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Alternative
Investments

REPORT OF INDEPENDENT AUDITORS & FINANCIAL STATEMENTS

XYZ PRIVATE EQUITY FUND
for the year ended December 31, 2024

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December 31, 2024

ASSETS

Investment in securities, at fair value (cost \$XXXXX)	\$ -
Repurchase agreements, at fair value (cost \$XXXXX)	-
Derivative contracts, at fair value	-
Due from broker(s)	-
Receivable for pending investment transactions ¹	-
Cash and cash equivalents	-
Cash denominated in foreign currencies (cost \$XXXXX)	-
Interest receivable	-
Dividends receivable	-
Receivables from related parties	-
Collateral for derivative contracts	-
Other assets	-
TOTAL ASSETS	\$ -

LIABILITIES AND PARTNERS' CAPITAL

Investment in securities sold short, at fair value (proceeds \$XXXXX)	\$ -
Reverse repurchase agreements, at fair value (proceeds \$XXXXX)	-
Derivative contracts, at fair value	-
Due to broker(s)	-
Payable for pending investment transactions ¹	-
Dividends payable on securities sold short	-
Interest payable	-
Due to related parties	-
Accrued expenses	-
Management fees payable	-
Notes payable	-
Capital calls received in advance	-
Capital distributions payable	-
Other liabilities	-
TOTAL LIABILITIES	-
PARTNERS' CAPITAL	-
TOTAL LIABILITIES AND PARTNERS' CAPITAL	\$ -

¹ Receivable and payables for pending investment transactions can be grouped with Due from(to) broker balances. They are NOT required to be broken out as a separate line item.

December 31, 2024

<u>SHARES/ PRINCIPAL/ CONTRACTS HELD</u>		<u>PERCENTAGE OF PARTNERS' CAPITAL</u>	<u>FAIR VALUE</u>
INVESTMENT IN SECURITIES, AT FAIR VALUE			
Common stock			
	United States of America	%	\$
	Technology		
XX,XXX	ABC Tech Inc.	-	-
XX,XXX	XYZ Tech Inc.	-	-
	Health care	-	-
	Retail	-	-
	Energy	-	-
	Financials	-	-
	Total United States of America (cost \$XX,XXX)	-	-
	Japan		
	Healthcare		
XX,XXX	XYZ Medical Inc.	-	-
	Other	-	-
	Total Japan (cost \$XX,XXX)	-	-
	Total common stock (cost \$XX,XXX)	-	-
Preferred stock			
	United States of America		
	Technology	-	-
	Healthcare	-	-
	Total preferred stock (cost \$XX,XXX)	-	-
Corporate bonds			
	United States of America		
	Technology		
XX,XXX	ABC Tech Inc. (x%, xx/xx/xx)	-	-
	Other	-	-
	Total corporate bonds (cost \$XX,XXX)	-	-
	Total Investment in securities, at fair value (cost \$XX,XXX)	-	\$ -

December 31, 2024

SHARES/ PRINCIPAL/ CONTRACTS HELD	PERCENTAGE OF PARTNERS' CAPITAL	FAIR VALUE
DERIVATIVE CONTRACTS, AT FAIR VALUE - ASSETS		
Options		
United States of America	%	\$
Put options (xx/xx/xx - xx/xx/xx)	-	-
Market indices (cost \$XX,XXX)	-	-
Total derivative contracts, at fair value (cost \$XXXXX)	- %	\$ -
INVESTMENT IN SECURITIES SOLD SHORT, AT FAIR VALUE		
Common stock		
United States of America		
Mining	-	-
Transportation	-	-
Total United States of America (proceeds \$XX,XXX)	-	-
United Kingdom		
Services (proceeds \$XX,XXX)	-	-
Total common stock (cost \$XX,XXX)	-	-
Total investment in securities sold short, at fair value (proceeds \$XX,XXX)	- %	\$ -
DERIVATIVE CONTRACTS, AT FAIR VALUE - LIABILITIES		
Futures		
United States of America		
Euro dollars (XX/XX/XX)	-	-
Total derivative contracts, at fair value	- %	\$ -

Year Ended December 31, 2024

INVESTMENT INCOME

Interest income	\$ -
Dividend income (net of U.S. and foreign tax withholdings of \$XXX)	-
Other income	-
	<hr/>
Total investment income	-

EXPENSES

Interest expense	-
Dividend expense	-
Management fee	-
Professional fees	-
Administration fees	-
Other expenses	-
	<hr/>
Total expenses	<hr/> -

NET INVESTMENT INCOME/(LOSS)

-

REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS

Net realized gain/(loss) on investments and foreign currency transactions	-
Net change in unrealized appreciation or depreciation on investments and foreign currency transactions	-
Net realized gain/(loss) on derivatives	-
Net change in unrealized appreciation or depreciation on derivatives	-

NET REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS

-

NET INCOME/(LOSS)

\$ -

Year Ended December 31, 2024

	<u>LIMITED PARTNERS</u>	<u>GENERAL PARTNER</u>	<u>TOTAL</u>
Balance, December 31, 2022	\$ -	\$ -	\$ -
Capital contributions/calls	-	-	-
Capital withdrawals/distributions	-	-	-
Capital transfers	-	-	-
Pro-rata allocation of net income/(loss):			
Balance, December 31, 2023	-	-	-
Effects of cumulative carried interest allocation*	-	-	-
Balance including cumulative carried interest allocation	\$ -	\$ -	\$ -

* See note I.

Year Ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Adjustments to reconcile net income/(loss) to net cash provided by (used in) operating activities:	\$	
Net realized gain/(loss) on investments and foreign currency transactions		-
Net change in unrealized appreciation or depreciation on investments and foreign currency transactions		-
Net change in unrealized gain/(loss) on derivative contracts		-
Amortization of premium and accretion of discount on debt securities		-
Purchases of investments		-
Proceeds from sales of investments		-
Proceeds from securities sold short		-
Purchases to cover securities sold short		-
Purchases of derivative contracts (assets) (i)		-
Proceeds from written derivative contracts (liabilities) (i)		-
Net realized gain/(loss) on derivative contracts (i)		-
Changes in assets and liabilities:		
Due from broker(s)		-
Interest receivable		-
Dividends receivable		-
Receivables for pending investment transactions		-
Receivables from related parties		-
Collateral for derivative contracts		-
Other assets		-
Due to broker(s)		-
Dividends payable on securities sold short		-
Interest payable		-
Due to related parties		-
Accrued expenses		-
Management fees payable		-
Other liabilities		-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		<u>-</u>

CASH FROM FINANCING ACTIVITIES:

Proceeds from capital contributions, net of change in capital contributions received in advance		-
Payments for capital withdrawals, net of change in capital withdrawals payable		-
Proceeds from notes payable		-
Payments for notes payable		-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>-</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$	<u>-</u>

SUPPLEMENTAL INFORMATION

Cash paid for interest	\$	<u>-</u>
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SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES

Securities contributed at fair value (cost \$XX,XXX)	\$	<u>-</u>
Securities distributed at fair value (cost \$XX,XXX)	\$	<u>-</u>

(i) Include only for derivative contracts with a cost basis, such as options. Purchases and proceeds on notional derivatives with no cost basis should NOT be included because realized gain(loss) on these investments are equivalent to amount of payments and/or proceeds.

A. ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

XYZ Hedge Fund (the Fund) a Delaware limited partnership, was formed on May 1, 20XX and commenced operations on June 1, 20XX. Pursuant to a limited partnership agreement dated June 1, 20XX (the LPA), the Fund is managed by XYZ General Partner (the General Partner) and XYZ Investment Manager (the Investment Manager). The Fund shall continue until the close of business on [insert month, date, year], unless sooner terminated or extended through terms specified in the LPA.

The Fund was formed for the purpose of **INSERT STRATEGY FROM PPM/LPA.**

[IF APPLICABLE] The Investment Manager is registered with the United States Securities and Exchange Commission as a registered investment adviser. Refer to the Fund's offering memorandum for more information.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and are stated in U.S. dollars.

In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 946, *Financial Services – Investment Companies* (ASC 946), the Fund has determined that it is an investment company and has applied the guidance in accordance with ASC 946.

[IF APPLICABLE] Basis of Consolidation

The accompanying consolidated financial statement include the accounts of the Fund and its wholly owned subsidiary, an investment company established for the general purpose of executing specific investment transactions on behalf of the Fund. All significant intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

[IF APPLICABLE] In accordance with the LPA, management has formalized a plan of liquidation to close the Fund in an orderly manner.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management of the Fund to make estimates and assumptions that affect the reported amounts of 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.

[Condensed] Schedule of Investments

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

Cash and Cash Equivalents

The Fund considers cash equivalents to be short-term, highly liquid investments, such as money market funds that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value due to changes in interest rates, which generally includes only investments with original maturities of three months or less.

Restricted Cash

The Fund maintains cash balances that are restricted under various agreements.

Due From/To Broker(S)

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

[IF APPLICABLE] At December 31, 20XX, due from broker(s) includes pledged collateral to counterparties related to OTC derivative contracts of \$X,XXX,XXX and received collateral from counterparties related to OTC derivative contracts of \$XXX,XXX. **[IF APPLICABLE]** Also at December 31, 20XX, due from broker(s) includes \$XXX,XXX of initial and variation margin related to its futures trading activities.

[USE IF FUND IS SUBJECT TO TRI-PARTY COLLATERAL AGREEMENT] The Fund entered into collateral account control agreements with **[INSERT DERIVATIVE COUNTERPARTY]** (the Secured Party) and **[INSERT PRIME BROKER]** (the Securities Intermediary) to mitigate the risk associated with its derivative counterparties. Upon entering into a derivative contract, the Fund posts collateral to the Secured Party, which is held in custody by the Securities Intermediary. The Fund does not have the ability to transfer collateral unless certain contingent events occur. As of December 31, 20XX, approximately \$XX,XXX,XXX of collateral receivable posted to the Secured Party is held by the Securities Intermediary, which is included in due from brokers on the statement of financial condition.

Investment Transactions, Income and Expenses

Investment transactions are accounted for on the date the investments are purchased or sold (trade date basis). Net realized gains and losses from investment transactions are reported based on the **[INSERT COST BASIS METHOD [i.e. average cost method, specific identification method]]**. Interest income and expenses are accrued and recorded as earned and incurred. **[IF APPLICABLE:]** Interest income is no longer accrued and interest receivable is written off when deemed uncollectible. Dividend income and expenses are recognized on the ex-dividend date. **[IF APPLICABLE]** Dividend income on foreign investments is recorded net of any applicable withholding tax. Distributions that represent returns of capital in excess of cumulative profits and losses are credited to investment cost rather than investment income.

[IF APPLICABLE] Premiums are amortized and discounts are accreted to interest income over the lives of the debt investments.

[IF APPLICABLE] Discounts for debt securities are not amortized to the extent that interest income is not expected to be realized.

Foreign Currency Translation

The books and records of the Fund are maintained in U.S. dollars. All assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the valuation date. Purchases and sales of investments and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The portion of realized and unrealized gains or losses on investments due to fluctuations in foreign currency exchange rates is not separately accounted for and is therefore included in net realized and unrealized gains or losses on investments in the statement of operations.

Income Taxes

[CHOOSE ONE]

[FOR LP AND LLC STRUCTURES]

The Fund is taxed as a partnership under the Internal Revenue Code. Accordingly, no federal or state income tax provision has been included in the financial statements, as all items of income and expense generated by the Fund are reported on the partners' personal income tax returns. **[IF APPLICABLE]** However, certain U.S. dividend income and interest income may be subject to a maximum 30% withholding tax for those limited partners that are foreign entities or foreign individuals. **[IF APPLICABLE]** Further, certain non-U.S. dividend income may be subject to a tax at prevailing treaty or standard withholding rates with the applicable country or local jurisdiction. The Fund files U.S. federal and state partnership tax returns, of which, the open tax years subject to examination by taxing authorities include the years ended December 31, 20XX, 20XX, and 20XX. The Fund has no federal or state tax examinations in process as of December 31, 20XX.

In accordance with ASC 740, Income Taxes, the Fund is required to evaluate whether its tax positions taken or expected to be taken are more likely than not to be sustained upon examination by the applicable taxing authority. Tax positions not deemed to meet a more likely than not threshold would be recorded as a tax expense in the current year. **[INCLUDE THE FOLLOWING ONLY IF THE FUND HAS NOT RECOGNIZED A LIABILITY FOR UNRECOGNIZED TAX BENEFITS.]** As of December 31, 20XX, the Fund has determined that no provision for income taxes is required and no liability for unrecognized tax benefits has been recorded. The Fund does not expect that its assessment regarding unrecognized tax benefits will materially change over the next 12 months. However, the Fund's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions, compliance with U.S. federal, U.S. state and foreign tax laws in which the Fund operates, and changes in the administrative practices and precedents of the relevant taxing authorities.

[FOR OFFSHORE FUND STRUCTURES]

Under the laws of the Cayman Islands, the Fund is generally not subject to income taxes. Further, certain non-U.S. dividend and interest income may be subject to a tax at prevailing treaty or standard withholding rates with the applicable country or local jurisdiction. The Fund is subject to income tax examinations by major taxing authorities from inception

In accordance with ASC 740, Income Taxes, the Fund is required to evaluate whether its tax positions taken or expected to be taken are more likely than not to be sustained upon examination by the applicable taxing authority, based on the technical merits of the position. Tax positions not deemed to meet a more likely than not threshold would be recorded as a tax expense in the current year. **[INCLUDE THE FOLLOWING ONLY IF THE FUND HAS NOT RECOGNIZED A LIABILITY FOR UNRECOGNIZED TAX BENEFITS.]** As of December 31, 20XX, the Fund has determined that no provision for income taxes is required and no liability for unrecognized tax benefits has been recorded. The Fund does not expect that its assessment regarding unrecognized tax benefits will materially change over the next 12 months. However, the Fund's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, the nexus of income among various tax jurisdictions, compliance with the Cayman Islands, U.S. federal, U.S. state and foreign tax laws of jurisdictions in which the Fund operates, and changes in the administrative practices and precedents of the relevant taxing authorities.

Offsetting of Amounts Related to Certain Contracts

[CHOOSE ONE OF THE FOLLOWING PARAGRAPHS BASED ON THE ELECTION OF THE FUND.]

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

OR

The Fund has elected not to offset fair value amounts recognized for cash collateral receivables and payables against fair value amounts recognized for derivative positions executed with the same counterparty under the same master netting arrangement. At December 31, 20XX, the Fund had cash collateral receivables and payables of \$XX,XXX and \$XX,XXX, respectively, with derivative counterparties under the same master netting arrangement.

B. FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures* (ASC 820), defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not assumptions specific to the entity.

ASC 820 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon the market data obtained from independent sources (observable inputs). In accordance with ASC 820, the following summarizes the fair value hierarchy:

Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market that the Fund has the ability to access.

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

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

ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

While the Fund believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methods or assumptions to estimate the fair value of certain financial statement items could result in a different estimate of fair value at the reporting date. Those estimated values may differ significantly from the values that would have been used had a readily available market for such items existed, or had such items been liquidated, and those differences could be material to the financial statements.

VALUATION TECHNIQUES

The following is a description of the valuation techniques used by the Fund to its assets and liabilities measured at fair value on a recurring basis.

[ONLY INCLUDE WHAT IS APPLICABLE TO THE FUND]

Equity Securities

In general, the Fund values exchange traded investments in securities and securities sold short at their last quoted price as of the valuation date. Investments which are not listed on a national exchange are valued at their last closing bid price if owned by the Fund and their last closing ask price if sold short by the Fund. To the extent these securities are actively traded and valuation adjustments are not applied, securities are categorized in Level 1 of the fair value hierarchy. Securities traded on inactive markets or valued by reference to similar instruments are generally categorized in Level 2 of the fair value hierarchy.

Fixed Income Securities

Fixed income securities, such as government, municipal and corporate bonds are valued using quoted prices from active markets, if available, recently executed transactions, or at prices provided by a third-party pricing service. The prices provided by third-party pricing services take into account various factors such as, broker-dealer market price quotations, credit default swap spreads, maturity, interest rates and other characteristics of the fixed income security. To the extent these securities are valued using market quotations, are actively traded, and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy. Securities valued using market quotations traded in inactive markets or valued based on prices provided by a third-party pricing service are generally categorized in Level 2 of the fair value hierarchy.

Debt Securities

The fair value of debt securities, such as convertible notes, are generally valued using recently executed transactions and observable market price quotations and are categorized in Level 2 of the fair value hierarchy. When market price quotations used are unobservable, proprietary valuation models and default recovery analysis methods are employed and debt securities are categorized in Level 3 of the fair value hierarchy.

Asset Backed Securities

Asset backed securities (ABS) are pass-through debt securities created by pooling various assets such as, mortgage loans, auto loans, student loans and credit card receivables. In some instances, the loan originator will continue to service the underlying loan, or the servicing may be sold to a subsidiary or another institution. Loan originators will usually pool the loans and sell interests in the pools created. By selling an ABS, the originator can obtain funds to issue new loans while

retaining the servicing rights on the pooled loans. Most ABS are guaranteed either by federally sponsored agencies or private guarantors. The Fund fair values ABS based on market quotations received from third-party pricing sources, such as broker-dealers, when available. If third-party pricing is unavailable, the Fund uses cash flow models, which take into account various factors from the ABS, such as, conditional prepayment rates, default rates, loss severity, expected yields-to-maturity, and other inputs specific to each security.

To the extent that the inputs are observable and timely, the values would be categorized in Level 2 of the fair value hierarchy, otherwise, they would be categorized as Level 3.

Collateralized Loan Obligations

Investments in Collateralized Loan Obligations (CLO) represent direct ownership in the equity tranche of a CLO. CLOs are a form of securitization where payments from multiple small, middle and large business loans are pooled together and passed on to different classes of owners in various tranches, generally referred to as senior, mezzanine and equity tranches. Generally, these securities provide periodic payments to the senior and mezzanine tranches, which consist of interest and principal, and once the contractual obligations regarding the periodic payments are met, all remaining flow-through cash is paid to the equity tranche investors in the form of a dividend. CLO's may be valued based on prices of comparable securities or cash flow models that consider inputs including default rates, conditional prepayment rates, loss severity, expected yield to maturity, and other inputs specific to each security. To the extent that the inputs are observable and timely, the values would be categorized in Level 2 of the fair value hierarchy, otherwise, they would be categorized as Level 3.

Repurchase Agreements

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

Private Operating Companies

Investments in private operating companies may consist of common stock, preferred stock, and debt of private operating companies. The transaction price, excluding transaction costs, is typically the Fund's best estimate of fair value at inception. When evidence supports a change to the carrying value from the transaction price, adjustments are made to reflect expected exit values in the investment's principal market under current market conditions. Ongoing reviews by Fund management is based on an assessment of trends in the performance of each underlying investment from the inception date through the most recent valuation date. These assessments typically incorporate valuation techniques that consider the evaluation of arm's-length financing and sale transactions with third parties, an income approach based on a discounted cash flow analysis, and/or a market approach based on a comparative analysis of acquisition multiples and pricing multiples generated by market participants. In certain instances, the Fund may use multiple valuation techniques for a particular investment and estimate its fair value based on a weighted average or a selected outcome within a range of multiple valuation results.

When applying valuation techniques used to determine fair value, the Fund assumes a reasonable period of time for estimating cash flows and considers the financial condition and operating results of the portfolio company, the nature of the investment, restrictions on marketability, market conditions, foreign currency exposures, and other factors. When determining the fair value of investments, the Fund exercises significant judgment and uses the best information available as of the measurement date.

Inputs used under an income approach may include annual projected cash flows for each investment through their expected remaining economic life discounted to present value using appropriate risk-adjusted discount rates. These cash flow assumptions may be probability weighted to reflect the risks associated with achieving expected performance levels across various business scenarios. Inputs used under an income approach may include an assessment of the credit profile of the portfolio company as of the measurement date, the operating performance of the portfolio company, trends in the liquidity, and financial leverage ratios as of the measurement date and include an assessment of the portfolio company's business enterprise value, liquidation value, and debt repayment capacity of each subject debt investment. In addition, inputs may include an assessment of potential yield adjustments for each debt investment based on trends in the credit profile of the portfolio company and trends in the interest rate environment as of the measurement date.

Inputs used under a market approach may include valuation multiples applied to corresponding performance metrics such as earnings before interest, taxes, depreciation and amortization (EBITDA); revenue; or net earnings. The selected valuation multiples were estimated through a comparative analysis of the performance and characteristics of each investment within a range of comparable companies or transactions in the observable marketplace. In addition, recent merger and acquisition transactions of comparable companies may be used as a basis to develop implied valuation multiples. Investment valuations using the market approach may also consider factors such as liquidity, credit, and market risk factors of the portfolio company.

The probability-weighted expected return method is based on an estimate of expected fair value as analyzed through various liquidity scenarios. Fair value is determined for a given scenario at the time of the future liquidity event and discounted back to the valuation date using a risk-adjusted discount rate. To determine fair value, the present values under each scenario are weighted based on the expected probability of each scenario occurring.

The option pricing model treats a private operating company's common stock and preferred stock as call options on the enterprise or equity value of the private operating company, with exercise or strike prices based on the characteristics of each series or class of equity in the private operating company's capital structure (e.g., the liquidation preference of a given series of preferred stock). This method is sensitive to certain key assumptions, such as volatility and time to exit, that are not observable.

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

Restricted Securities on Public Companies

Investments in restricted securities of public companies cannot be offered for sale to the public until the Fund complies with certain statutory requirements. The valuation of the securities by management takes into consideration the type and duration of the restriction, but in no event does the valuation exceed the listed price on a national securities exchange or the NASDAQ national market. Investments in restricted securities of public companies are generally included in Level 2 of the fair value hierarchy. However, to the extent that significant inputs used to determine liquidity discounts are not observable, investments in restricted securities in public companies may be categorized in Level 3 of the fair value hierarchy.

Private Investment Companies

Investments in private investment companies are valued at their net asset value, as a practical expedient, as reported by the underlying private investment company, without adjustment, when the net asset value of the investments are calculated in a manner consistent with U.S. GAAP for investment companies. The Fund applies the practical expedient to its investments in private investment companies on an investment-by-investment basis, and consistently with the Fund's entire position in a particular investment, unless it is probable that the Fund will sell a portion of an investment at an amount different from the net asset valuation.

If it is probable that the Fund will sell an investment at an amount different from the net asset value or in other situations where the practical expedient is not available, the Fund considers other factors in addition to the net asset value, such as features of the investment including subscription and redemption rights, expected discounted cash flows, transactions in the secondary market, bids received from potential buyers, and overall market conditions in its determination of fair value. Investments in private investment companies that are not valued using the practical expedient are typically categorized in Level 3 of the fair value hierarchy.

Special Purpose Vehicles

Investments in special purpose vehicles (SPVs) are either offshore private investment companies, United States limited liability companies, or United States corporations that invest directly or indirectly through joint ventures in private equity or debt securities, real estate or intangible property.

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

If a SPV is not accounted for as an investment company, the SPV may be valued in its entirety using an income approach or a market approach. **[SEE THE PRIVATE OPERATING COMPANIES SECTION FOR EXAMPLES OF VALUATION TECHNIQUES AND INPUTS TO INSERT HERE]**. In certain instances, a SPV may be valued based on the evaluation of

the net assets of the SPV, whereby the assets and liabilities of the SPV are valued based on each underlying investment within the SPV, incorporating valuations that consider the evaluation of financing and sale transactions with third parties, expected cash flows and market-based information, including comparable transactions and performance multiples, among other factors.

SPVs that are not valued using the practical expedient are typically categorized in Level 3 of the fair value hierarchy.

Derivative Instruments

The Fund records its derivative activities at fair value. Gains and losses from derivative contracts are included in net realized gain (loss) from derivative contracts and net change in unrealized appreciation (depreciation) from derivative contracts in the statement of operations.

Option Contracts

[SEE HEDGE FUND ILLUSTRATIVE FINANCIAL STATEMENT FOR DISCLOSURES FOR DERIVATIVE INSTRUMENTS]

Swaptions

[SEE HEDGE FUND ILLUSTRATIVE FINANCIAL STATEMENT FOR DISCLOSURES FOR DERIVATIVE INSTRUMENTS]

Futures Contracts

[SEE HEDGE FUND ILLUSTRATIVE FINANCIAL STATEMENT FOR DISCLOSURES FOR DERIVATIVE INSTRUMENTS]

Warrant Contracts

Warrants which are traded over-the-counter (OTC) are valued using the Black-Scholes option pricing model, which takes into account various inputs such as volatility, time to expiration, exercise price, and current underlying stock price. Warrants which are traded on an exchange are valued at their last quoted price as of the valuation date. Warrants are generally categorized in Level 2 or 3 of the fair value hierarchy.

Forward Contracts

[SEE HEDGE FUND ILLUSTRATIVE FINANCIAL STATEMENT FOR DISCLOSURES FOR DERIVATIVE INSTRUMENTS]

Swap Contracts

[SEE HEDGE FUND ILLUSTRATIVE FINANCIAL STATEMENT FOR DISCLOSURES FOR DERIVATIVE INSTRUMENTS]

Contracts for Differences

[SEE HEDGE FUND ILLUSTRATIVE FINANCIAL STATEMENT FOR DISCLOSURES FOR DERIVATIVE INSTRUMENTS]

Digital Assets

[SEE CRYPTO FUND ILLUSTRATIVE FINANCIAL STATEMENT FOR ADDITIONAL DISCLOSURES FOR INVESTMENTS IN DIGITAL ASSETS]

Contingent Consideration

The Fund recognizes contingent consideration, such as escrow receivable and earn-out payments, from the sale of liquidated investments as a financial asset measured at fair value. Contingent consideration refers to additional amounts from liquidated investments that management believes may be realized at future dates and/or as future events occur. The terms of these milestones are generally defined in the sales agreements of the liquidated investment. The amount of the actual milestone payments ultimately received by the Fund may vary depending on whether future milestone events occur. The fair value reflects Fund management's best estimate of the amounts that will ultimately be collected by the Fund. Due to the uncertainty surrounding the collection of these balances, Fund management may apply a discount to estimate the fair value of the escrow receivable and earn-out payment balances. Contingent considerations are generally categorized in Level 2 or 3 of the fair value hierarchy.

The following table presents information about the Fund's assets and liabilities measured at fair value as of December 31, 20XX categorized in accordance with the fair value hierarchy:

Description	Assets at Fair Value			Investments measured at net asset value	Total
	Level 1	Level 2	Level 3		
Cash equivalents:					
Money market fund	\$ -	\$ -	\$ -	\$ -	\$ -
Investment in securities (a):					
Common stock	-	-	-	-	-
Preferred stock	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Government bonds	-	-	-	-	-
Asset-backed securities	-	-	-	-	-
Total investment in securities	-	-	-	-	-
Derivative contracts (a):					
Credit default swaps	-	-	-	-	-
Equity swaps	-	-	-	-	-
Interest rate swaps	-	-	-	-	-
Call options	-	-	-	-	-
Put options	-	-	-	-	-
Forward contracts	-	-	-	-	-
Futures contracts	-	-	-	-	-
Total derivative contracts	-	-	-	-	-
Investments in private investment companies	-	-	-	-	-
Contingent Consideration:					
Escrow receivable	-	-	-	-	-
Earn-out payments	-	-	-	-	-
Total contingent considerations	-	-	-	-	-
Total assets at fair value	\$ -	\$ -	\$ -	\$ -	\$ -

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

Description	Liabilities at Fair Value			Total
	Level 1	Level 2	Level 3	
Securities sold short: (a)				
Common stock	\$ -	\$ -	\$ -	\$ -
Preferred stock	-	-	-	-
Total securities sold short	-	-	-	-
Derivative contracts: (a)				
Credit default swaps	-	-	-	-
Equity swaps	-	-	-	-
Interest rate swaps	-	-	-	-
Call options	-	-	-	-
Put options	-	-	-	-
Forward contracts	-	-	-	-
Futures contracts	-	-	-	-
Total derivative contracts	-	-	-	-
Total liabilities at fair value	\$ -	\$ -	\$ -	\$ -

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

[ALTERNATIVELY, INVESTMENTS VALUED BASED ON PRACTICAL EXPEDIENT CAN BE OMITTED FROM THE TABLE ABOVE, AND THE FOLLOWING DISCLOSURE COULD BE INCLUDED:]

At December 31, 20XX, the Fund had investments in private investment companies aggregating \$X,XXX,XXX which were measured using their net asset value as a practical expedient, which are not included in the fair value hierarchy shown above.

[IF APPLICABLE] There were no transfers between levels during the year ended December 31, 20XX.

The following table presents changes in assets classified in Level 3 of the fair value hierarchy during the year ended December 31, 20XX attributable to the following:

	Private preferred stock		Private common stock	
Purchases	\$ -	-	\$ -	-
Transfers into Level 3	\$ -	-	\$ -	-
Transfers out of Level 3	\$ -	-	\$ -	-

The following table summarizes the valuation techniques and significant unobservable inputs used for the Fund's investments that are categorized in Level 3 of the fair value hierarchy as of December 31, 20XX:

(in thousands)	Fair Value at December 31, 20XX	Valuation technique	Unobservable input	Range of inputs (weighted average)
Assets				
Securities, at fair value				
Private preferred stocks	\$XX,XXX	Market comparable companies	Adjusted valuation multiples (EBITDA) Discounts for lack of marketability Control premiums	X-X (X) X% – X% (X%) X% – X% (X%)
Asset-backed securities	\$XX,XXX	Discounted cash flow model	Loss severities Probabilities of default Payment rates	X% – X% (X%) X% – X% (X%) X% – X% (X%)
Derivative contracts, at fair value				
Call warrants	\$XX,XXX	Black-Scholes model	Historical volatility	X% – X% (X%)

[IF APPLICABLE] Certain of the Fund's Level 3 investments have been valued using unadjusted inputs that have not been internally developed by the Fund, including third-party transactions and indicative broker quotations. As a result, fair value assets of approximately \$X,XXX,XXX and fair value liabilities of approximately \$X,XXX,XXX have been excluded from the preceding table.

IF APPLICABLE: Changes in valuation techniques

[Example disclosure of a change in either or both a valuation approach and a valuation technique for measurements categorized in Level 2 and 3 of the fair value hierarchy:] During the year ended December 31, 20XX, the Fund changed the valuation technique used to value [Describe the class to which the change in valuation approach or valuation technique applies] from [Describe the previous valuation approach and/or valuation technique] to [Describe the change in valuation approach and/or valuation technique, including the use of an additional valuation technique].

The Fund believes the change in valuation technique and its application results in a measurement that is equally or more representative of the fair value in the circumstances because of [Disclose the reasons for the change in valuation approach or valuation technique, which may result from events such as development of new markets, new information becoming available, information previously used is no longer available, improvement of valuation techniques, or changes in market conditions].

C. Derivative Instruments

(THESE NOTES TO BE UPDATED AS APPLICABLE TO FUND AND BE BASED ON FUND SPECIFICS)

Derivative Instruments

In the normal course of business, the Fund uses derivative contracts in connection with its proprietary trading activities. Derivative contracts are subject to additional risks that can result in a loss of all or part of an investment. The Fund's derivative activities and exposure to derivative contracts are classified by the following primary underlying risks: interest rate, credit, foreign exchange, commodity price, and equity price. In addition to its primary underlying risks, the Fund is

also subject to additional counterparty risk due to the potential inability of its counterparties to meet the terms of their contracts. The Fund records its derivative activities at fair value. Derivative contracts utilized by the Fund include forward, future, swap, warrant and option contracts.

The types of derivatives, their risk exposure, and the methods in which they were used by the Fund are as follows:

[ONLY INCLUDE WHAT IS APPLICABLE TO THE FUND]

Option Contracts

[SEE HEDGE FUND ILLUSTRATIVE FINANCIAL STATEMENT FOR DISCLOSURES FOR DERIVATIVE INSTRUMENTS]

Futures Contracts

[SEE HEDGE FUND ILLUSTRATIVE FINANCIAL STATEMENT FOR DISCLOSURES FOR DERIVATIVE INSTRUMENTS]

Warrant Contracts

The Fund may enter into warrants as part of its investment strategy, or may receive warrants from a portfolio company upon entering into an investment in debt or equity with that portfolio company. A warrant is a security giving the Fund the right, but not the obligation, to purchase shares in a company at a set price, and within a specified time period. Warrants provide the Fund with exposure and potential gains upon equity appreciation of the portfolio company's share price.

The Fund is exposed to counterparty risk from the potential failure of an issuer of warrants to settle its exercised warrants. The maximum risk of loss from counterparty risk to the Fund is the fair value of the contracts. The Fund considers the effects of counterparty risk when determining the fair value of its warrants.

Forward Contracts

[SEE HEDGE FUND ILLUSTRATIVE FINANCIAL STATEMENT FOR DISCLOSURES FOR DERIVATIVE INSTRUMENTS]

Swap Contracts

[SEE HEDGE FUND ILLUSTRATIVE FINANCIAL STATEMENT FOR DISCLOSURES FOR DERIVATIVE INSTRUMENTS]

Interest Rate Swaps

[SEE HEDGE FUND ILLUSTRATIVE FINANCIAL STATEMENT FOR DISCLOSURES FOR DERIVATIVE INSTRUMENTS]

Total Return Swaps

[SEE HEDGE FUND ILLUSTRATIVE FINANCIAL STATEMENT FOR DISCLOSURES FOR DERIVATIVE INSTRUMENTS]

Credit Default Swaps

[SEE HEDGE FUND ILLUSTRATIVE FINANCIAL STATEMENT FOR DISCLOSURES FOR DERIVATIVE INSTRUMENTS]

Contracts for Differences

[SEE HEDGE FUND ILLUSTRATIVE FINANCIAL STATEMENT FOR DISCLOSURES FOR DERIVATIVE INSTRUMENTS]

Credit-Risk-Related Contingent Features

The Fund enters into agreements with counterparties with which it trades derivatives instruments that contain credit-risk-related contingent features, such as covenants and other provisions, which may be triggered should the Fund be in a net liability position with its counterparties. As of December 31, 20XX, the Fund's aggregate fair value of derivative positions with credit-risk-related contingent features that are in a net liability position are \$X,XXX,XXX, for which the Fund has posted collateral of \$X,XXX,XXX in the normal course of business. **[IF APPLICABLE]** If such credit-risk-related contingent features were triggered as of December 31, 20XX, the Fund would have been required to post additional collateral with the counterparties of \$X,XXX,XXX. **[IF APPLICABLE]** For the year ended December 31, 20XX, no such credit-risk-related contingent features were triggered.

Additionally, counterparties may immediately terminate these agreements and the related derivative contracts if the Fund fails to maintain sufficient asset coverage for its contracts, or its net assets decline by stated percentages or amounts. As of December 31, 20XX, no such termination events have occurred.

The following table illustrates the Fund's volume of derivative instruments based on the number of contracts held and the notional amounts by exposure as of December 31, 20XX, classified by the primary underlying risks:

Primary underlying risk	NUMBER OF CONTRACTS HELD		NOTIONAL AMOUNTS	
	Long exposure	Short exposure	Long exposure	Short exposure
Interest rate				
Interest rate swaps	-	-	\$ -	\$ -
Swaptions	-	-	-	-
	-	-	-	-
Foreign exchange rate				
Forward contracts	-	-	-	-
	-	-	-	-
Equity price				
Total return swaps	-	-	-	-
Futures contracts ⁽²⁾	-	-	-	-
Options ⁽¹⁾	-	-	-	-
Warrants ⁽¹⁾	-	-	-	-
Contracts for differences	-	-	-	-
	-	-	-	-
Commodity price				
Futures contracts ⁽²⁾	-	-	-	-
	-	-	-	-
Credit				
Protection written:	-	-	-	-
Credit default swap	-	-	-	-
	-	-	-	-
Totals:	-	-	\$ -	\$ -

[NOTE: BASIS FOR CALCULATION OF NOTIONAL AMOUNT FOR EACH TYPE OF DERIVATIVE INCLUDED IN THIS TABLE SHOULD BE SPECIFIED. FOR EXAMPLE:]

(1) Notional amounts presented for options and warrants are based on the fair value of the underlying shares as if the options and warrants were exercised at the applicable period end.

(2) Notional amounts presented for futures are based on the fair value of the underlying asset, multiplied by the number of contracts, time the multiplier at the applicable period end.

[CONSIDER CALCULATING AND DISCLOSING NOTIONAL AMOUNTS AND NUMBER OF CONTRACTS BASED ON AVERAGE MONTHLY/QUARTLERLY HOLDINGS WHEN YEAR-END AMOUNTS ARE NOT INDICATIVE OF THE OVERALL VOLUME THROUGHOUT THE YEAR AND/OR THERE ARE NO DERIVATIVES HELD AS OF YEAR-END BUT THERE ARE MATERIAL NET GAINS (LOSSES) FROM DERIVATIVES FOR THE YEAR.]

[IF APPLICABLE - FOR DERIVATIVE TYPES WHO'S YEAR-END HOLDINGS ARE INDICATIVE OF THE OVERALL VOLUME THROUGHOUT THE YEAR] The Fund considers the number of contracts and notional amounts held at December 31, 20XX to be an accurate representation of the volume of derivative activities during the year ended December 31, 20XX.

[IF APPLICABLE] FOR DERIVATIVE TYPES 1) WHO'S YEAR-END HOLDINGS ARE NOT INDICATIVE OF THE OVERALL VOLUME THROUGHOUT THE YEAR OR 2) THAT WERE TRADED DURING THE YEAR AND GENERATED MATERIAL AMOUNTS OF GAINS/LOSSES, BUT ARE NOT HELD AT YEAR END] The Fund calculated the number of contracts and notional amounts included in the table above based on the Fund's average monthly/quarterly holdings, which the Fund considers to be an accurate representation of the volume of derivative activities during the year ended December 31, 20XX.

[IF APPLICABLE - FOR DERIVATIVE TYPES THAT WERE TRADED DURING THE YEAR AND GENERATED IMMATERIAL AMOUNTS OF GAINS/LOSSES, AND ARE NOT HELD AT YEAR END] The Fund may utilize [Insert Type of Derivative] from time to time to create, or hedge exposures, relative to unique circumstances in the market. As such, the Fund has excluded these derivative types from the above table, as they are not representative of the Fund's regular trading activity throughout the year.

[IF APPLICABLE - FOR FUNDS THAT TRADED IMMATERIAL AMOUNTS OF DERIVATIVES DURING THE YEAR AND ARE NOT HOLDING ANY AT YEAR END] At December 31, 20XX, the Fund did not hold any derivative contracts. The Fund's volume of derivative trading during the year was de minimus. As a result, no quantitative volume disclosure has been added to the financial statements.

The following table presents the gross amount of the Fund's derivatives as reported in the statement of financial condition as of December 31, 20XX and the net gain and loss amounts as reported in the statement of operations for the year ended December 31, 20XX, classified by the primary underlying risks:

Primary underlying risk	Fair Value ⁽¹⁾		Realized gains (losses) (2)	Change in unrealized gains (losses) (2)
	Derivative assets	Derivative liabilities		
Interest rate				
Interest rate swaps	\$ -	\$ -	\$ -	\$ -
Swaptions	-	-	-	-
	-	-	-	-
Foreign exchange rate				
Forward contracts	-	-	-	-
	-	-	-	-
Equity price				
Total return swaps	-	-	-	-
Futures contracts	-	-	-	-
Options	-	-	-	-
Warrants	-	-	-	-
Contracts for difference	-	-	-	-
	-	-	-	-
Commodity price				
Futures contracts	-	-	-	-
	-	-	-	-
Credit				
Protection written:				
Credit default swaps	-	-	-	-
	-	-	-	-
Gross derivative totals:				
Less: cash collateral payables/receivables	-	-	-	-
Less: master netting arrangements	-	-	-	-
Totals	\$ -	\$ -	\$ -	\$ -

(1) Derivative assets and derivative liabilities are included on the statement of financial condition as derivative contracts.

(2) Realized gains(losses) are included on the statement of operations as net realized gains(losses) on derivatives. Change in unrealized gains(losses) are included on the statement of operations as net change in unrealized appreciation(depreciation) on derivatives.

D. COLLATERALIZED FINANCING ARRANGEMENTS

[ONLY INCLUDE IF APPLICABLE TO THE FUND AND LENDING AMOUNTS ARE SIGNIFICANT]

Securities Lending Agreement

The Fund may lend securities to various financial institutions, principally to broker-dealers. Those transactions are secured by collateral such as cash, securities, or standby letters of credit, the fair value of which, at all times, is required to be at least [specify the percentage of required collateral value to the amount of securities loaned, including accrued interest and dividends] of the fair value of the securities loaned, plus accrued interest and dividends.

If the collateral is cash, the Fund normally earns a return by investing that cash typically in short-term, high-quality debt instruments. Investments of cash collateral are subject to the Fund's investment restrictions. If the collateral is other than cash, the Fund typically receives a fee as compensation for the securities loaned. The Fund also continues to receive dividends and interest on the securities loaned.

The Fund has the right under its securities lending agreement to recover the securities loaned from the counterparty on demand. If the counterparty fails to deliver the securities on a timely basis, the Fund could experience delays or loss on recovery. In addition, the Fund is subject to risk of loss from investments made with cash collateral received. In the event of default, the Fund has the right to use the collateral to offset the net amount owed by the counterparty.

As of December 31, 20XX, the Fund entered into a securities lending agreement with its prime broker and loaned common stocks having a fair value of approximately \$XXX,XXX and received \$XXX,XXX of cash collateral for the loan. This cash was invested in U.S. Treasury bills with a maturity of April 1, 20XX.

E. OFFSETTING ASSETS AND LIABILITIES

[IF APPLICABLE, SEE SEPARATE OFFSETTING ASSETS AND LIABILITIES DISCLOSURE TEMPLATE FOR SAMPLE DISCLOSURE LANGUAGE]

F. PRINCIPAL RISKS

[ONLY INCLUDE RISKS APPLICABLE TO THE FUND]

Concentration of Credit Risk

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

Financial Instruments

In the normal course of business, the Fund has investments and enters into various financial transactions where the risk of potential loss due to changes in the market (market risk), failure of the other party to the transaction to perform (credit risk) or changes in foreign exchange rates (currency risk) exceeds the related amounts recorded. Depending upon the counterparties used, trading strategies employed, and fluctuations in the value of the underlying financial instruments or currencies, the degree of risk can vary.

Market risk represents the potential loss that can be caused by increases or decreases in the fair value of investments. The Fund's exposure to market risk is directly influenced by a number of factors, including volatility and liquidity of the markets in which the financial instruments are traded.

Credit risk represents the risk that the counterparties that the Fund conducts business with will be unable to fulfill their contractual obligations.

Currency risk represents the potential loss that can be caused by increases or decreases in foreign currency exchange rates. The Fund's exposure to currency risk is directly influenced by a number of factors, including volatility and liquidity of the foreign markets in which the financial instruments are traded.

Liquidity Risk

Liquidity risk arises in the general funding of the Fund's trading activities. It includes the risks of not being able to fund trading activities at settlement dates and liquidate positions in a timely manner at a reasonable price. **[IF FOLLOWING TWO SENTENCES ARE NOT APPLICABLE, ADD FUND SPECIFIC LANGUAGE.]** The Fund manages its liquidity risk by investing primarily in marketable investments and financing its trading activities using traditional margin arrangements. Generally, the financial instruments can be closed out at the discretion of the General Partner. An illiquid or closed market, however, could prevent the closeout of positions.

Securities Sold Short

Securities sold short represent the Fund's practice of selling securities that are not currently owned, and subsequently repurchasing them with the expectation that the security will decrease in value. The ultimate liability to the Fund may exceed the amount shown on the statement of financial condition.

Possible losses from short sales differ from losses that could be incurred from purchases of securities because losses from short sales may be unlimited whereas losses from purchases cannot exceed the total amount invested.

G. ESCROW PROCEEDS RECEIVABLE/EARN-OUT PAYMENTS

[ONLY INCLUDE IF APPLICABLE TO THE FUND]

During the year ended December 31, 20XX, the Fund sold its investment in [insert name of investment], for \$XX,XXX. Cash in the amount of \$XXX,XXX is being held in an escrow account as recourse for indemnity claims that may arise under the respective sale agreements. Assuming no claims, such funds are expected to be fully released to the Fund by [insert date].

The Fund expects to receive earn-out payments based on certain incremental future revenues resulting from the sale of the products of [insert name of investment]. Earn-out payments are considered a contingent consideration, reflected at fair value on the statement of financial condition.

Actual cash receipts from the earn-out payments are uncertain and may differ from estimated payments used to derive fair value, as determined by the General Partner. Review of collectability and fair value of earn-out payments will be performed by the General Partner on an ongoing basis. As of December 31, 20XX, there were no earnout payments recorded on the statement of financial condition.

H. RELATED PARTY TRANSACTIONS

[ONLY INCLUDE WHAT IS APPLICABLE TO THE FUND]

Management Fees

[THIS SECTION SHOULD BE TAILORED TO AGREE TO TERMS OF LPA/OPERATING AGREEMENT]

The Fund pays the Investment Manager a management fee at an annual rate of X.X%, calculated and payable [monthly] [quarterly] in [advance][arrear], based on the capital balances of limited partners as of the beginning of each calendar [month][quarter]. The Investment Manager, in its sole discretion, may reduce or waive all or part of the management fee for any limited partner.

Due to Related Parties

Due to related parties reported in the statement of financial condition represents an amount payable to the General Partner for expenses paid on behalf of the Fund's operations.

Limited Partners

Certain limited partners are affiliated with the General Partner. The aggregate value of the affiliated limited partners' share of partners' capital at December 31, 20XX is approximately \$X,XXX,XXX.

Certain limited partners have special management fee arrangements, performance arrangements, or redemption rights as provided for in the LPA.

Transactions with Affiliated Entities

Certain members of the General Partner serve as members of the boards of directors of certain investments, aggregating approximately XX% of total investments held by the Fund as of December 31, 20XX. **[IF AN INVESTMENT IS >5% OF NET ASSETS, THE NAME OF THE INVESTMENT(S) SHOULD BE SPECIFIED]**

During the year ended December 31, 20XX, the Fund entered into purchase and sale transactions with [Insert Name], an affiliated entity which is also managed by the General Partner. Total purchases and sales of approximately \$XXX,XXX and \$XXX,XXX, respectively, were made with this related party. Transactions with related parties resulted in net realized gains (losses) of \$XX,XXX and are included in net realized gains(losses) on investments in the statement of operations. The terms, conditions and execution of each such purchase and sale were on an arm's-length basis.

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

Additionally, the Fund may co-invest with other entities with the same General Partner as the Fund. **[CHOOSE ONE]** At December 31, 20XX, the Fund held an investment with a fair value of \$X,XXX,XXX that was coinvested with affiliated funds. **[OR]** At December 31, 20XX, the Fund had no investments that were coinvested with affiliated funds.

I. PARTNERS' CAPITAL

[THIS SECTION SHOULD BE TAILORED TO AGREE TO TERMS OF LPA/OPERATING AGREEMENT]

Allocation of Profits and Losses

In accordance with the LPA, at the end of each [month][quarter], profits and losses of the Fund are allocated to the capital account of each partner in proportion to its opening capital balance. **[IF APPLICABLE]** Profits or losses attributable to a side-pocket account are allocated only to those partners participating in the side-pocket account in proportion to the total partners' capital designated as side-pocket accounts at the time the side-pocket accounts were created.

[IF APPLICABLE] Side-pocket Capital Accounts

The General Partner, in its sole discretion, may designate certain investments that lack a readily available market value or are not freely transferable as special investments. At the discretion of the General Partner, a portion of a limited partner's share of a special investment may be transferred to a side-pocket capital account, which is not redeemable until those special investments are sold or deemed to be freely transferable. Only the partners who are invested in the Fund at the time special investments are designated will participate in the special investments. At December 31, 20XX, the Fund had special investments of approximately \$XX,XXX,000.

Committed Capital

At December 31, 20XX, the Fund has commitments from the limited partners with respect to their partnership interest in the aggregate of \$XX,XXX,XXX. The General Partner may call commitments to enable the Fund to make investments, to pay fees and expenses, or provide reserves. No Limited Partner is required to fund an amount in excess of its uncalled commitment. At December 31, 20XX, the Fund's uncalled Limited Partner commitments amounted to \$XX,XXX,XXX. The ratio of total contributed capital to total committed capital is XX%.

Capital Distributions

The proceeds attributable to the Fund's investments (which shall include all proceeds attributable to the disposition of such investments, net of expenses, as well as any dividends or interest income earned on such investments) are distributable in accordance with the LPA, as follows:

- (a) First, 100% to the participating partners with respect to such investments tranche (including the General Partner) who have net investment amounts attributable to the investments tranche, in proportion to their relative amounts of net investment attributable to the investments tranche, until the net investment of each participating partner with respect to such investments tranche has been reduced to zero;

- (b) Second, to the participating partners with respect to such investments tranche (and among them in proportion to their respective unpaid 8% preferred returns with respect to such investments tranche) until the unpaid preferred return of each such participating partner with respect to such;
- (c) Third, to the General Partner until the cumulative distributions to the General Partner pursuant to this paragraph 5.1(c) and paragraph 5.1(d)(ii) with respect to such investments tranche (collectively, the “Carried Interest”) equal 20% of the total amounts distributed to the partners to date with respect to such investments tranche pursuant to Paragraph 5.1(b), this paragraph 5.1(c) and paragraph 5.1(d); and
- (d) Thereafter, (i) 80% to the participating partners with respect to such investments tranche (and among them in proportion to their relative investments tranche participation percentages) and (ii) 20% to the General Partner.

Carried Interest Allocation

As of December 31, 20XX, the capital accounts have been reallocated to adjust the General Partner deemed carried interest upon liquidation of the Fund in accordance with the LPA. The allocation of carried interest from the limited partners to the General Partner will remain provisional until the final liquidation of the Fund.

For the year ended December 31, 20XX, the General Partner carried interest allocation, which includes realized and estimated unrealized gains on investments, was \$XXX,XXX.

Upon the final distribution of proceeds attributable to the Fund’s investments, the General Partner, if required, must return to the limited partners, in proportion to their capital contributions used to fund the Fund’s investments, an aggregate amount, not to exceed the General Partner’s reallocation, to assure that the total distributions of proceeds attributable to the Fund’s investments are made in accordance with the above formula.

[IF APPLICABLE] Capital Calls Received in Advance

Capital calls received in advance represent an amount due to a partner’s capital account, based on the Fund receiving cash prior to the contribution’s effective date.

[IF APPLICABLE] Capital Distributions Payable

Capital distributions payable represents a payment owed to a partner based on the limited partner’s pro-rata ownership of the Fund.

Commitments and contingencies

[IF APPLICABLE:] The Fund is a guarantor of a loan payable entered into by a related party of approximately \$XXX,000, which matures on [Date, Year]. If the related party defaults on its loan payments, the Fund may be required to perform under the guarantee to the extent of any unpaid loan principal and interest amounts outstanding.

[IF APPLICABLE:] In the normal course of operations, the Fund enters into derivative transactions that are cross-collateralized between related funds under common management that enter into similar transactions with the same counterparty. In the event the related funds are unable to fulfill their obligations with the counterparty, the Fund may be required to perform to the extent the related funds have outstanding obligations. At December 31, 20XX, the outstanding obligations of the related funds amounted to approximately \$X,XXX,000.

[IF APPLICABLE:] As of December 31, 20XX, the Fund is subject to the following commitments: • Investment 1: Per the (Investment 1 name) Series [X] Preferred Stock Purchase Agreement, the Fund may be obligated to fund an additional \$XX,XXX,000 contingent on the company achieving certain milestones. • Investment 2: Per the (Investment 2 name) subscription agreement, the Fund has commitments of \$XX,XXX,000 to (Investment 2 name). The Fund may be obligated to fund an additional \$XX,XXX,000, subject to certain closing conditions.

[IF APPLICABLE:] The Fund entered into a line of credit agreement with a financial institution that provides for borrowings up to \$X,XXX,000 and expires on [Date, Year]. The line of credit is collateralized by certain assets of the Fund. Any outstanding line of credit balance bears interest at the [interest rate] percent. At December 31, 20XX, outstanding borrowings under the line of credit amounted to approximately \$X,XXX,000.

J. MANAGEMENT INDEMNIFICATIONS

The Fund provides general indemnifications to the General Partner and its respective affiliates, shareholders, members, partners, managers, directors, officers and employees when acting in good faith and in the best interest of the Fund. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts. The General Partner is unable to estimate any potential future payment amounts and expects the risk of any such loss to be remote. Accordingly, no accrual has been made for a liability as of December 31, 20XX.

K. ADMINISTRATIVE SERVICES

[Insert Name of Administrator] serves as the administrator of the Fund and provides certain administrative and accounting services pursuant to an agreement. For the year ended December 31, 20XX, the Fund incurred expenses of approximately \$XX,000 for administrative services, which are included in professional fees on the statement of operations.

[IF APPLICABLE] The Administrator is also affiliated with a broker through which the Fund transacts operations. At December 31, 20XX, there is a balance of approximately \$X,XXX,XXX due [from][to] this broker. **[IF APPLICABLE]** At December 31, 20XX, cash balances in the amount of \$XXX,XXX are held by an affiliate of the Administrator.

L. FINANCIAL HIGHLIGHTS

The financial highlights presented are for the year ended

	<u>LIMITED PARTNERS</u>	
Ratios to average limited partner's capital:		
Total expenses before carried interest to General Partner	-	%
Carried interest to General Partner	-	%
Total expenses after carried interest to General Partner	-	%
Net Investment income (loss)		%
Internal rates of return:		
Beginning of year	-	%
End of year	-	%

The financial highlights presented are for the Fund's limited partner class as a whole. Due to the timing of management fee and carried interest percentages, an individual limited partner's returns may vary. The net investment income (loss) ratio excludes realized and unrealized gains (losses) and does not include the effect of the reallocation to the General Partner.

The internal rate of return (IRR) of the fee paying limited partners since inception of the Fund is net of carried interest to the General Partner and computed based on the actual dates of capital calls and distributions and the ending aggregate limited partner' capital balance (residual value).

[FOR FUNDS THAT INVEST IN PRIVATE INVESTMENT COMPANIES] The net investment income (loss) ratio does not include the income and expenses earned and incurred by underlying private investment companies held by the Fund during the year.

[FOR FUNDS OPEN GREATER THAN OR LESS THAN ONE YEAR] The ratios, excluding nonrecurring expenses and the incentive allocation to the General Partner, have been annualized.

M. SUBSEQUENT EVENTS

Management of the Fund has evaluated subsequent events through [Insert audit report date], the date on which the financial statements were available to be issued.

[IF APPLICABLE] From January 1, 20XX through [Insert audit report date] no subsequent events occurred that required disclosure.

[IF APPLICABLE] From January 1, 20XX through [Insert audit report date] the Fund had approximately \$X,XXX,XXX of capital contributions and \$X,XXX,XXX of capital withdrawals, of which, approximately \$X,XXX,XXX was requested by the General Partner.

[IF APPLICABLE] From January 1, 20XX through [Insert audit report date], the Fund made additional investments of approximately \$XX,XXX,XXX in private investment companies and received distributions from private investment companies of approximately \$XX,XXX,XXX.

[ADDITIONAL DISCLOSURES SHOULD BE ADDED FOR SIGNIFICANT EVENTS THAT OCCUR RELATED TO THE FUND SUBSEQUENT TO YEAR END (I.E. SIGNIFICANT CHANGES IN INVESTMENT VALUES OR SIGNIFICANT PURCHASES OR SALES OF INVESTMENTS, SIGNIFICANT WITHDRAWAL REQUEST, LIQUIDATION OF THE FUND, REORGANIZATION, LITIGATION, ETC.)