | 0 | 0 | 0 | | |

Notes:

- Describe the nature and risks of each investment strategy
- Each investment strategy should disclose amounts by geographic location of the underlying investment company investment
- Examples of redemption frequency (if currently eligible)
 - Monthly
 - Quarterly
 - Annually
- Examples of redemption notice period
 - 30-60 days
 - 30-45 days
- Examples of liquidity restrictions
 - Early redemption fees
 - Lock up periods

Disclosure Modifications of ASU 2018-13:

For investments valued using the practical expedient (unadjusted net asset value), the requirements to disclose (1) an estimate of the timing of liquidity events of the investee and (2) the timing on when limitations on redemptions related to the investee may lapse only apply if the investee has already disclosed this information publicly or directly to the reporting entity.)

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE F - FINANCIAL INSTRUMENTS

[Use the following selectively as appropriate]

Derivative financial instruments are used for trading purposes [including risk management]. [If financial instruments or derivatives are used for other purposes, provide an explanation of the trading strategies.]

Derivatives used for risk management include swaps, forwards, futures, and purchased options. Unrealized gains or losses on these derivative contracts are recognized currently in the statement of operations [use proper statement name] as [indicate financial statement line item name].

The [Master] Fund records derivative contracts at fair value. [As appropriate, describe derivative risk management policies including the Fund's strategies for managing its exposure to derivative contracts.]

Premiums and unrealized gains and losses for written and purchased option contracts, as well as unrealized gains and losses on interest rate swaps, are recognized gross in the statement of financial condition [use proper statement name]. The unrealized gains for delayed-delivery, to-be-announced (TBA), and when-issued securities generally are recorded in the statement of financial condition [use proper statement name] net of unrealized losses by counterparty where master netting agreements are in place.

The fair values of derivative financial instruments at December 31, XXXX are as follows:

| Type of Contract | [Indicate financial statement line item name] Location | Fair Value | |
|------------------------------------|---|------------|-------------|
| | | Assets | Liabilities |
| Interest rate contracts | | \$ | \$ |
| Foreign exchange contracts | | | |
| Equity contracts | | | |
| Commodity contracts | | | |
| Credit contracts | | | |
| Other contracts | | | |
| | | | |
| Total derivatives | | \$ | \$ |
| | | | |
| Less: Cash collateral | | | |
| Less: Effect of netting provisions | | | |
| | | | |
| Total | | \$ | \$ |

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE F - FINANCIAL INSTRUMENTS (CONTINUED)

The notional amounts of derivative financial instruments during the year ended December 31, XXXX are as follows:

| Primary underlying risk | Notional Amount ^[1] | |
|-------------------------|--------------------------------|----------------|
| | Long Exposure | Short Exposure |
| Interest rate risk | \$ | \$ |
| Foreign exchange risk | | |
| Equity risk | | |
| Commodity risk | | |
| Credit risk | | |
| Other risk | | |

[1] An indication of the nature and volume of activity during the year is required. Average monthly or average quarterly notional amounts are examples of such disclosure. Consider the specific circumstances and refer to ASC 815-10-50-1A and 1B for guidance. If applicable, notional amounts are presented net of identical offsetting derivative contracts.

Realized and unrealized gains and losses on derivatives contracts during the year ended December 31, XXXX by the [Master] Fund are recorded in the following locations in the Statement of Operations:

| Type of Contract | [Indicate financial statement line item name] | Realized Gain (Loss) | [Indicate financial statement line item name] | Unrealized Gain (Loss) |
|----------------------------|---|----------------------|---|------------------------|
| | Location | | Location | |
| Interest rate contracts | | \$ | | \$ |
| Foreign exchange contracts | | | | |
| Equity contracts | | | | |
| Commodity contracts | | | | |
| Credit contracts | | | | |
| Other contracts | | | | |
| Total | | \$ | | \$ |

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE F - FINANCIAL INSTRUMENTS (CONTINUED)

[The following disclosure is required for funds that hold instruments with credit risk related contingent features (frequently NAV triggers included in standard ISDA agreements):

The [Master] Fund's derivative agreements (the "ISDA Agreements") contain provisions that require the [Master] Fund to maintain a predetermined level of net assets, and/or provide limits regarding a decline of the [Master] Fund's net asset values over 1-month, 3-month, and 12-month periods [or provide specific provisions from the applicable agreement]. If the [Master] Fund were to violate such provisions, the counterparties to the derivative contracts could request immediate payment or demand collateralization on derivative contracts in net liability positions. Additionally, counterparties may terminate these agreements and the related derivative contracts if the [Master] Fund does not meet the covenants or provisions. At December 31, XXXX, the aggregate fair value of all derivative contracts that are in a net liability position is \$XXX, for which the [Master] Fund has posted collateral of \$XXX in the normal course of business. If the credit-risk-related contingent features underlying these agreements were triggered on December 31, XXXX, the [Master] Fund would be required to post an additional \$XXX of collateral to its counterparties.]

In connection with its [identify applicable financial instruments: examples include swaps, repurchase and resale agreements], the [Master] Fund generally enters into master netting and/or similar arrangements with its counterparties. These agreements provide the [Master] Fund with the right, in the event of default by the counterparty (such as bankruptcy or failure to pay or perform), to net a counterparty's rights and obligations under the agreement and to liquidate and setoff collateral against any net amount owed by the counterparty. For purposes of the [balance sheet name], the [Master] Fund [presents gross] [offsets] financial instrument assets and liabilities and cash collateral held with the same counterparty where it has a legally enforceable master netting agreement. The following presents information about financial instruments and related collateral amounts subject to enforceable master netting and/or similar arrangements:

| | Gross amounts recognized | Gross amounts offset in the [balance sheet name] | Net amounts presented in the [balance sheet name] | Amounts not offset in the [balance sheet name] | | |
|-------------------------------|--------------------------|--|---|--|-----------------|------------|
| | | | | Financial instruments | Cash collateral | Net amount |
| Assets | | | | | | |
| Derivatives | \$ | \$ | \$ | \$ | \$ | \$ |
| Repurchase agreements | | | | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Liabilities | | | | | | |
| Derivatives | \$ | \$ | \$ | \$ | \$ | \$ |
| Reverse repurchase agreements | | | | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ |

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE F - FINANCIAL INSTRUMENTS (CONTINUED)

Note: As an alternative, certain information may be presented by counterparty (the counterparty name is not required to be disclosed) as follows:

| | Gross amounts recognized | Gross amounts offset in the [balance sheet name] | Net amounts presented in the [balance sheet name] |
|-------------------------------|--------------------------|--|---|
| Assets | | | |
| Derivatives | \$ | \$ | \$ |
| Repurchase agreements | | | |
| | \$ | \$ | \$ |
| Liabilities | | | |
| Derivatives | \$ | \$ | \$ |
| Reverse repurchase agreements | | | |
| | \$ | \$ | \$ |

| | Net amounts presented in the [balance sheet name] | Amounts not offset in the [balance sheet name] | | Net amount |
|--------------------|---|--|-----------------|------------|
| | | Financial instruments | Cash collateral | |
| Assets | | | | |
| Counterparty A | \$ | \$ | \$ | \$ |
| Counterparty B | | | | |
| Counterparty C | | | | |
| | \$ | \$ | \$ | \$ |
| Liabilities | | | | |
| Counterparty A | \$ | \$ | \$ | \$ |
| Counterparty B | | | | |
| Counterparty C | | | | |
| | \$ | \$ | \$ | \$ |

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE F - FINANCIAL INSTRUMENTS (CONTINUED)

[Disclosures are required (ASC 815-10-50-4K) for written (sold) credit derivatives held at the balance sheet date. The sample disclosure provided below is intended for an entity that holds written credit default swaps at the balance sheet date

At December 31, XXXX, the [Master] Fund is the seller (providing protection) of credit default swaps on a total notional amount of \$XXXX. The notional amount on the swaps is not recorded in the financial statements. At December 31 XXXX, the open credit default swaps sold by the [Master] Fund are summarized as follows:]

| | Single name Corporate | CDS Index Asset Backed Securities | Total |
|--|--------------------------|---|-------|
| Fair value | \$ | \$ | \$ 0 |
| Maximum amount of future payments | | | 0 |
| Recourse provisions with third parties to recover amounts paid (including credit default swaps) | | | 0 |
| Collateral by the [Master] Fund or third parties | | | 0 |
| | \$ 0 | \$ 0 | \$ 0 |

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE F - FINANCIAL INSTRUMENTS (CONTINUED)

[The disclosure below addresses the requirement to disclose the current status of payment/performance risk on written credit default swaps under ASC 815. It classifies the underlying reference obligations by credit spread. Alternate methodologies used include credit ratings (e.g., AAA, AA, etc.), investment grade vs. non-investment grade, or other groupings used by the entity.]

The notional amounts of credit default swaps sold at December 31, XXXX classified by credit spreads [or other classification as appropriate] of the underlying reference obligations and expiration dates is presented below:

| Credit spread on underlying (basis points)* | Less than one year | One to three years | Three to five years | Greater than five years | Total |
|---|--------------------|--------------------|---------------------|-------------------------|-------|
| Single name CDS - corporate debt | | | | | |
| 0-250 | \$ | \$ | \$ | \$ | \$ |
| 251-500 | | | | | |
| 501-1000 | | | | | |
| 1000-2500 | | | | | |
| CDS index - asset backed securities | | | | | |
| 0-250 | | | | | |
| 251-500 | | | | | |
| 501-1000 | | | | | |
| 1000-2500 | | | | | |
| | \$ | \$ | \$ | \$ | \$ |

* Credit spread on the underlying, together with the period of expiration, are indicators of payment/performance risk. The likelihood of payment or performance risk is generally greater as the credit spread on the underlying and period of

[Include the following language if the disclosure requirements of ASC 825-10-50 (fair value of financial instruments) are applicable]

Certain of the [Master] Fund's financial instruments, such as [list instruments] are carried at cost. The carrying amounts of these instruments approximate fair value due to their short-term nature.

[The following are intended as sample financial instrument and derivative collateral disclosures. They should be considered only if applicable to an investment company's activities or active investment strategy and used or modified as appropriate.]

NOTE G – COLLATERAL [Applicable to repurchase and reverse repurchase agreements and/or securities borrowed or loaned]

The [Master] Fund pledges its financial instruments owned to collateralize reverse repurchase agreements and other securities financings. Pledged securities that can be sold or repledged by the secured party are identified in the statement of financial condition [use proper statement name]. [Insert description of risks related to reverse repurchase agreements, securities lending transactions and repo-to-maturity transactions that are accounted for as secured borrowings and the related collateral and how those risks are managed.]

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE G – COLLATERAL (CONTINUED)

The table below presents the gross carrying value of reverse repurchase agreements and securities loaned by class of collateral pledged:

| | Overnight and continuous | Up to 30 days | 30 - 90 days | Greater than 90 days | Total |
|--|--------------------------|---------------|--------------|----------------------|-----------|
| Repurchase agreements and repurchase-to-maturity transactions | | | | | |
| U.S. Treasury and agency securities | \$ | \$ | \$ | \$ | \$ |
| State and municipal securities | | | | | |
| Asset-backed securities | | | | | |
| Equity securities | | | | | |
| Non-U.S. sovereign debt | | | | | |
| Loans | | | | | |
| Other | | | | | |
| Total | | | | | |
| Securities lending transactions | | | | | |
| U.S. Treasury and agency securities | | | | | |
| State and municipal securities | | | | | |
| Equity securities | | | | | |
| Non-U.S. sovereign debt | | | | | |
| Loans | | | | | |
| Other | | | | | |
| Total | | | | | |
| Total borrowings | \$ | \$ | \$ | \$ | \$ |

Gross amount of recognized liabilities for repurchase agreements and securities lending in footnote X

\$

Amounts related to agreements not included in offsetting disclosure in footnote X

\$

Under the [Master] Fund’s collateralized financing agreements, the [Master] Fund either receives or provides collateral. In many cases, the [Master] Fund is permitted to sell or repledge securities held as collateral. At December 31, XXXX, the fair value of securities received as collateral where the [Master] Fund is permitted to sell or repledge the securities was \$XX and the fair value of the portion that had been sold or repledged was \$XX.

The [Master] Fund additionally receives securities as collateral in connection with certain securities for securities transactions in which the [Master] Fund is the lender. In instances where the [Master] Fund is permitted to sell or repledge these securities, the [Master] Fund reports the fair value of the collateral received and the related obligation to return the collateral in the statement of financial condition [use proper statement name]. At December 31, XXXX, \$XXXX, was reported as *Securities received as collateral* [use proper line item name] and an *Obligation to return securities received as collateral* [use proper line item name] in the statement of financial condition [use proper statement name]. Collateral received in connection with these transactions that was subsequently repledged was approximately \$XX at December 31, XXXX.

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE H – FINANCIAL INSTRUMENTS AND RISK

[The following are intended as sample financial instrument and derivative risk disclosures. They should be considered only if applicable to a fund's activities or active investment strategy and used or modified as appropriate. Application of ASC 815-10-50, Disclosure About Derivative Instruments and Hedging Activities should be considered. Applicable disclosures may include qualitative disclosures (including objectives and strategies for using derivative instruments) about an entity's associated risk exposures, quantitative disclosures about fair value amounts of derivative instruments and the gains and losses from derivative instruments and disclosures of credit-risk-related contingent features in derivative agreements. Refer to the fund documents for additional applicable financial instruments and risk disclosures and information needed to ensure that the disclosures are accurate and complete.]

[The following is a sample description of general risks]

In the normal course of its business, the [Master] Fund trades various financial instruments and enters into various financial transactions where the risk of potential loss due to [market risk, currency risk, interest rate risk, credit risk] and other risks can equal or exceed the related amounts recorded. The success of any investment activity is influenced by general economic conditions that may affect the level and volatility of equity prices, credit spreads, interest rates and the extent and timing of investor participation in the markets for both equity and interest rate sensitive investments. Unexpected volatility or illiquidity in the markets in which the [Master] Fund directly or indirectly holds positions could impair its ability to carry out its business and could cause losses to be incurred.

Market risk represents the potential loss that can be caused by increases or decreases in the fair value of investments resulting from market fluctuations.

Currency risk is the risk that the fair value of an investment will fluctuate because of changes in foreign exchange rates. Investments that are denominated in a non-U.S. currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

Interest rate risk is the risk that the fair value of future cash flows of fixed income or rate sensitive investments will increase or decrease because of changes in interest rates. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the fair value of fixed income securities tends to decrease. Conversely, as interest rates fall, the fair value of fixed income securities tends to increase. This risk is generally greater for long-term securities than for short-term securities.

Credit risk represents the potential loss that would occur if counterparties fail to perform pursuant to the terms of their obligations. In addition to its investments, the [Master] Fund is subject to credit risk to the extent a custodian or broker with whom it conducts business is unable to fulfill contractual obligations.

Liquidity risk is the risk that the [Master] Fund will not be able to raise funds to fulfill its commitments, including inability to sell investments quickly or at close to fair value.

Concentration risk centers on the diversity of the [Master] Fund's assets. At December 31, XXXX, the [Master] Fund was concentrated in regions, industries, currencies, and issuers listed in the [Condensed] Schedule of Investments. At any time, the [Master] Fund's positions may need to be liquidated on unfavorable terms, resulting in potential losses and decreased diversification to the [Master] Fund.

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE H – FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

[The following is a sample description of short selling risks]

Short selling, or the sale of securities not owned by the [Master] Fund, expose the [Master] Fund to the risk of loss in an amount greater than the initial proceeds, and such losses can increase rapidly and in the case of equities, without effective limit. There is the risk that the securities borrowed by the [Master] Fund in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the [Master] Fund might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

[The following is a sample description of borrowing risks]

Borrowings are usually from securities brokers and dealers and are typically secured by the [Master] Fund's securities and other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the [Master] Fund's obligations and if the [Master] Fund is unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the [Master] Fund's obligations to the broker-dealer. Liquidation in that manner could have adverse consequences. In addition, the amount of the [Master] Fund's borrowings and the interest rates on those borrowings, which will fluctuate, could have a significant effect on the [Master] Fund's profitability.

While the use of certain forms of leverage including margin borrowing, reverse repurchase agreements, structured products or derivative instruments can substantially improve the return on invested capital, such use may also increase the adverse impact to which the portfolio of the [Master] Fund may be subject.

[The following is a sample of general financial instruments risks]

The [Master] Fund enters into various transactions involving derivatives and other off-balance sheet financial instruments. These financial instruments include futures, forward and foreign exchange contracts, exchange-traded and over-the-counter options, delayed deliveries, mortgage-backed TBAs, securities purchased and sold on a when-issued basis (when-issued securities), and interest rate swaps. These derivative financial instruments are used to conduct trading activities and manage market risks and are, therefore, subject to varying degrees of market and credit risk.

Derivative financial instruments may be used to manage market risk and to take an active long or short position in the market. Should interest rates or credit spreads move unexpectedly, anticipated benefits may not be achieved and a loss realized. Furthermore, the use of derivative financial instruments involves the risk of imperfect correlation in movements in the price of the instruments, interest rates and the underlying assets.

The [Master] Fund engages in derivative transactions such as swaps, collars, caps, floors and forwards both for hedging purposes and as an alternative to direct investments in the underlying securities. The risks associated with derivative transactions are potentially greater than those associated with the direct purchase or sale of the underlying securities because of the additional complexity and potential for leverage. In addition, derivatives may create credit risk, as well as legal, operations, reputational and other risks beyond those associated with the direct purchase or sale of the underlying securities to which their values are related.

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

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[(expressed in United States dollars)]

NOTE H – FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

[The following is a sample description of off-balance sheet risks]

The [Master] Fund has certain other transactions which, in accordance with industry practice, are not recorded on the statement of financial condition [use proper statement name]. At December 31, XXXX, the [Master] Fund had commitments to enter into future resale and repurchase agreements. At December 31, XXXX, the [Master] Fund had also borrowed securities and pledged securities against those borrowed securities.

[The following is a sample description of derivative financial instruments used for other than trading risks]

The [Master] Fund enters into derivative contracts to economically hedge exposures or to modify the characteristics of financial instruments or transactions. Open derivative contracts, which are linked to assets or liabilities that are sold or otherwise disposed of, are terminated at the time of disposition. Unrealized gains or losses on such derivative contracts are recognized in the statement of operations [use proper statement name] currently as trading revenues.

[The following is a sample description of currency and commodity risks]

Currencies, securities and commodity interests and the issuers of securities and commodity interests are affected by, among other things: changing supply and demand, interest rates, merger activities, governmental laws, regulations and enforcement activities, trade, fiscal and monetary programs and policies, and national and international political and economic developments. The effect of such factors on exchange rates, interest rates, the prices of securities and commodity interests in general, or a particular currency, security or commodity interest, is difficult to predict. In addition, there is unpredictability as to change in general economic conditions, which may affect the profitability of the [Master] Fund's investment strategy.

The [Master] Fund invests a portion of its assets in securities of non-U.S. issuers and in other financial instruments denominated in various currencies. In addition, in order to hedge foreign currency exchange rate risks which may arise from the purchase of such securities or other reasons incidental to the [Master] Fund's business, the [Master] Fund may invest in foreign currencies and foreign currency-related products. These types of investments entail risks in addition to those involved in investments in securities of domestic issuers. Investing in non-U.S. securities may represent a greater degree of risk than investing in U.S. securities. Non-U.S. securities also may be less liquid and more volatile than U.S. securities and may involve higher transaction and custodial costs. In addition, hedging foreign currency exchange rate risk entails additional risk since there may be an imperfect correlation between the [Master] Fund's portfolio holdings of securities denominated in a particular currency and the [Master] Fund's portfolio holdings of currencies and foreign currency related products purchased by the [Master] Fund to hedge any exchange rate risk.

[The following is a sample description of counterparty risks]

Many of the markets in which the [Master] Fund effects its transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. This exposes the [Master] Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem, thus causing the [Master] Fund to suffer a loss. In addition, in the case of a default, the [Master] Fund could become subject to adverse market movements while replacement transactions are executed. Such counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the [Master] Fund has concentrated its transactions with a single or small group of counterparties. The [Master] Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Neither the [Master] Fund nor the Investment Manager has an internal credit function which evaluates the creditworthiness of its counterparties. The ability of the [Master] Fund to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the [Master] Fund.

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE H – FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

[The following is a sample description of options risks]

The [Master] Fund purchases and sells options on securities, currencies and commodities on national and international exchanges and over-the-counter markets. Options may be cash settled, settled by physical delivery or by entering into a closing transaction. In entering into a closing purchase transaction, the [Master] Fund may be subject to the risk of loss to the extent that the premium paid for entering into such closing purchase transaction exceeds the premium received when the option was written. In addition, the correlation between option prices and the prices of underlying securities may be imperfect and the market for any particular option may be illiquid at a particular time.

The writer of a call option which is covered (e.g., the writer has a long position in the underlying instrument) assumes the risk of a decline in the market price of the underlying instrument below the value of the underlying instrument less the premium received, and gives up the opportunity for gain on the underlying instrument above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying instrument above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying instrument, the loss on the call will be offset, in whole or in part, by any gain on the short sale of the underlying instrument.

The seller ("writer") of a put option which is covered (e.g., the writer has a short position in the underlying instrument) assumes the risk of an increase in the market price of the underlying instrument above the sales price (in establishing the short position) of the underlying instrument, plus the premium received, and gives up the opportunity for gain on the underlying instrument below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying instrument below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option. If the buyer of the put holds the underlying instrument, the loss on the put will be offset in whole or in part by any gain on the underlying instrument.

[The following is a sample description of futures risks]

The [Master] Fund invests in futures. Substantially all trading in futures has as its basis a contract to purchase or sell a specified quantity of a particular asset for delivery at a specified time, although certain financial instruments, such as market index futures contracts, may be settled only in cash based on the value of the underlying composite index. Futures trading involve trading in contracts for future delivery of standardized, rather than specific, lots of particular assets.

Futures prices are highly volatile. Price movements for the futures contracts which the [Master] Fund may trade are influenced by, among other things, changing supply and demand relationships, government, trade, fiscal, and economic events, and changes in interest rates. Governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly.

The open positions must be "marked to market" daily, requiring additional margin deposits if the position reflects a loss that reduces the [Master] Fund's equity below the level required to be maintained and permitting release of a portion of the deposit if the position reflects a gain that results in excess margin equity.

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

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[(expressed in United States dollars)]

NOTE H – FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

[The following is a sample description of forward contract risks]

Forward contracts and options thereon, including TBAs and when-issued securities, provide for the delayed delivery of the underlying instrument and, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. As a writer of options, the [Master] Fund receives a premium in exchange for giving the counterparty the right to buy or sell the security at a future date at a contracted price. Interest rate swaps involve the exchange of payments based on fixed or floating rates applied to notional amounts. The contractual or notional amounts related to these financial instruments reflect the volume and activity and do not reflect the amounts at risk. The credit risk for forward contracts, TBAs, options, swaps, and when-issued securities is limited to the unrealized fair valuation gains recorded in the statement of financial condition [use proper statement name]. Market risk is substantially dependent upon the value of the underlying financial instruments and is affected by market forces such as volatility and changes in interest and foreign exchange rates.

[The following is a sample description of credit default contract risks]

The buyer of a credit default contract is obligated to pay the seller a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation or entity. Generally, a credit event means bankruptcy, failure to pay, cross default/acceleration, obligation acceleration, repudiation/moratorium, restructuring, or rating decline. The [Master] may be either the buyer or seller in a transaction. If the [Master] Fund is a buyer and no credit event occurs, the [Master] Fund will have made fixed payments and received nothing. However, if a credit event occurs, the [Master] Fund, as a buyer, typically will receive full notional value for a reference obligation that may have little or no value. As a seller, the [Master] Fund receives a fixed rate of income throughout the term of the contract, which typically is between one month and five years, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligation which may have little or no value.

In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk. Swap contracts are not traded on exchanges and are not otherwise regulated, and as a consequence investors in such contracts do not benefit from regulatory protections. The selling of credit default swaps involves greater risks than if the [Master] Fund had invested in the reference obligation directly. If a credit event were to occur, the value of the reference obligation received by the seller, coupled with the periodic payments previously received, may be less than the full notional value it pays to the buyer, resulting in a loss of value. The buyer of credit default swaps will incur a loss if the seller fails to perform on its obligation should a credit event occur. In certain circumstances, the buyer can receive the notional value of a credit default swap only by delivering a physical security to the seller, and is at risk if deliverable security is unavailable or illiquid.

[The following is a sample description of equity swap risks]

In an equity swap, cash flows are exchanged based on a commitment by one party to pay interest in exchange for a market-linked return based on a notional amount. The market-linked return may include, among other things, the total return of a security or index. These agreements involve elements of credit and market risk. Risks include the possibility that no liquid market exists for these obligations, the counterparty may default on its obligation, or unfavorable changes may exist in the security or index underlying the swap.

[FUND NAME]

[(a Cayman Islands exempted company)]

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[(expressed in United States dollars)]

NOTE H – FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

[The following is a sample description of high yield bond risks]

The [Master] Fund may invest in “high yield” bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

[The following is a sample description of fund of fund risks]

Under certain circumstances, withdrawals from an investment fund may be limited or suspended (in whole or in part) as deemed necessary by the [General partner, Managing Member, Investment Manager]. Substantial requests for withdrawals from an investment company could cause the investment company to liquidate positions sooner than would otherwise be desirable which could adversely affect the performance of the investment company. In addition, regardless of the period of time in which withdrawals occur, the resulting reduction in an investment company’s net assets could make it more difficult for an investment company to diversify its holdings and achieve its investment objectives.

[The following is a sample description of prime broker or clearing and depository risks]

The clearing and depository operations for the [Master] Fund’s investment transactions are provided by one broker. At December 31, XXXX, all of the investments owned reflected in the statement of assets and liabilities [net assets] are held by this broker. Investments owned and investments sold short may be subject to margin requirements. In the event of a financial institution’s insolvency, recovery of assets may be limited.

[The following is a sample contract for difference risks]

Contracts for differences (“CFD”) are agreements to exchange the difference in value of a specific security or index between the time at which a contract is opened and the time at which it is closed. There is no restriction on the entry or exit price of a CFD, and other than the termination date, no time limit is placed on when the exchange occurs. CFDs reflect movement and pricing of the underlying security or index and allow the [Master] Fund to access movement in the underlying security or index’s price through deposit of margin. CFD agreements involve elements of credit and market risk. Risks include the possibility that no liquid market exists for a CFD obligation, a counterparty may default on its obligation or unfavorable price changes may occur in the underlying security or index.

[FUND NAME]

[(a Cayman Islands exempted company)]

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[(expressed in United States dollars)]

NOTE I – LINE OF CREDIT [Applies to closed-ended funds with subscription lines of credit]

The [Master] Fund entered into a revolving loan agreement with a bank whereby the [Master] Fund may obtain advances for [capital, equity] not yet funded by [partners, members] of the [Master] Fund up to \$XXX which is collateralized by commitments of the [partners, members] of the [Master] Fund. [Disclose terms of the agreement, including interest rate, repayment and default terms].

At December 31, XXXX, the [Master] Fund had \$XXX in outstanding advances under this facility. The amount is reflected as a Loan Payable in the [balance sheet name]. Of the outstanding advance, \$XXX was interest payable from the [Master] Fund under the terms of the agreement.

For the year ended December 31, XXXX, interest expense on the [income statement name] was \$XXX.

NOTE J - CAPITAL

[For partnerships and limited liability companies: The [General Partner, Managing Member, Investment Manager] is authorized to admit limited partners [members] to the [Master] Fund, or accept additional capital contributions from existing limited partners [members] [from fund document describe when contributions can be made]. [If applicable, disclose total capital commitments, amount and percentage funded and other required relevant information.]

A limited partner may withdraw all or a portion of his capital account [from fund document describe when and how withdrawals can be made including any notice period]. [Describe any lock up period or gate provisions].

[If a portion of the fund to be withdrawn can be retained by the fund, describe the retention and payment terms].

Net profits and net losses of the [Master] Fund are allocated to the partners [members] in accordance with the ratio of their capital account balances. [In cases where distributions are made in accordance with a waterfall, disclose the priority of payments and relevant details.]

[For limited liability offshore funds: The authorized capital of the [Master] Fund is U.S. \$[X] divided into [X] [share description from fund document] shares (the "Shares") with a par value of U.S. \$[X] each. [If the fund has share classes, using the fund document describe the terms of the classes here] [If the fund may issue other classes with other terms at the discretion of the investment manager, using the fund document, describe the terms of the classes here]

If the fund is permitted to issues shares in series, using the fund document, describe the provisions for issuing the series here and include any provisions for share roll up. If the fund may issue additional series at the discretion of the investment manager, using the fund document, describe the terms of the series here.

[Be aware that the fund may provide for fee participation arrangements whereby an investor has participating shares at the master level-using the fund document these should be described here]

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

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[(expressed in United States dollars)]

NOTE J - CAPITAL (CONTINUED)

Share transactions for the year ended December 31, XXXX were as follows:

[For the below table, beginning shares outstanding, adjustments for conversions and transfers, shares subscribed and shares redeemed are only required to be presented at the aggregate class level and need not be shown at the series level.]

| | Shares Outstanding January 1, XXXX | Adjustments for Conversions and Transfers | Shares Subscribed | Shares redeemed | Shares Outstanding December 31, XXXX | Net Asset Value Per Share |
|------------|------------------------------------|---|-------------------|-----------------|--------------------------------------|---------------------------|
| Class [X]: | | | | | | |
| Series [1] | | | | | 0.000 | \$ |
| Series [2] | | | | | 0.000 | \$ |
| Series [3] | | | | | 0.000 | \$ |
| Class [Y]: | | | | | | |
| Series [1] | | | | | 0.000 | \$ |
| Series [2] | | | | | 0.000 | \$ |
| Series [3] | | | | | 0.000 | \$ |
| Class [Z]: | | | | | | |
| Series [1] | | | | | 0.000 | \$ |
| Series [2] | | | | | 0.000 | \$ |
| Series [3] | | | | | 0.000 | \$ |

[The above table should be tailored to the capital structure of the investment company, specifically considering the class and series. Components of class and/or series capital transactions (if applicable) need to be disclosed.]

[If not disclosed on the statement of changes in equity at the class level, include the following:]

The value of subscriptions and redemptions for the year ended December 31, XXXX were as follows:

| | Subscriptions | Redemptions |
|-----------|---------------|-------------|
| Class [X] | | |
| Class [Y] | | |
| Class [Z] | | |
| | 0 | 0 |

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

December 31, XXXX

[(expressed in United States dollars)]

NOTE J - CAPITAL (CONTINUED)

[The [Master] Fund may, to the extent permitted by the rules of the U.S. Financial Industry Regulatory Authority, as may be amended from time to time (the "FINRA Rules"), purchase equity securities that are part of an initial public offering (sometimes referred to as "New Issues"). Under the FINRA Rules, certain persons defined as "Restricted Persons" may not be eligible to participate in New Issues. Gains or losses attributable to transactions in New Issues, including realized gains and losses and unrealized appreciation and depreciation, are allocated among the participating partners [members, shareholders].]

NOTE K - RELATED PARTY TRANSACTIONS

The [General Partner, Managing Member, Investment Manager] receives a management fee (the "Management Fee") [using the fund document, describe management fee terms]. [If applicable: disclose all offsets to management fees in accordance with the fund document] For the year ended December 31, XXXX, the Management Fee was \$XXX.

At the end of each year, or upon the complete withdrawal of a limited partner [member, shareholder], the [General Partner, Managing Member, Investment Manager] is entitled to a [using the fund document, describe the incentive allocation terms including any loss carry forward provisions].

[If applicable: The [General Partner, Managing Member, Investment Manager] in its absolute discretion, may elect to reduce, waive, rebate or calculate differently the Management Fee or Incentive Allocation with respect to any limited partner [member, shareholder].

[If applicable: The [General Partner, Managing Member, Investment Manager] has paid substantially all [Master] Fund expenses on behalf of the [Master] Fund for which the [Master] Fund reimburses the [General Partner, Managing Member, Investment Manager]. At December 31, XXXX, the [Master] Fund had a payable to the [General Partner, Managing Member, Investment Manager] of \$XXX for such expenses, which is shown as [account name] on the [balance sheet name].

Capital [Net assets] of limited partners [members, shareholders] related to the [General Partner, Managing Member, Investment Manager] was \$X,XXX at December 31, XXXX.

NOTE L – GUARANTEES

The [Master] Fund has obligations under certain guarantee arrangements. Guarantees are defined as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying related to an asset, liability or equity security of a guaranteed party. Guarantees include contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees of the indebtedness of others. [Disclose the nature of the guarantee, including approximate term, how the guarantee arose, events or circumstances that would require the Fund to perform under the guarantee, current status of the payment/performance risk of the guarantee and also disclose the maximum potential amount of future payments that the Fund could be required to make under the guarantee, current carrying amount of the liability for the Fund's obligations under the guarantee, etc. Refer to ASC 460-10-50-4 for more information.]

[FUND NAME]

[(a Cayman Islands exempted company)]

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[(expressed in United States dollars)]

NOTE M - INDEMNIFICATIONS

In the ordinary course of business, the [Master] Fund enters into contracts that contain a variety of indemnifications. The [Master] Fund's maximum exposure under these arrangements is unknown. However, the [Master] Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

NOTE N - ADMINISTRATOR AND TRANSFER AGENT

[Name of company] (the "Administrator") is the administrator for the [Master] Fund. [Name of company (the "Registrar and Transfer Agent")], is the registrar and transfer agent for the [Master] Fund. For its services, the Administrator receives a fee [generally describe fee terms from the contract].

NOTE O - DIRECTORS [as applicable]

The [Master] Fund has two Directors whom are independent of the Investment Manager. For their services, the Directors received an aggregate fee of \$XXXX for the year ended December 31, XXXX.

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

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[(expressed in United States dollars)]

NOTE P - FINANCIAL HIGHLIGHTS (CONTINUED)

The following summarizes [per share data,] [total return] OR [internal rate(s) of return] and ratios of net investment income and expenses to average partnership capital [net assets] for the year ended December 31, XXXX:

[For unitized funds:]

| | Class [X] Series [1] | Class [Y] Series [1] | Class [Z] Series [1] |
|---|-------------------------|-------------------------|-------------------------|
| Per share operating performance: | | | |
| Net asset value - beginning of year/period | \$ | \$ | \$ |
| Income from investment operations: | | | |
| Net investment income | | | |
| Net realized and unrealized gain on investments | | | |
| Incentive fee | | | |
| Total income from investment operations | | | |
| Net asset value - end of year/period | \$ | \$ | \$ |
| Total return: | | | |
| Total return before incentive fee | % | % | % |
| Incentive fee | | | |
| Total return after incentive fee | % | % | % |
| Ratios to average net assets: | | | |
| Expenses | % | % | % |
| Incentive fee | | | |
| Total expenses and incentive fee | % | % | % |
| Net investment income | % | % | % |

[FUND NAME]

[(a Cayman Islands exempted company)]

Notes to Financial Statements

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[(expressed in United States dollars)]

NOTE P - FINANCIAL HIGHLIGHTS (CONTINUED)

[For open-end, non-unitized funds:]

| | Limited Partners | | |
|-----------------------------------|------------------|-----------|-----------|
| | Class [X] | Class [Y] | Class [Z] |
| Total return: | | | |
| Total return before incentive fee | % | % | % |
| Incentive fee | | | |
| Total return after incentive fee | % | % | % |
| Ratios to average capital: | | | |
| Expenses before incentive fee | % | % | % |
| Incentive fee | | | |
| Expenses after incentive fee | % | % | % |
| Net investment income | % | % | % |

[For closed-end funds:]

| | Limited Partners |
|-----------------------------------|------------------|
| | |
| Internal rate of return: | |
| Inception to December 31, 20X4 | % |
| Inception to December 31, 20X3 | % |
| Ratios to average capital: | |
| Expenses before carried interest | % |
| Carried interest | |
| Expenses after carried interest | % |
| Net investment income | % |

The [total return] OR [internal rate(s) of return] and ratios are calculated for the applicable [partners, members, shareholders] taken as a whole. Individual [partner, member, shareholder] returns and ratios may vary from these returns and ratios based on fee arrangements, timing of contributions and withdrawals [subscriptions and redemptions] [and participation in New Issues].

[For audits of partial periods, above ratios and returns should be denoted as either annualized or not annualized.]

[FUND NAME]

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Notes to Financial Statements

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[(expressed in United States dollars)]

NOTE Q - SUBSEQUENT EVENTS

From January 1, XXXX through [subsequent date] there were contributions and withdrawals [subscriptions and redemptions] of \$XXXX and \$XXXX, respectively.

The [General Partner, Managing Member, Investment Manager] has evaluated events through [Date], the date that these financial statements were available to be issued.

Appendix A: Disclosures related to application of the liquidation basis of accounting and other unique instances

General: "in liquidation" should be added after the entity name or the financial statement names throughout the document (including the title page, table of contents, financial statements, headers and footnotes). If an entity has adopted the liquidation basis of accounting during the period, the going-concern period and liquidation basis period should be clearly marked on the related financial statements (e.g. January 1, 2024 to March 31, 2024 (Going Concern) and April 1, 2024 to December 31, 2024 (Liquidation Basis)).

NOTE A - ORGANIZATION *(Language below should be added to Note A)*

As a result of [state reason, e.g., withdrawal requests representing the balance of limited partnership interests in the [Master] Fund], the [General Partner, Managing Member, Investment Manager] has decided to terminate operations and commence liquidation of the [Master] Fund, effective [Date]. The [Master] Fund expects to complete its liquidation by [Date]. Accordingly, the [Master] Fund has elected the liquidation basis of accounting effective [Date]. [If it is determined that the effects of adopting the liquidation basis of accounting are immaterial to the financial statements taken as a whole then this last sentence should be deleted.]

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of presentation: *(Revised footnote)*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The [Master] Fund is an investment company that follows the specialized accounting and reporting guidance set forth in Accounting Standards Codification Topic 946 "Financial Services - Investment Companies."

The [Master] Fund changed its basis of accounting from the going-concern basis to the liquidation basis effective [Date]. Accordingly, the accompanying [identify financial statements and periods] have been prepared using the liquidation basis of accounting and the accompanying [identify financial statements and periods] have been prepared using the going-concern basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The liquidation basis of accounting presents the [Master] Fund's assets and liabilities based on expected cash to be collected upon settlement.

Estimated [assets and/or liabilities] which consist of [disclose type and amount of costs and income accrued in the statement of net assets or financial position in liquidation, for example, "Interest receivable of \$XXX, accrued professional fees of \$XXX and accrued other expenses of \$XXX have been accrued through the expected liquidation date."]

[Alternate possible wording if it is determined that the effects of adopting the liquidation basis of accounting are immaterial to the financial statements taken as a whole:] The [General Partner, Managing Member, Investment Manager] has decided to terminate operations and commence liquidation of the [Master] Fund, effective [Date]. Management has determined that the effects of adopting the liquidation basis of accounting are immaterial to the financial statements taken as a whole, and therefore, the accompanying financial statements are presented for the period from [Date of beginning of period] through [Date of end of period] without adopting the liquidation basis of accounting.

[2] Principles of consolidation *(include if presenting consolidated financial statements):*

The accompanying consolidated financial statements include the accounts of the Fund and [disclose consolidation policy]. All significant intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

[3] Valuation of investment in Master Fund *(include if the Fund is a feeder fund):*

The Fund records its investment in the Master Fund based on its proportionate share of the net assets of the Master Fund. Valuation of investments held by the Master Fund, including but not limited to, the valuation techniques used and the categorization within the fair value hierarchy of investments are discussed in the notes to the Master Fund's financial statements.

[4] Investment valuation: *(If fair value approximates the expected liquidation proceeds of the fund's investments, consider replacement of the first paragraph with the following)*

The [Master] Fund carries its investments at fair value as it approximates the expected proceeds to be received upon disposition of these assets under the liquidation basis of accounting. Fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Fair value measurements are not adjusted for transaction costs. A fair value hierarchy provides for prioritizing inputs to valuation techniques used to measure fair value into three levels: