REPORT OF INDEPENDENT AUDITORS AND
FINANCIAL STATEMENTS
XYZ HEDGE FUND
FOR THE YEAR ENDED
DECEMBER 31, 2019

RICHEY MAY & CO
Assurance | Tax | Advisory

TABLE OF CONTENTS

	December 31, 2019
ASSETS	
Investment in securities, at fair value (cost $XXXXX)	$ -
Securities purchased under resale agreements (cost $XXXXX)	
Due from broker(s)	
Cash and cash equivalents	
Cash denominated in foreign currencies (cost $XXXXX)	
Derivative assets, at fair value	
Interest receivable	
Dividends receivable	
Receivables from related parties	
Contributions receivable	
Collateral for derivative contracts	
Other assets	
TOTAL ASSETS	$ -
LIABILITIES AND PARTNERS' CAPITAL	
Investment in securities sold short, at fair value (proceeds $XXXXX)	$ -
Securities sold under repurchase agreements	
Due to broker(s)	
Derivative liabilities, at fair value	
Dividends payable on securities sold short	
Interest payable	
Due to general partner	
Due to investment manager	
Management fees payable	
Notes payable	
Capital contributions received in advance	
Capital withdrawals payable	
Other liabilities	
Total liabilities	-
PARTNERS' CAPITAL	-
TOTAL LIABILITIES AND PARTNERS' CAPITAL	$ -

The accompanying notes are an integral part of these financial statements.

RICHEY MAY & CO

Investment in securities, at fair value			December 31, 2019
Shares/ Principal Held		**Percentage of Partners' Capital**	**Fair Value**
	Common stock		
	United States of America	%	$
	Technology		
	ABC Tech Inc.	-	
	XYZ Tech Inc.	-	
	Health care	-	
	Retail	-	-
	Energy	-	-
	Financials	-	-
	Total United States of America (cost $XX,XXX)	-	-
	Japan		
	Healthcare		
	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		
	ABC Tech Inc., 4% 12/15/25	-	-
	Other	-	-
	Total corporate bonds (cost $XX,XXX)	-	-
Total Investment in securities, at fair value (cost $XX,XXX)		- %	$ -

The accompanying notes are an integral part of these financial statements.

RICHEY MAY & CO

Investments in derivative contracts, at fair value - Assets

Contracts Held		Percentage of Partners' Capital	December 31, 2019 Fair Value
	Options		
	United States of America		
	Put options		
	Market indices (cost $XX,XXX)	- %	$ -

Investment in securities sold short, at fair value

Shares Held		Percentage of Partners' Capital	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 investment in securities sold short, at fair value (proceeds $XX,XXX)		- %	$ -

Investments in derivative contracts, at fair value - Liabilities

Contracts Held	Expiration Dates	Percentage of Partners' Capital	Fair Value
Futures			
United States of America			
Euro dollars (proceeds $XX,XXX)		-	-

	Year Ended December 31, 2019
INVESTMENT INCOME	
Interest income	$ -
Dividend income (net of U.S. and foreign tax withholdings of $XXX)	
Other income	
Total investment income	-
EXPENSES	
Interest expense	
Dividend expense	
Management fee	
Professional fees	
Administration fees	
Other expenses	
Total expenses	-
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 gain/(loss) on derivatives	
NET REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS	-
NET INCOME/(LOSS)	$ -

The accompanying notes are an integral part of these financial statements.

	Year Ended December 31, 2019		
	Limited Partners	General Partner	Total
Balance, December 31, 2018	$ -	$ -	$ -
Capital contributions	-	-	-
Capital withdrawals	-	-	-
Capital transfers	-	-	-
Allocation of net income/(loss)			
Pro-rata allocation	-	-	-
Incentive allocation	-	-	-
	-	-	-
Balance, December 31, 2019	$ -	$ -	$ -

The accompanying notes are an integral part of these financial statements.

		Year Ended December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income/(loss)	$	-
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		-
Discount amortization		
Purchases of investments		-
Proceeds from sales of investments		-
Proceeds from securities sold short		-
Payments to cover securities sold short		-
Changes in assets and liabilities:		
Due from broker(s)		-
Derivative assets, at fair value		-
Interest receivable		-
Dividends receivable		-
Receivables from related parties		-
Collateral for derivative contracts		-
Other assets		-
Due to broker(s)		-
Derivative liabilities, at fair value		-
Dividends payable on securities sold short		
Interest payable		-
Due to general partner		-
Due to investment manager		-
Management fees payable		-
Other liabilities		-
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from capital contributions, net of change in contributions received in advance		-
Payments for capital withdrawals, net of capital withdrawals payable		-
Proceeds from notes payable		-
Payments for notes payable		-
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES		-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		-
CASH AND CASH EQUIVALENTS, END OF YEAR	$	-
SUPPLEMENTAL INFORMATION		
Cash paid for interest	$	-
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES		
Securities contributed at fair value (cost $XXXXX)	$	-
Securities distributed at fair value (cost $XXXXX)	$	-

The accompanying notes are an integral part of these financial statements.

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization
XYZ Hedge Fund (the "Fund") a Delaware limited partnership, was formed on May 1, 2010 and commenced operation on June 1, 2010. Pursuant to a limited partnership agreement dated June 1, 2012 (the "LPA"), the Fund is managed by XYZ General Partner (the "General Partner") and XYZ Investment Manager (the "Investment Manager").

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.

. .

Basis of Presentation
The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in 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) In accordance with the LPA, management has formalized a plan of liquidation to liquidate 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.

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.

(If applicable) Restricted Cash
The Fund maintains cash balances that are restricted under various agreements.

Investment Transactions and Investment Income
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 on an identified cost basis (first in first out). Interest income, which includes accretion of discounts and amortization of premiums, is accrued and recorded as earned. Dividend income is recognized on the ex-dividend date. **(If applicable)** Premiums are amortized and discounts are accreted over the life of the debt securities. **(If applicable)** Discounts for high-yield debt securities are not amortized to the extent that interest income is not expected to be realized.

(If applicable) Foreign Currency Translation
The books and records of the Fund are maintained in U.S. dollars. Investment valuations and other assets and liabilities initially expressed in foreign currencies are converted at each reporting period into U.S. dollars based upon exchange rates as of that date. The portion of realized and unrealized gains or losses on investments due to fluctuations in foreign currency exchange rates is not separately disclosed and is included in realized and unrealized gains or losses on investments, when applicable.

Income Taxes

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, 2018, 2017, and 2016. The Fund has no federal or state tax examinations in process as of December 31, 2019.

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**. (Include the following disclosures only if the Fund has not recognized a liability for unrecognized tax benefits).** As of December 31, 20XX, the General Partner has determined that no provision for income taxes is required for the Fund's financial statements based on review of the Fund's tax positions for all open years. 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, and changes in the administrative practices and precedents of the relevant taxing authorities.

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recent Accounting Pronouncements

In August 2018, the FASB issued Accounting Standards Update ("ASU") No. 2018-13, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurements*, which removes, modifies and adds certain disclosure requirements for fair value measurements. Under the guidance, non-public entities are no longer required to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing of transfers between levels of the fair value hierarchy, the valuation processes for Level 3 fair value measurements, and a reconciliation of the opening balances to the closing balances of recurring Level 3 fair value measurements. Adoption of this ASU did not have an impact on the Fund's financial condition or results of operations but resulted in the removal or modification of certain fair value measurement disclosures presented in the Fund's financial statements.

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. This ASU amends the guidance for revenue recognition, creating the new Accounting Standards Codification Topic 606 (ASC 606). ASC 606 requires the following steps when recognizing revenue:

1) identify the contract with the customer
2) identify performance obligations in the contract
3) determine the transaction price
4) allocate the transaction price to the performance obligations in the contract and
5) recognize revenue when or as performance obligations are satisfied.

The new revenue guidance requires additional disclosures related to the nature, amount, timing and uncertainty of revenue from customer contracts. ASC 606 may be adopted by using one of two methods **1)** retrospective application to each prior reporting period presented or **2)** a modified retrospective approach, requiring the standard be applied only to the most current period presented, with the cumulative effect of initially applying the standard recognized at the date of initial application.

The Fund's implementation assessment included the identification of revenue within the scope of the guidance, as well as the review of terms and conditions of a sample of revenue contracts covering a broad range of vehicles and products. **(Tailor as applicable)** The Fund adopted ASC 606 effective January 1, 2019, using the modified retrospective approach, and no cumulative effect adjustment was required to be recorded. The Fund determined that the new guidance did not have a material impact on the timing of recognition of the Fund's revenue. **(If applicable, disclose any significant impacts from adopting the new standard)**

(Tailor as applicable) The majority of the Fund's revenues come from interest and dividend income, investment gains and other sources, including loans and leases, that are outside the scope of ASC 606.

(Tailor as applicable) The Fund's services that fall within the scope of ASC 606 include direct investment-related services such as, deposit service charges on deposits, interchange income, wealth management fees, investment brokerage fees, and the sale of real estate owned. These services are presented within Non-Interest Income on the statement of operations and are recognized as revenue as the Fund satisfies its obligation to the customer. Refer to Note X for further discussion on the Fund's accounting policies for revenue sources within the scope of ASC 606.

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.

Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

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.

The following is a description of the valuation methodologies used by the Fund for assets and liabilities measured at fair value.

Valuation of Securities and Derivatives [SECTION TO BE UPDATED AS APPLICABLE TO FUND AND BE BASED ON FUND SPECIFICS]
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, they 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, 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.

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 or (depreciation) from derivative contracts in the statement of operations.

Call and put options listed on national security exchanges are valued at their last recorded sales price on the exchange where they are principally traded, or the mid-point between the current "bid" and "ask" prices at the close of business on the valuation date. Changes in the fair value of purchased options are recorded in the statement of operations as unrealized gains and losses. Upfront premiums paid for the purchase of options which expire unexercised are treated by the Fund on the expiration date as realized losses. The change in unrealized gains and losses and realized gains and losses are included in net gain/(loss) on derivatives on the statement of operations.

Futures contracts that are traded on an exchange are valued at their last reported sales price as of the valuation date. Listed futures contracts are generally categorized in Level 1 of the fair value hierarchy.

Warrants which are traded over-the-counter are valued using the Black-Scholes 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 and are generally classified in Level 2 or 3 in the fair value hierarchy.

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

The Fund values exchange traded futures contracts at their last quoted price as of the valuation date. Unrealized gains and losses are recorded in the statement of financial condition. A realized gain or loss occurs on contracts which have been settled. The change in unrealized gains and losses and realized gains and losses are included in net gain/(loss) on derivatives on the statement of operations.

Forward contracts are valued based upon the difference between the contractually agreed upon forward rate and the current price of the underlying commodity or currency as of the valuation date.
Unrealized gains and losses are recorded in the statement of financial condition. A realized gain or loss occurs on contracts which have been settled. The change in unrealized gains and losses and realized gains and losses are included in net gain/(loss) on derivatives on the statement of operations.

The Fund values interest rate swaps which are traded over-the-counter are valued by the Fund using a net present value calculation of the swap's future cash flows, which takes into account inputs such as time to maturity and interest rates or by prices provided by broker-dealer market price quotations for similar contracts. Interest rate swaps which are traded on an exchange are valued at their last quoted price as of the valuation date. A realized gain or loss occurs on contracts which have been settled. The change in unrealized gains and losses and realized gains and losses are included in net gain/(loss) on derivatives on the statement of operations.

The Fund values credit default swaps which are traded over-the-counter through the use of various modeling techniques which take into account various inputs such as maturity dates, default rates, recovery rates, and interest rate yield curves. Credit default swaps which are traded on an exchange are valued at their last quoted price as of the valuation date. A realized gain or loss occurs on contracts which have been settled. The change in unrealized gains and losses and realized gains and losses are included in net gain/(loss) on derivatives on the statement of operations.

Total return swaps are valued by calculating the notional value(s) of the underlying equity and fixed income securities within the total return swap based on their last quoted price as of the valuation date. A realized gain or loss occurs on contracts which have been settled. The change in unrealized gains and losses and realized gains and losses are included in net gain/(loss) on derivatives on the statement of operations.

Swaption contracts are traded on the OTC market. The fair value of swaption contracts is derived using a pricing model that is widely accepted by marketplace participants. The pricing model takes into account the contract terms (including maturity) as well as multiple inputs, including notional value, interest rates, currency rates and implied volatility. Swaptions are generally categorized as Level 2 or 3 of the fair value hierarchy.

The fair value of bank debt is generally valued using recently executed transactions, market price quotations (where observable) and market observable credit default swap levels. When quotations are unobservable, proprietary valuation models and default recovery analysis methods are employed. Bank debt is categorized in Level 2 or 3 of the fair value hierarchy.

Asset backed securities (“ABS”) are pass-through bond securities created by pooling various assets such as, mortgage loans, auto loans, student loans and credit card receivables and then selling interests or participations in the ABS. 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 ABSs, originators can obtain funds to issue new loans while retaining the servicing rights on the pooled loans. Most ABSs are guaranteed either by federally sponsored agencies or private guarantors. The Fund values ABSs 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, prepayment rates, default rates, loss severity and expected yields-to-maturity. 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.

Investments in the 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.

CLOs are categorized in Level 2 of the fair value hierarchy when inputs are observable and in Level 3 inputs are unobservable.

Transactions involving purchases of securities under agreements to resell are treated as collateralized financial transactions and are recorded at their contracted resell amounts. In addition, interest is included in interest receivable and interest payable, respectively. In connection with transactions in agreements to resell, it is the Fund’s policy that its custodian take possession of the underlying collateral securities, the fair value of which exceeds the principal amount of the agreements to resell, including accrued interest, at all times. At December 31, 20XX, securities with a fair value of approximately $X,XXX,XXX were received as collateral for securities purchased under agreements to resell. If the counterparty defaults under agreements to resell and the fair value of the collateral declines, the realization of the collateral by the Fund may be delayed or limited.

Investments in private operating companies may consist of common stock, preferred stock, and debt of privately-owned portfolio 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 the Fund's management are 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 reflecting a discounted cash flow analysis, and a market approach that includes 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. These investments in private operating companies are generally categorized in Level 3 of the fair value hierarchy.

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.

Investments in private investment companies are valued at their net asset value as reported by the underlying funds in accordance with their respective agreements. 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.

The valuations of investments in private investment companies are supported by information received from the investee funds such as monthly net asset values, investor reports, and audited financial statements, when available.

[Include if the Fund has investments in private investment companies that are not valued using the practical expedient.] At December 31, 20XX, the Fund has investments in private investment companies aggregating approximately $X,XXX,XXX which do not qualify for the practical expedient as it is probable that the Fund will sell a portion of or the entire investment at an amount different from its net asset valuation. These investments were valued using discounts ranging from X.X% to X.X% of their stated net asset valuations, and were determined based on the Fund's estimates of third-party transactions and quotations and historical cost.

Investments in special purpose vehicles ("SPVs") are either offshore private investment companies or United States corporations that invest directly or indirectly through joint ventures or United States limited liability companies in private equity or debt securities, real estate or intangible property. If a SPV is accounted for as an investment company, the Fund generally values the investment, as a practical expedient, using the net asset values provided by the SPV when the 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. 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.

. .

B. FAIR VALUE MEASUREMENTS - CONTINUED

The following tables present information about the Fund's assets and liabilities shown by major category within the fair value hierarchy as of December 31, 20XX:

Assets at Fair Value					
Description	Level 1	Level 2	Level 3	Investments measured at net asset value	Total
Investment in securities:					
Common stock	$ -	$ -	$ -	$ -	$ -
Preferred stock	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Government bonds	-	-	-	-	-
Asset-backed securities	-	-	-	-	-
Total investment in securities	-	-	-	-	-
Derivative contracts:					
Credit default swaps	-	-	-	-	-
Equity swaps	-	-	-	-	-
Interest rate swaps	-	-	-	-	-
Call options	-	-	-	-	-
Put options	-	-	-	-	-
Forward contracts	-	-	-	-	-
Futures contracts	-	-	-	-	-
Total derivative contracts	-	-	-	-	-
Investments in private investment companies	-	-	-	-	-
Total assets at fair value	$ -	$ -	$ -	$ -	$ -

B. FAIR VALUE MEASUREMENTS – CONTINUED

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

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

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 approximately $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.

The following table shows Level 3 activity for the year ended December 31, 20XX:

		Private preferred stock		Private common stock
Purchases	$	-	$	-
Proceeds from distribution		-		-

RICHEY MAY & CO

B. FAIR VALUE MEASUREMENTS – CONTINUED

[THIS NOTE TO BE UPDATED BASED ON FUND SPECIFICS]

The Fund has established valuation processes and policies for its Level 3 investments to ensure that the methods used are fair and consistent in accordance with ASC 820. The Fund has formed a valuation committee consisting of senior employees of the Investment Manager, which meet on a monthly basis to review the valuations of the Level 3 investments to ensure that the valuation methods are appropriate. The valuation committee performs reviews of the Level 3 investments' valuations, which include back testing of investments sold compared to prior valuations, and reviewing any significant price changes reported from the prior period. When a Level 3 investment has a significant price change, the valuation committee reviews relevant market data to substantiate the price change. Investments which are valued by a third-party pricing service are compared to internal valuations developed by management.

The following table presents quantitative information regarding the significant unobservable inputs the Fund uses to determine the fair value of Level 3 investments held as of December 31, 20XX:

. .

Investment type	Fair Value	Valuation technique	Unobservable input	Range (weighted average)
Mortgage-backed securities	$ 250,000	Discounted cash flows	Yield-to-maturity	5%-10% (8%)
Direct private equity investment	$ 475,000	Market approach	EBITDA multiples	10-13 (11.8)

(If applicable) The remaining Level 3 investments held by the Fund have been valued using unadjusted observable inputs such as third-party transactions.

.

C. DERIVATIVE INSTRUMENTS

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

Derivative Instruments

FASB ASC 815-25, *Derivatives and Hedging* requires that all derivatives be recognized as assets or liabilities in the statement of financial condition and measured at fair value and all changes in fair value be recognized in the statement of operations. The Fund enters into derivative instruments such as futures contracts, forward contracts, warrants, option contracts and swaps as part of its investment strategy.

Futures Contracts (If Applicable)

The Fund may enter into futures contracts as part of its investment strategy, or to hedge against changes in commodity prices, equity prices or interest rates. Futures contracts are traded on various exchanges and represent a commitment by the Fund for a future purchase or sale of an asset at a specified price and date.

To initiate a futures contract, the Fund is required to make an initial margin deposit in an amount established by the various exchanges with a futures commission merchant who is registered under the Commodity Exchange Act. The initial margin deposit, which may include cash or other securities, varies according to factors such as the specific commodity or security, whether the Fund is speculating or hedging, and current market conditions. Each day, the Fund makes or receives payments from the margin account based upon the change in value of the futures contracts, which is equal to the gain or loss. The Fund is exposed to commodity risk, equity risk and interest rate risk due to trading in futures contracts.

Forward Contracts (If Applicable)

The Fund may enter into forward contracts as part of its investment strategy, or to hedge against changes in commodity prices, equity prices, foreign exchange rates or interest rates. A forward contract is a legal contract between two parties to purchase and sell a specified quantity of a financial instrument or commodity at a price specified now, with delivery and settlement at a specified future date. Forward contracts are not exchange traded and may expose the Fund to credit risk should the counterparty be unable to meet the terms of the forward contract. In addition, the Fund is exposed to commodity price, equity price, foreign exchange risk and interest rate risk due to trading in forward contracts.

Warrants (If Applicable)

The Fund may purchase warrants as part of its investment strategy or may receive warrants in addition to purchases in convertible debt or convertible preferred equity. 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. Investment in warrants allow the Fund to make potential gains, should the underlying equity price exceed the set purchase price, while the potential loss is limited to the cost of the warrants. Warrants may expose the Fund to credit risk should the counterparty be unable to meet the terms of the contract.. . . . . .

Call and Put Options (If Applicable)

The Fund may enter into option contracts as part of its investment strategy, or to hedge against changes in equity prices. Call and put options are contracts giving its owner the right, but not the obligation, to buy (call) or sell (put) a specified item at a fixed strike price either during a specified period or on a specified date. Options may be exchange traded or over the counter. When the Fund purchases an option, it pays a premium fee to the seller, which is nonrefundable.

Purchases of call options allow the Fund to make potential gains, should the underlying equity price exceed the strike price, while the potential loss is limited to the premium paid on the call options. Purchases of put options allow the Fund to make potential gains, should the strike price exceed the underlying equity, while the potential loss is limited to the premium paid on the call options. Call options written allow the Fund to make potential gains on the premiums received, should the strike price exceed the underlying equity price, while the potential loss is unlimited. Put options written allow the Fund to make potential gains on the premiums received, should the underlying equity price exceed the strike price, while the potential loss is limited to the number of options written and the underlying strike price.

Options which are traded over the counter may expose the Fund to credit risk should the counterparty be unable to meet the terms of the contract. In addition, the Fund is exposed to equity price risk.

Contracts for Differences (If Applicable)
The Fund enters into contracts for differences arrangements with a financial institution. Contracts for differences arrangements involve an agreement by the Fund and a counterparty to exchange the difference between the opening and closing price of the position underlying the contract, which is generally an equity security. Therefore, amounts required for the future satisfaction of the contracts for differences may be greater or less than the amount recorded.

. .

Swap Contracts

Interest rate swaps (If Applicable)
The Fund may enter into interest rate swap contracts as part of its investment strategy, or to hedge against changes in interest rates. Interest rate swaps are an agreement between the Fund and a counterparty to exchange cash flows based on the difference between two interest rates, applied to a notional principal amount for a specified period. The Fund is exposed to credit risk, which is mitigated by requiring the counterparty to post collateral. In addition, the Fund is exposed to interest rate risk.

Total return swaps (If Applicable)
The Fund may enter into total return swaps either to manage its exposure to the market or certain sectors of the market, or to create exposure to certain equities to which it is otherwise not exposed.

Total return swaps involve an exchange of cash flows based on a commitment to pay an amount based on a referenced interest rate in exchange for a market-linked return, both based on a notional amount. The market linked return may include, among other things, the total return of a security or index. Entering into total return swaps involves varying degrees of risk, including the possibility that there is no liquid market for the contracts, the counterparty to the swap may default on its obligation to perform, and there may be unfavorable changes in fair value. The Fund’s total return swap contracts are scheduled to terminate from 20XX through 20XX.

Equity swaps (If Applicable)
The Fund may enter into equity swap contracts as part of its investment strategy, or to hedge against changes in equity prices. Equity swaps allow for the exchange of cash flows which are based on a commitment by one party to pay interest in exchange for a return calculated on equity price movements on a specified notional amount. Equity swaps may expose the Fund to credit risk should the counterparty be unable to meet the terms of the contract. In addition, the Fund is exposed to equity price risk.

Currency swaps (If Applicable)
The Fund may enter into currency swap contracts as part of its investment strategy, or to hedge against changes in foreign exchange rates. A currency swap is an agreement between two parties to exchange two different currencies with an agreement to reverse the exchange at a later date at specified exchange rates. The exchange of currencies at the inception date of the contract takes place at the current spot rate. The re-exchange at maturity may take place at the same exchange rate, a specified rate, or the then current spot rate. Currency swaps may expose the Fund to credit risk should the counterparty be unable to meet the terms of the contract. In addition, the Fund is exposed to foreign exchange risk.

Credit default swaps (If Applicable)
The Fund may enter into credit default swap contracts as part of its investment strategy, or to hedge against the risk of default of a specific company or sovereign debt. A credit default swap is also referred to as a credit derivative contract, where the purchaser of the swap makes premium payments to the seller until the maturity date of a contract. The seller agrees to compensate the buyer if a specified third party, such as a company or sovereign nation defaults on their debt.

. . . .

C. DERIVATIVE INSTRUMENTS - CONTINUED

Swaptions (If Applicable)
The Fund may enter into swaptions to manage exposure to fluctuations in interest rates and to enhance portfolio yield. Swaptions represent an option that gives the purchaser the right, but not the obligation, to enter into a previously agreed upon swap contract on a future date. Swaptions are marked to market daily based upon quotations from market makers. When the Fund writes a swaption, the premium received is recorded as a liability and is subsequently adjusted to the current fair value of the swaption. A gain or loss is recognized when the swaption contract expires or is closed.

Premiums received from writing swaptions that expire are treated by the Fund as realized gains from swaptions written. The writer of the swaption bears the market risk arising from any change in index values or interest rates. The Fund's swaption contracts are scheduled to terminate from 20XX through 20XX.

Credit-risk-related contingent features (If Applicable)

The Fund enters into agreements with counterparties in which it trades derivatives instruments that contain credit-risk-related contingent features, such as covenants and other provisions, which may be trigged 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, in which the Fund has posted collateral of $X,XXX,XXX in the normal course of business. If such credit-risk-related contingent features were triggered, the Fund would be required to post additional collateral with the counterparties of $X,XXX,XXX. 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. **(If applicable)** As of December 31, 20XX, the termination values of these derivative contracts were approximately $XX,000 less than their fair values.

[If Fund is selling credit protection via credit default swaps, add the following paragraph.]
In the event that certain specified credit events occur, the maximum potential amount of future undiscounted payments that the Fund would be required to pay under its credit default swaps sold would be $XXX,XXX at December 31, 20XX. However, if the Fund was required to make payments under its credit default swaps sold, it would be entitled to certain assets owned by the entities that collateralize the reference obligations. The Fund cannot reasonably estimate the value of the recourse provisions of such contracts. The assumed value of the assets may diminish materially, and such assets may not be recovered under certain circumstances.

C. . DERIVATIVE INSTRUMENTS - CONTINUED

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

	Number of contracts held		Gross notional exposure	
Primary underlying risk	**Long**	**Short**	**Long**	**Short**
Interest rate				
Derivative type 1	-	-	$ -	$ -
Derivative type 2				
	-	-	-	-
Foreign exchange rate				
Derivative type 1				
Derivative type 2				
	-	-	-	-
Equity price				
Derivative type 1				
Derivative type 2				
	-	-	-	-
Commodity price				
Derivative type 1				
Derivative type 2				
	-	-	-	-
Credit				
Derivative type 1				
Derivative type 2				
	-	-	-	-
Other				
Derivative type 1				
Derivative type 2				
	-	-	-	-
Totals:	-	-	$ -	$ -

(a) Notional amounts for options are based on the number of contracts times the fair value of underlying investments.

[Consider calculating and disclosing average notional amounts and number of contracts 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 is material net gain (loss) from derivatives for the year.] **[Optional language:** The Fund considers the volume 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 that were traded during the year and are included on the gain/loss table but are not held at year end] The Fund may utilize certain types of derivative contracts

C. DERIVATIVE INSTRUMENTS – CONTINUED

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 derivatives during the year but 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.

C. DERIVATIVE INSTRUMENTS – CONTINUED

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	Location on statement of financial condition	Fair Value		Total gain /(loss) (1)
		Assets	Liabilities	
Interest rate				
Derivative type 1	Derivative assets, at fair value	$ -	$ -	$ -
Derivative type 2	Derivative assets, at fair value			
		-	-	-
Foreign exchange rate				
Derivative type 1	Derivative assets, at fair value			
Derivative type 2	Derivative liabilities, at fair value			
		-	-	-
Equity price				
Derivative type 1	Derivative liabilities, at fair value			
Derivative type 2	Derivative assets, at fair value			
		-	-	-
Commodity price				
Derivative type 1	Derivative assets, at fair value			
Derivative type 2	Derivative liabilities, at fair value			
		-	-	-
Credit				
Derivative type 1	Derivative liabilities, at fair value			
Derivative type 2	Derivative liabilities, at fair value			
		-	-	-
Other				
Derivative type 1	Derivative liabilities, at fair value			
Derivative type 2	Derivative liabilities, at fair value			
		-	-	-
Gross derivative totals:		-	-	-
Less cash collateral payables/receivables:				
Less master netting arrangements:				
Totals:		$ -	$ -	$ -

(1) Gains and losses on derivative contracts are included on the statement of operations as net gain/(loss) on derivative contracts

C. DERIVATIVE INSTRUMENTS – CONTINUED

Securities purchased under agreements to resell and securities sold under agreements to repurchase (If Applicable)
Transactions involving purchases of securities under agreements to resell and securities sold under agreements to repurchase are treated as collateralized financial transactions and are recorded at their contracted resell or repurchase amounts. In addition, interest on both types of transactions is included in interest receivable and interest payable, respectively.

In connection with transactions in agreements to resell, it is the Fund's policy that its custodian take possession of the underlying collateral securities, the fair value of which exceeds the principal amount of the agreements to resell, including accrued interest, at all times. At December 31, 20XX, securities with a fair value of approximately $X,XXX,XXX were received as collateral for securities purchased under agreements to resell. If the counterparty defaults under agreements to resell, and the fair value of the collateral declines, the realization of the collateral by the Fund may be delayed or limited.

Reverse Purchase Agreements (If Applicable)
Reverse repurchase agreements involve the sale of a security to a counterparty, subject to an obligation by the Fund to repurchase the security from the counterparty at a contracted price on maturity. In connection with its reverse repurchase agreements, the Fund is required to pledge collateral to its counterparties, the fair value of which, at all times, to be at least [specify the percentage of required collateral value to the contracted repurchase amount, including accrued interest] of the excess of the amounts borrowed plus accrued interest. If the fair value of the collateral declines, the Fund may be required to post additional collateral to the counterparty. To mitigate this risk, the Fund pledges financial instruments as collateral that are 1) issued by entities with sufficient creditworthiness to meet their obligations when they come due and 2) sufficiently liquid to be sold at their carrying amounts in the ordinary course of operations.

At December 31, 20XX, the Fund pledged the following securities, included in securities in the statement of assets and liabilities, as collateral for its reverse repurchase agreements. At December 31, 20XX, securities with a fair value of approximately $X,XXX,XXX, which are included in investments in securities in the statement of assets and liabilities, were pledged to collateralize securities sold under agreements to repurchase.

At December 31, 20XX, securities purchased under agreements to resell [and/or] securities sold under agreements to repurchase had interest rates of X.X% through X.X% and maturity dates of [Month, Date, Year] through [Month, Date, Year].

Securities lending agreement (If Applicable)
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, to be at least [specify the percentage of required collateral value to the amount of securities loaned, including accrued interest and dividends], at all times, to 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.

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

C. . DERIVATIVE INSTRUMENTS – CONTINUED

of cash collateral for the loan. This cash was invested in U.S. Treasury bills with a maturity of April 1, 20XX.

Offsetting Assets and Liabilities (If Applicable)
In accordance with ASC 210-20, *Disclosures about Offsetting Assets and Liabilities*, the Fund is required to disclose quantitative information in regards to the impact of offsetting assets and liabilities as of December 31, 20XX to enable users of the financial statements to evaluate the effect or potential effect of netting arrangements on the Fund's financial position. The Fund's policy is to present derivative instruments on a net basis [FUND SPECIFIC] on the statement of financial condition when master netting arrangements, or similar arrangements, are in place with the counterparty. When master netting arrangements are in place, the Fund and the counterparty have the legal right to offset derivative instruments with collateral posted.

The following table presents the Fund's recognized derivative assets and the potential effect of offsetting as presented in the statement of financial condition:

	(i)	(ii)	(iii) = (i) – (ii)	(iv) Gross Amounts Not Offset in the Statement of Financial Condition		(v) = (iii) – (vi)
Description	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Condition	Net Amounts of Liabilities Presented in the Statement of Financial Condition	Financial Instruments	Cash Collateral Received	Net Amount
Derivatives	$ -	$ -	$ -	$ -	$ -	$ -
Reverse repurchase, securities lending and similar arrangements						
Total:	$ -	$ -	$ -	$ -	$ -	$ -

The following table presents the Fund's recognized derivative liabilities and the potential effect of offsetting as presented in the statement of financial condition:

As of December 31, 20XX	(i)	(ii)	(iii) = (i) – (ii)	(iv) Gross Amounts Not Offset in the Statement of Financial Condition		(v) = (iii) – (vi)
Description	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Condition	Net Amounts of Liabilities Presented in the Statement of Financial Condition	Financial Instruments	Cash Collateral Pledged	Net Amount
Derivatives	$ -	$ -	$ -	$ -	$ -	$ -
Repurchase, securities lending and similar arrangements						
Total:	$ -	$ -	$ -	$ -	$ -	$ -

D. DUE TO / FROM BROKERS

The Fund executes securities transactions and enters into security positions through certain securities brokers. The Fund is subject to counterparty risk to the extent that a broker with whom it conducts business may be unable to fulfill contractual obligations on the Fund's behalf. The General Partner monitors the financial condition of such brokers and does not anticipate any losses from these counterparties. At December 31, 20XX, the cash deposit amounts due from brokers totaled $X,XXX,000 and the margin borrowing amounts due to brokers totaled $X,XXX,000.

[If applicable, for tri-party collateral agreement] The Fund entered into collateral account control agreements with [List derivative counterparty(ies)] (the "Secured Party") and Prime Broker 4, LLC (the "Securities Intermediary") in order to mitigate the risk associated with its derivative counterparties. Upon entering derivative contracts, 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 the collateral unless certain contingent events occur. As of December 31, 20XX, approximately $XX,XXX,000 of collateral receivables posted to the Secured Party are held by the Securities Intermediary, which are included in due from brokers on the statement of assets and liabilities. At December 31, 20XX, due to/from brokers includes receivables of $XX,XXX,000 and payables of $XX,XXX,000 related to unsettled trades. **(If applicable)** In addition, at December 31, 20XX, the Fund pledged collateral to counterparties to OTC derivative contracts of $X,XXX,000 and received collateral from counterparties to OTC derivative contracts of $XXX,000. **(If applicable)** Also, at December 31, 20XX, due from brokers includes $XXX,000 of initial and variation margin related to its futures trading activities.

E. SHORT SALES (If Applicable)

Short sales 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.

(If applicable) The gross amounts of derivative assets and liabilities presented in the preceding tables differ from the amounts of derivative assets and liabilities reported in the statement of assets and liabilities as the result of option contracts in the amounts of $XX,XXX,000 and $XX,XXX,000 respectively, which are not subject to enforceable master netting arrangements.

F. CREDIT RISK

The Fund is subject to credit risk to the extent that the banks and brokers the Fund conducts business with are unable to fulfill their contractual obligations and the amounts exceed those insured by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation. Management of the Fund monitors these counterparties and does not expect any losses. .

G. ESCROW PROCEEDS RECEIVABLE/EARN-OUT PAYMENTS (If applicable)

During 20XX, the Fund completed sales of [insert company name] and [insert company name], in the amounts of $XX,XXX and $XX,XXX, respectively. Cash in the amounts of $XXX,XXX and $XXX,XXX is being held in escrow accounts 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]. Earn-out payments are based on certain incremental future revenues resulting from the sale of the products of Private Company XX. Earn-out payments are reflected in contingent consideration, at fair value on the statement of assets and liabilities. 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 assets and liabilities.

. .

H. RELATED PARTY TRANSACTIONS

In accordance with the LPA, the limited partners of the Fund pay the General Partner a management fee equal to X.X% (X.X% per annum), calculated and payable monthly/quarterly in advance/arrears, of their partnership interests determined as of the beginning of each calendar quarter. The General Partner has the discretion to reduce or waive a limited partner's management fee.

(If applicable) Due to General Partner represents an amount payable to the General Partner for expenses paid on behalf of the Fund's operations.

(If applicable) 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,000.

Certain limited partners have special management fee arrangements, performance arrangements, or redemption rights as provided for in the Agreement. The General Partner, in its sole discretion, may waive all or part of the incentive allocation for any limited partner.

(If applicable) The General Partner and its affiliates and/or employees are not subject to the incentive allocation. For the year ended December 31, 20XX, the General Partner earned an incentive allocation of $X,XXX,XXX.

(If applicable) During 20XX, the Fund entered into purchase and sale transactions with an affiliated entity which is also managed by the General Partner. Total purchases and sales at fair value of approximately $X,XXX,000 were made with this related party.

(If applicable) Transactions with related parties resulted in net gains (losses) of $XX,XXX and are included in net gain (loss) 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.

(If applicable) 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.

(If applicable) Additionally, the Fund may co-invest with other entities with the same General Partner as the Fund.

I. PARTNERS CAPITAL[THIS SECTION SHOULD BE TAILORED TO THE INDIVIDUAL FUND SPECIFICS FROM THE LPA/PPM]

Allocation of Profits and Losses
In accordance with the LPA, at the end of each reporting period, profits and losses of the Fund are allocated to the capital accounts of the partners based on their respective interests.

Subject to certain limitations, the General Partner receives a performance allocation equal to 20% of the net profits allocated to each Limited Partner during each calendar year, subject to a loss carry-forward provision.

Limited partners have redemption rights which contain certain restrictions with respect to rights of withdrawal from the Fund as specified in the Agreement. The early redemption fee represents the amount charged to limited partners withdrawing capital prior to expiration of their agreed upon lock-up period. Refer to the Agreement for more information.

Capital Contributions

The Fund accepts new and existing limited partners to make capital contributions in amounts of at least $XXX,000, as of the first business day of any calendar month. The General Partner has the discretion to accept lesser amounts. A limited partner's initial capital contribution is subject to a one year lock-up.

Capital Withdrawals

Limited partners are generally permitted to make withdrawals from their capital accounts as of the last business day of any calendar quarter, or any other date as the General Partner may determine in its discretion, provided that they provide the Fund at least 30 days' written notice of such withdrawal prior to the withdrawal date. Payments for withdrawals are generally made within 30 days of the effective withdrawal date. If a partner withdraws 90% or more of the funds from their capital account, the General Partner may, in its discretion, holdback 10% of the withdrawal amount pending completion of the annual audit of the Fund's financial statements for the year in which the withdrawal takes place.

(If applicable) Capital Contributions Received in Advance

Capital contributions 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 Withdrawals Payable

Capital withdrawals payable represents a payment owed to a partner based on a withdrawal from their capital account.

J. MANAGEMENT INDEMNIFICATIONS

The LPA provides general indemnifications to the General Partner and its respective affiliates, shareholders, members, partners, managers, directors, officers and employees when acting in good faith on behalf 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. ADMINISTRATION FEES

XYZ Fund 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 and other 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,000 due from/to this broker. [If applicable] At December 31, 20XX, cash balances in the amount of approximately $XXX,000 are held by an affiliate of the Administrator.

L. FINANCIAL HIGHLIGHTS

The financial highlights presented are for the year ended December 31, 20XX:

	Limited Partners	
Total Return:		
Total return before incentive allocation to General Partner		%
Incentive allocation to General Partner		
Total return including incentive allocation to General Partner	-	%
Ratios to average limited partner's capital:		
Total Expenses		%
Incentive allocation to General Partner		
Total expenses and incentive allocation to General Partner	-	%
Net Investment income (loss)		%

The financial highlights presented are for the Fund's limited partner class as a whole. Due to the timing of capital contributions and withdrawals, and different management fee and incentive reallocation 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. . .

[If applicable, for investments in private investment companies] The net investment income (loss) ratio does not reflect the income and expenses incurred by the underlying private investment companies.

[If applicable, funds open greater than or less than one year] The ratios, excluding nonrecurring expenses and the reallocation to the General Partner, have been annualized.

M. [If applicable] GOING CONCERN

Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading, or seeking protection from creditors pursuant to laws or regulations. Accordingly, assets and liabilities are recorded on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

The future of the Fund is dependent upon its ability to obtain financing and upon future profitable operations from the development of its planned business. Management has plans to seek additional capital through a public or private offering of equity or debt securities, or by other means. These conditions raise substantial doubt about the Fund's ability to continue as a going concern. These financial statements do not include any adjustments that might arise from this uncertainty.

There can be no assurance that sufficient funds required during the next year or thereafter will be generated from operations or that funds will be available from external sources such as debt or equity financings or other potential sources. The lack of additional capital resulting from the inability to generate cash flow from the operations or to raise capital from external sources would force the Fund to substantially curtail or cease operations and would, therefore, have a material adverse effect on its business. Furthermore, there can be no assurance that any such required funds, if available, will be available on attractive terms or that they will not have a significant dilutive effect on the Fund's existing stockholders.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might necessary in the event the Fund cannot continue in existence.

N. SUBSEQUENT EVENTS

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

(If applicable) From January 1, 2020 through (audit report date) the Fund had approximately $X,XXX,000 of capital contributions and $X,XXX,000 of capital withdrawals, of which, approximately $X,000,000 was requested by the General Partner.

(If applicable) From January 1, 2020 through (audit report date), the Fund made additional investments of approximately $XX,000,000 in private investment companies and received additional redemptions from private investment companies of approximately $XX,XXX,000.

. .