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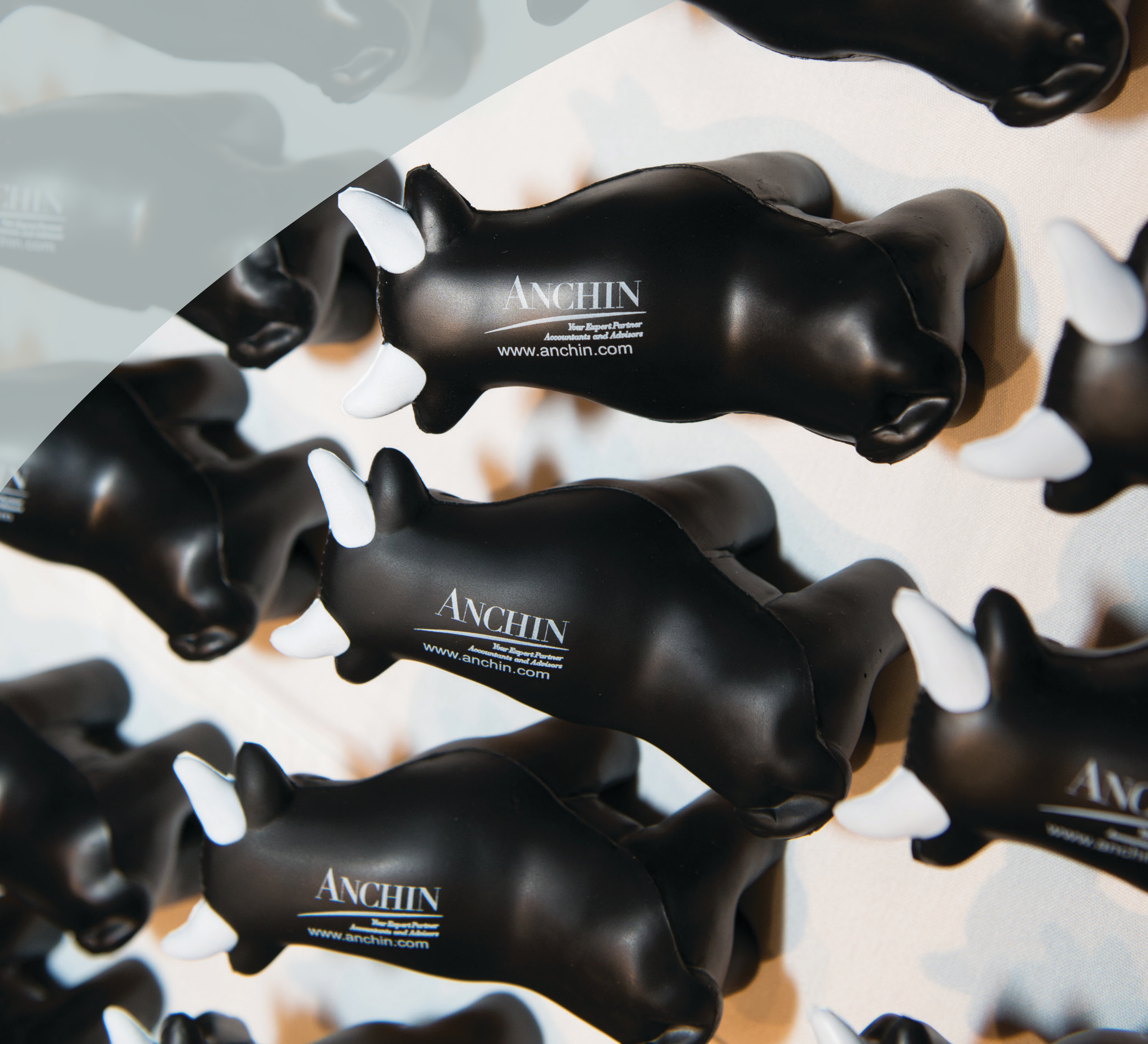
Financial Services Practice

Pro Forma
Financial Statements
Reference Guide

December 2018



Pro Forma Financial Statements - 2018

In order to provide our clients with a more comprehensive, accessible reference guide, Anchin is excited to announce the addition of our Pro Forma Financial Statement tool. These complex statements include stand-alone entities and master/feeder structures that are updated using the latest pronouncements.

The Partners of Anchin's Financial Services Practice are the leading professionals of their industry. Our talent is showcased through numerous awards as well as our institutional knowledge, both of which provide our clients with superior perspective and insight on the direction of their businesses. With these skills, Anchin has developed a superior reputation as one of the most accomplished accounting and advisory firms within the financial services community.

If you have any questions or comments, please contact your Anchin relationship partner.

ANCHIN
Your Expert Partner
Accountants and Advisors

Anchin, Block & Anchin LLP
Accountants and Advisors
1375 Broadway, New York, NY 10018
212.840.3456 • www.anchin.com

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DECEMBER 31, 20XX

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DECEMBER 31, 20XX

Anchin, Block & Anchin LLP
Accountants & Advisors
1375 Broadway New York, NY 10018
212 840-3456
www.anchin.com

Independent Auditors' Report

To Sample Partners, L.P.:

We have audited the accompanying financial statements of Sample Partners, L.P. (the "Partnership"), which comprise the statement of assets and liabilities, including the condensed schedule of investments, as of December 31, 20XX, and the related statements of operations, changes in partners' capital, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sample Partners, L.P. as of December 31, 20XX, and the results of its operations, changes in its partners' capital and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

SIGNATURE OF AUDITOR

New York, N. Y.
_____________, 20XX

SAMPLE PARTNERS, L.P.

STATEMENT OF ASSETS AND LIABILITIES
December 31, 20XX

ASSETS	
Investment in securities, at fair value (cost $)	$
Cash [and cash equivalents]	
Due from broker(s)	
Receivable for securities sold	
Dividends and interest receivable	
Collateral for securities loaned	
Other assets	
TOTAL ASSETS	**$ -**
LIABILITIES	
Securities sold short, at fair value (proceeds $)	$
Payable for securities purchased	
Payable upon return of securities loaned	
Accrued expenses	
Payable for capital withdrawals	
Prepaid capital contributions	
TOTAL LIABILITIES	-
PARTNERS' CAPITAL	
General Partner(s)	
Limited Partners	
TOTAL PARTNERS' CAPITAL	-
TOTAL LIABILITIES AND PARTNERS' CAPITAL	**$ -**

See Notes to Financial Statements

SAMPLE PARTNERS, L.P.

STATEMENT OF OPERATIONS
For the Year Ended December 31, 20XX

INVESTMENT INCOME	
Interest	$
Dividends (net of $ foreign taxes withheld)	
Income from securities loaned, net	
Total Income	-
EXPENSES	
Dividends on securities sold short	
Interest	
Management fees	
Professional fees	
Other	
Total Expenses	-
Net Investment Income [Loss]	-
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	
Realized gain [(loss)] on investments, net	
Realized gain [(loss)] on foreign currency, net	
Unrealized gain [(loss)] on investments, net change	
Unrealized gain [(loss)] on foreign currency, net change	
Income [(loss)] from private investment companies, unrealized	
Total Realized and Unrealized Gain [Loss] on Investments	-
NET INCOME [LOSS]	**-**
Special Allocation to the General Partner *	
INCOME AVAILABLE TO ALL PARTNERS *	**$ -**

* For CFTC registered funds only, otherwise end at net income (loss)

See Notes to Financial Statements

<u>SAMPLE PARTNERS, L.P.</u>

STATEMENT OF CHANGES IN PARTNERS' CAPITAL
For the Year Ended December 31, 20XX

	LIMITED PARTNERS	GENERAL PARTNER	TOTAL
PARTNERS' CAPITAL - Beginning of year	**$**	**$**	**$**
CHANGES IN CAPITAL FROM			
Net income (loss)			
Performance reallocation			
Net Increase (Decrease) From Net Income (Loss)	-	-	-
Partners' Capital Transactions			
Capital contributions			
Capital withdrawals			
Capital transfers			
Net Increase (Decrease) From Partners' Capital Transactions	-	-	-
Total Increase (Decrease) in Partners' Capital	-	-	-
PARTNERS' CAPITAL - End of year	**$ -**	**$ -**	**$ -**

See Notes to Financial Statements

SAMPLE PARTNERS, L.P.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 20XX

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income (loss)	$
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Cost of securities purchased	
Cost of private investment companies purchased	
Proceeds from securities sold	
Proceeds from private investment companies sold	
Proceeds from securities sold short	
Purchase of securities sold short	
Realized gain [(loss)] on investments [and foreign currency], net	
Unrealized gain [(loss)] on investments [and foreign currency], net change	
(Increase) decrease in:	
Receivable from brokers	
Dividends and interest receivable	
Collateral for securities loaned	
Other assets	
Increase (decrease) in:	
Payable to brokers	
Payable upon return of securities loaned	
Accrued expenses	
Net Cash Provided by (Used in) Operating Activities	
CASH FLOWS FROM FINANCING ACTIVITIES	
Partners' capital contributions	
Partners' capital withdrawals	
Net Cash Provided by Financing Activities	
NET INCREASE (DECREASE) IN CASH [AND CASH EQUIVALENTS]	
CASH [AND CASH EQUIVALENTS]	
Beginning of year	
End of year	$
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid during the year for interest	$
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITY(IES)	
Payable incurred for partners' capital withdrawals	$
Distribution of securities, at fair value	$

See Notes to Financial Statements

SAMPLE PARTNERS, L.P.

CONDENSED SCHEDULE OF INVESTMENTS
December 31, 20XX

INVESTMENT IN SECURITIES	% OF PARTNERS' CAPITAL	FAIR VALUE
COMMON STOCKS		
United States		
Financial Services		
ABC Co. (shares)		$
Other		
Technology		
Total United States (cost $)		
Hong Kong		
Total Hong Kong (cost $)		
Italy		
Total Italy (cost $)		
TOTAL COMMON STOCKS (cost $)		$

See Notes to Financial Statements

SAMPLE PARTNERS, L.P.

CONDENSED SCHEDULE OF INVESTMENTS
December 31, 20XX

INVESTMENT IN SECURITIES	% OF PARTNERS' CAPITAL	FAIR VALUE
LONG-TERM DEBT SECURITIES		
United States		
ABC Bonds		$
DEF Bonds		
Other		
Total United States (cost $)		
Spain		
Total Spain (cost $)		
TOTAL LONG-TERM DEBT SECURITIES (cost $)		
COLLATERAL FOR SECURITIES LOANED		
United States		
U.S. Treasury bills, ____%, due____		
Other		
TOTAL COLLATERAL FOR SECURITIES LOANED		
OTHER SECURITIES		
United States		
TOTAL OTHER SECURITIES (cost $)		
PRIVATE INVESTMENT COMPANIES		
United States		
TOTAL PRIVATE INVESTMENT COMPANIES (cost $)		
TOTAL INVESTMENT IN SECURITIES (cost $)		**$**

See Notes to Financial Statements

SAMPLE PARTNERS, L.P.

CONDENSED SCHEDULE OF INVESTMENTS
December 31, 20XX

SECURITIES SOLD SHORT	% OF PARTNERS' CAPITAL	FAIR VALUE
COMMON STOCKS		
United States		
Technology		$
IBM		
Other		
Total United States (proceeds $)		
Italy		
Total Italy (proceeds $)		
TOTAL SECURITIES SOLD SHORT (proceeds $)		**$**

FUTURES CONTRACTS	EXPIRATION DATES	NO. OF CONTRACTS	FAIR VALUE
Financial (5.2%)			
Eurodollar (5.2%)			$
Indices (2.4%)			
S&P (2.4%)			
TOTAL FUTURES CONTRACTS			**$**

See Notes to Financial Statements

ORGANIZATION

Sample Partners, L. P. (the "Partnership") was organized in the State of Delaware as a limited partnership for the purpose of [trading/investing] in securities. The Partnership will continue until December 31, ____ unless sooner terminated or extended as provided for in the Partnership Agreement.

The Partnership's [trading/investing] activity is the responsibility of (name of GP) (the "General Partner") which is a registered investment adviser.

(If applicable) The Partnership is registered as a Commodity Pool under the rules of the Commodity Futures Trading Commission ("CFTC") because of certain of its trading activities. Effective_______________ the Partnership has deregistered.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Partnership is considered an investment company under U.S. GAAP and follows accounting and reporting guidance in the Financial Accounting Standards Board Accounting Standards Codification ("ASC") 946, "Financial Services – Investment Companies".

Use of Estimates

The preparation of financial statements in conformity with GAAP may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

Cash equivalents include short-term highly liquid investments, such as [money market funds, certificate of deposits, other (describe)] that are readily convertible to known amounts of cash and have original maturities of three months or less.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Securities Valuation

As more fully described elsewhere in the notes to the financial statements, all investments in securities are recorded at their estimated fair value.

Foreign Securities

The values of securities and cash equivalents which are denominated in foreign currencies are stated using the exchange rate in effect on the last business day of the year.

Purchases and sales of securities, interest and dividend income and expense which are denominated in foreign currencies are recorded at the exchange rate as of the date of the transaction. For financial statement purposes, the Partnership does not isolate that portion of the gain or loss on securities resulting from exchange rate fluctuation. Such changes are combined with changes in market prices and included in realized or unrealized gain (loss) on investments, net, in the statement of operations.

Investment Transactions and Related Income

Purchases and sales of securities [and private investment companies] are recorded on a trade date basis. Realized gains and losses are determined using costs calculated on a [first-in, first-out or the specific identification method.] Dividend income is recognized on the ex-dividend date and interest income is recognized on the accrual basis. [Withholding taxes on foreign dividends have been provided for in accordance with the Partnership's understanding of the applicable countries' tax rules and rates.] Premiums and discounts on fixed income securities are amortized over the lives of the related securities.

Income Taxes

The Partnership is not subject to income taxes. The partners report their distributive share of realized income or loss on their own tax returns. Certain U.S. dividend income and interest may be subject to a maximum 30% withholding for those limited partners that are foreign entities or foreign individuals. (Optional) The Partnership determined that there are no uncertain tax positions which would require adjustments or disclosures on the financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncement

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-13, Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurements, modifying ASC Topic 820, Fair Value Measurements. The new guidance removes certain disclosure requirements including the amount of and reason for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing of transfers between levels, the valuation processes for Level 3 fair value measurements, and the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the end of the reporting period. In addition, in lieu of a rollforward for Level 3 fair value measurements, an entity is required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities. The new guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Partnership has elected to early adopt ASU 2018-13.

SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS

The Partnership utilizes various methods to measure the fair value of its investments on a recurring basis. GAAP establishes a hierarchy that prioritizes the inputs to valuation methods. The three levels of input are:

Level 1 Unadjusted quoted prices in active markets that the Partnership has the ability to access for identical assets or liabilities.

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

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

SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS (CONTINUED)

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

A description of the valuation techniques applied to the Partnership's major categories of assets and liabilities measured at fair value on a recurring basis are as follows:

Equity Securities (Common and Preferred Stock)

Investments in securities and securities sold short which are traded on a national securities exchange or listed on NASDAQ are valued at the last reported sales price on the last business day of the year. Investments in securities and securities sold short [for which no sale occurred on the last business day of the year or] which are traded in the over-the-counter market are valued at the last reported bid and asked prices, respectively. 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. The fair value of certain foreign securities may be determined through the use of a pricing service that considers the correlation of the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments such as American Depositary Receipts, financial futures, Exchange Traded Funds, and the movement of the certain indexes of securities based on a statistical analysis of the historical relationship and are categorized in Level 2. Preferred stock and other equities traded on inactive markets or valued by reference to similar instruments are also categorized in Level 2.

SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS (CONTINUED)

Corporate Bonds

The fair value of corporate bonds is estimated using various techniques, which may consider recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads, fundamental data relating to the issuer, and credit default swap spreads adjusted for any basis difference between cash and derivative instruments. Although most corporate bonds are categorized in Level 2 of the fair value hierarchy, in instances where lower relative weight is placed on transaction prices, quotations, or similar observable inputs, they are categorized in Level 3.

Asset Backed Securities

The fair value of asset backed securities is estimated based on models that consider the estimated cash flows of each tranche of the entity, establishes a benchmark yield, and develops an estimated tranche specific spread to the benchmark yield based on the unique attributes of the tranche. To the extent the inputs are observable and timely, the values would be categorized in Level 2 of the fair value hierarchy; otherwise they would be categorized in Level 3.

Short-Term Notes

Short-term notes are valued using amortized cost, which approximates fair value. To the extent the inputs are observable and timely, the values would be categorized in Level 2 of the fair value hierarchy.

U.S. Government Securities

U.S. government securities are valued at the closing price reported in the active market in which the individual security is traded, and are categorized in Level 1 of the fair value hierarchy.

U.S. Agency Securities

U.S. agency securities are comprised of two main categories consisting of agency issued debt and mortgage pass-throughs. Agency issued debt securities are generally valued in a manner similar to U.S. government securities. Mortgage pass-throughs include to-be-announced ("TBA") securities and mortgage pass-through certificates. TBA securities and mortgage pass-throughs are generally valued using dealer quotations. Depending on market activity levels and whether quotations or other data are used, these securities are typically categorized in either Level 1 or Level 2 of the fair value hierarchy.

SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS (CONTINUED)

Restricted Securities and Private Placements (Equity and Debt)

Restricted securities for which quotations are not readily available are valued at fair value as determined by the Partnership. Restricted securities issued by publicly traded companies are generally valued at a discount to similar publicly traded securities. Restricted securities issued by nonpublic entities may be valued by reference to comparable public entities or fundamental data relating to the issuer, or both. Depending on the relative significance of valuation inputs, these instruments may be classified in either Level 2 or Level 3 of the fair value hierarchy.

Derivative Instruments

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

Private Investment Companies

Describe methodology employed

SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes the inputs used to value the Partnership's assets and liabilities measured at fair value as of December 31, 20XX:

Assets

Description	Level 1	Level 2	Level 3	Total
Common Stocks				
Banks	$ xx,xxx,xxx	$ xx,xxx,xxx	$ xx,xxx,xxx	$ xx,xxx,xxx
Building Materials	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Commercial Services	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Engineering & Construction	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Financial Services	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Insurance	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Real Estate	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Technology	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Debt Instruments				
Corporate Bonds	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Equity Options	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Warrants	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Private Placements				
Banks	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Financial Services	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Investment Fund	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Total Assets	$ xx,xxx,xxx	$ xx,xxx,xxx	$ xx,xxx,xxx	$ xx,xxx,xxx

Liabilities

Description	Level 1	Level 2	Level 3	Total
Common Stocks				
Banks	$ xx,xxx,xxx	$ xx,xxx,xxx	$ xx,xxx,xxx	$ xx,xxx,xxx
Building Materials	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Commercial Services	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Insurance	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Real Estate	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Technology	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Equity Options	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Warrants	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Total Liabilities	$ xx,xxx,xxx	$ xx,xxx,xxx	$ xx,xxx,xxx	$ xx,xxx,xxx

SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS (CONTINUED)

The sample above breaks out the class of securities by industry. However, depending on the nature and risk of the investments the table may be broken down by; geographic concentrations, credit quality, or economic characteristics.

If all securities are measured at fair value using a single level technique the above tables are not necessary and the following should be disclosed:

Investment in securities and securities sold short are measured at fair value using Level (1, 2, or 3) inputs.

The following table reflects certain activity of investments categorized within Level 3 of the fair value hierarchy during the year (Rows should reflect class of security as shown on the condensed schedule):

	Purchases	Transfers Into Level 3	Transfers Out of Level 3
Warrants	$ x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx
Private Placements - Banks	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
Total	$ x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx

Disclose reasons for each transfer into and out of Level 3. (Generally due to change in observability of inputs. Give reasons for the changes. Transfers with similar reasons can be grouped.)

If the fund has Issues, a column needs to be added to the above table for each of these items

The following table is required under ASC Subparagraph 820-10-50-2-bbb which states:
"For fair value measurements categorized within Level 3 of the fair value hierarch, a reporting entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. A reporting entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the reporting entity when measuring fair value (for example, when a reporting entity uses prices from prior transactions or third-party pricing information without adjustment)." However, when providing this disclosure, a reporting entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the reporting entity.

SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes the valuation techniques and significant unobservable inputs used within Level 3 of the fair value hierarchy as of December 31, 20XX: *(EXAMPLES BELOW)*

Quantitative Information About Level 3 Fair Value Measurements

	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted Average)
Assets				
Private Placements				
Banks	$	Discounted cash flows	Weighted average cost of capital	10%-20% (14%)
			Long-term revenue growth rate	5%-7% (6%)
			Long-term pretax operating margin	4%-6% (5%)
			Discount for lack of marketability	3%-5% (4%)
			Control premiums	3%-5% (4%)
Financial Services	$	Market comparable companies	EBITDA multiple	12x-15x (13x)
			Revenue multiples	12%-25% (16%)
			Discount for lack of marketability	10%-25% (15%)
			Control premium	10%-25% (15%)
Debt Instruments				
Corporate Bonds	$	Collectability analysis	Loan performance reserve	21%-35% (27.5%)

SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS (CONTINUED)

Quantitative Information About Level 3 Fair Value Measurements (Continued)

	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted Average)
Liabilities				
Private Placements				
Banks	$			
Warrants	$	Industry accepted model	Historical volatility	15% - 20% (17.5%)

The Partnership's other Level 3 investments have been valued using unadjusted third-party transactions and quotations, unadjusted historical third-party information, or the unadjusted net asset value of the investments in private investment companies. No unobservable inputs internally developed by the Partnership have been applied to those investments thus have been excluded from the above table.

DUE (FROM) (TO) BROKER AND CUSTODY CONCENTRATIONS

At December 31, 20XX, the amount(s) due from broker(s) in the statement of assets and liabilities include(s) cash held at the clearing broker(s) [and collateral balances]. [Securities and cash held by the broker(s) serve as collateral for securities sold short [and margin debt balances]].

The Securities Investor Protection Corporation (SIPC) insures the brokerage account to the extent of $500,000 (including up to $250,000 for cash). [[Cash balances and] securities in excess of these limits are covered by additional insurance maintained by the broker in the amount of $__________. [Amounts in excess of insurance coverage are secured by the good faith and credit of the broker.]

SECURITIES SOLD SHORT AND STOCK LOAN FEES

The Partnership is subject to certain inherent risks arising from its activities of selling securities short. The ultimate cost to the Partnership to acquire these securities may exceed the liability reflected in the financial statements.

(If applicable) The Partnership is charged fees for the securities borrowed in connection with short sales. The Partnership also pays to the lenders of securities an amount equal to any dividends paid by the underlying companies on securities borrowed.

BANK LINE OF CREDIT

The Partnership has available a $_________ line of credit with a bank from which there were no outstanding borrowings at December 31, 20XX. The line of credit is collateralized by two of its investments. The amount of the line of credit is the lesser of ___% of the net assets at the end of the year or ___% of the assets of the two investments. Borrowings bear interest at the bank's prime rate. Interest expense was $________ for the year ended December 31, 20XX.

SECURITIES LOANED

The Partnership receives compensation in the form of fees, or it retains a portion of interest on the investment of any cash received as collateral. The Partnership also continues to receive interest or dividends on the securities loaned. The loans are secured by collateral at least equal, at all times, to the fair value of the securities loaned plus accrued interest. Gain or loss in the fair value of the securities loaned that may occur during the term of the loan will be for the account of the Partnership. The Partnership has the right under the lending agreement to recover the securities from the borrower on demand.

Select one of the following paragraphs and refer to the Investment Companies Guide to determine applicable disclosures.

As of December 31, 20XX, the Partnership loaned common stocks having a fair value of approximately $__________, and received $_________ of cash collateral for the loan. The cash was invested in U.S. Treasury bills with maturities ranging from January to April 20XX. The Partnership also received $_________ of (securities, indicate type) which can be sold or repledged as collateral for the loan. Accordingly, the collateral is included in the statement of assets and liabilities.

OR

As of December 31, 20XX, the Partnership loaned common stocks having a fair value of approximately $__________, and received $_________ of (securities, indicate type) as collateral for the loan. The Partnership does not have the right to sell or repledge the collateral. Accordingly, the collateral is not included in the statement of assets and liabilities.

SEE NOTE REGARDING OFFSETTING OF FINANCIAL AND DERIVATIVE ASSETS AND LIABILITIES AND INCLUDE IN THIS NOTE ONLY IF APPLICABLE

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments traded by the Partnership (the value of which is based upon an underlying asset, index or reference rate) include [foreign currency forward exchange contracts, futures contracts, interest rate swaps, total return swaps, credit default swaps, equity swaps, options, and warrants].

Derivatives are used for trading purposes and for managing risks associated with the portfolio of investments and are not designated as hedging instruments. They are subject to various risks similar to those related to the underlying financial instruments, including market and credit risks.

Market risk is the potential for changes in the value of derivative financial instruments due to market changes, including interest and foreign exchange rate movements, and fluctuations in security prices.

Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of a contract. Credit risk is limited to amounts recorded by the Partnership as assets.

The Partnership's derivatives are presented on a gross basis which excludes the effects of both netting under enforceable netting agreement and netting of cash received or posted as collateral, and therefore are not representative of the Partnership's net credit risk exposure. (If derivatives are shown net, do not include this paragraph)

BELOW ARE EXAMPLES OF VARIOUS DISCLOSURES FOR DERIVATIVES. USE AS APPROPRIATE:

Foreign Currency Forward Exchange Contracts

The Partnership enters into foreign currency forward exchange contracts primarily to manage foreign currency exchange rate risks on its non-U.S. dollar denominated investment securities. When entering into forward currency contracts, the Partnership agrees to receive or deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed future date. The Partnership's net equity therein, representing unrealized gain or loss on the contracts as measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date, is included in the statement of assets and liabilities. Realized and unrealized gains and losses are included in the statement of operations. These instruments involve market risk, credit risk, or both, in excess of the amount recognized in the statement of assets and liabilities. Such risks arise from the possible inability of counterparties to meet the terms of their contracts and from movement in currency and securities values and interest rates.

DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Futures Contracts

The Partnership uses futures contracts for hedging and non-hedging purposes. Upon entering into futures contracts, the Partnership is required to deposit with the broker an amount ("initial margin") equal to a certain percentage of the contract value. Pursuant to the contract, the Partnership agrees to receive from, or pay to, the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as "variation margin" and are recorded by the Partnership as unrealized gain (loss) on investments, net change, in the statement of operations. When the contract is closed the Partnership records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The use of futures transactions includes the risk of imperfect correlation in movements in the price of futures contracts, interest rates, and the underlying assets.

Swaps

The Partnership enters into various swap contracts. A swap is an agreement that obligates two parties to exchange cash flows (or a series of cash flows) at specified intervals based upon changes for a specified amount of an underlying asset or a risk factor related to the underlying asset, such as interest rates, credit default, dividend yields, variance or correlation. The fair value of open swaps reported in the statement of assets and liabilities may differ from that which would be realized in the event the Partnership terminated its position in the contract. Risks may arise as a result of the failure of the counterparty to the swap contract to comply with the terms of the swap agreement. The loss incurred by the failure of a counterparty is generally limited to the aggregate fair value of swap contracts in an unrealized gain position as well as any collateral posted with the counterparty. The risk is mitigated by having a master netting arrangement between the Partnership and the counterparty and by the posting of collateral by the counterparty to the Partnership to cover the Partnership's exposure to the counterparty. Therefore, the Partnership considers the creditworthiness of each counterparty to a swap contract in evaluating potential credit risk. Additionally risks may arise from unanticipated movements in the fair value of the underlying investments.

Interest Rate Swaps

The Partnership enters into interest rate swaps. Interest rate swaps involve the exchange by the Partnership with another party of their respective commitments to pay or receive interest based on a notional amount. The differential to be paid or received on the interest rate swap is recognized over the term of the agreement as a realized gain or loss with the payments made or received on a net basis on the stated payment dates. Unrealized gains are reported as an asset and unrealized losses are recorded as a liability in the statement of assets and liabilities.

DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Total Return Swaps

The Partnership enters into total return swaps. 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. The net amount received (paid) during the term of the swap is included in net realized gain (loss) on investments and the change in unrealized value of the swaps is reflected in unrealized gain (loss) on investments, net change, in the statement of operations.

Credit Default Swaps

The Partnership enters into credit default swaps to manage its exposure to the market or certain sectors of the market, to reduce its exposure to the defaults of corporate and sovereign issuers or to create exposure to corporate or sovereign issuers to which it is not otherwise exposed. In a credit default swap, the protection buyer makes a stream of payments based on a fixed percentage applied to the contract notional amount to the protection seller in exchange for the right to receive a specified return upon the occurrence of a defined credit event on the reference obligation which may be either a single security or a basket of securities issued by corporate or sovereign issuers. Although contract-specific, credit events are generally defined as bankruptcy, failure to pay, restructuring, obligation acceleration, obligation default, or repudiation/moratorium. Upon the occurrence of a defined credit event, the difference between the value of the referenced obligation and the swap's notional amount is recorded as realized gain (for protection written) or loss (for protection sold) in the statement of operations.

Equity Swaps

The Partnership enters into equity swaps. Under such contracts one party holds the rights to any appreciation on the underlying assets and has an obligation to the counterparty for any depreciation in valuation of the underlying assets.

DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Options

The Partnership may buy or sell short put and call options through listed exchanges and over-the-counter markets. The buyer has the right to purchase (in the case of a call option) or sell (in the case of a put option) a specified quantity of a specific security or other underlying asset at a specified price prior to or on a specified expiration date. In connection with selling options short, the Partnership is exposed to the risk of loss if the market price of the underlying asset declines (in the case of a put option) or increases (in the case of a call option). The market and credit risk associated with purchasing put and call options is limited to the amount originally paid.

Amounts paid on purchasing options are recorded as assets while proceeds received from selling options short are recorded as liabilities on the statement of assets and liabilities which are both subsequently adjusted to fair value. The difference between the fair value of an option and the amount paid or proceeds received is treated as unrealized gain (loss) on investment, net change.

Warrants

The Partnership may receive warrants in connection with its investment in the debt or equity of certain companies or may purchase warrants on the open market. A warrant is a security that entitles the holder to buy stock of the company that issued it at a specified price with a pre-determined time period. The warrants provide the Partnership with exposure and potential gains upon equity appreciation of the portfolio company's share price.

DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The following tables summarize the fair value of derivative instruments on the statement of assets and liabilities and the effect of derivative instruments on the statement of operations:

Fair Value of Derivative Instruments on the Statement of Assets and Liabilities as of December 31, 20XX:

	Asset Derivative		Liability Derivative	
Derivative	Classification	Fair Value	Classification	Fair Value
		$ x,xxx,xxx		$ x,xxx,xxx
		x,xxx,xxx		x,xxx,xxx
		x,xxx,xxx		x,xxx,xxx
		x,xxx,xxx		x,xxx,xxx

For additional detail on the above derivative instruments, see the accompanying condensed schedule of investments.

Effect of Trading Activities on the Statement of Operations for the Year:

Type of Instrument	Classification	Trading Revenue
		$ x,xxx,xxx
		x,xxx,xxx
		x,xxx,xxx
		x,xxx,xxx
		x,xxx,xxx

DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

If there are any credit risk contingent features under ASC Subparagraph 815-10-50-4H, additional disclosures may be required as follows:

Example

Credit-Risk-Related Contingent Features

Certain of the Partnership's derivative instruments contain provisions that require the Partnership to maintain a predetermined level of (net assets, capital), and/or provide limits regarding the decline of the Partnership's (net asset value, partners' capital). If the Partnership was to violate such provisions, the counterparties to the derivative instruments could request immediate payment or demand immediate collateralization on derivative instrument in net liability positions. The aggregate fair value of all derivative instruments with credit-risk related contingent features that are in a liability position on December 31, 20xx is $XX million for which the Partnership has posted collateral of $XX million in the normal course of business. If the credit-risk-related contingent features underlying these agreements were triggered on December 31, 20XX, the Partnership would be required to post an additional $XX million of collateral to its counterparts.

Volume of Derivative Activities:

At December 31, 20XX, the volume of the Partnership's derivative activities based on their notional amounts and number of contracts, categorized by derivative, are as follows:

	Long Exposure		Short Exposure	
Derivative	Notional Amounts (a)	Number of Contracts	Notional Amounts (a)	Number of Contracts

(a) Notional amounts are presented net of identical offsetting derivative contracts

(b) Notional amounts for options and warrants are based on the fair value of the underlying instruments as-if exercised at December 31, 20XX

If the above information for volume of derivatives is shown in the condensed schedule of investments, it will not be necessary to repeat it although a reference to that information should be made.

DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Volume of Derivative Activities (Continued):

Entity specific description of the volume of derivative trading must be described here to enable users to understand the volume of its derivative activity throughout the year. This may be presented qualitatively or quantitatively, and for each derivative or in total if it is more meaningful. More material quantities of the derivatives held by the company require greater precision of disclosure. This disclosure should be made after obtaining from the client information about the quantity of trading in derivatives throughout the entire year. It could be based upon notional amounts, fair value, quantities of the instruments, etc.

OFFSETTING OF FINANCIAL AND DERIVATIVE ASSETS AND LIABILITIES

SAMPLE – WHEN THE PARTNERSHIP HAS BOTH A SECURITIES LOAN AGREEMENT AND A ISDA OR SIMILAR AGREEMENTS - MODIFY TO CONFORM TO THE PARTNERSHIP'S AGREEMENTS

The Partnership is party to various agreements, including but not limited to International Swaps and Derivatives Association ("ISDA") Agreements and a Securities Loan Agreement, which govern the terms of certain transactions with select counterparties (collectively the "Arrangements")"). These Arrangements generally include provisions for general obligations, representations, collateral and certain events of default or termination. These Arrangements also include provisions for netting arrangements that help reduce credit and counterparty risk associated with relevant transactions. The netting arrangements are generally tied to credit related events that if triggered, would cause an event, default or termination giving the Partnership or counterparty the right to terminate early and cause settlement, on a net basis, of all transactions under the applicable Arrangements. In the event of an early termination or default event, the total market value exposure would be offset against collateral exchanged to date, which would result in a net receivable or payable that would be due from or to the counterparty. Credit related events include, but are not limited to, bankruptcy, failure to make timely payments, restructuring, obligation acceleration, obligation default, a material decline in net assets, decline in credit rating or repudiation/moratorium. An election made by a counterparty to terminate a transaction early under the Arrangements could have an adverse impact on the Partnership's financial statements. Arrangements can also help limit counterparty risk by specifying collateral posting arrangements at pre-arranged exposure levels. Collateral under the Arrangements is usually in the form of cash but can include other types or securities. There can be no assurance that the Arrangements will be successful in limiting credit or counterparty risk.

OFFSETTING OF FINANCIAL AND DERIVATIVE ASSETS AND LIABILITIES (CONTINUED)

SAMPLE - WHEN THE PARTNERSHIP HAS EITHER A ISDA OR SIMILAR AGREEMENTS OR A SECURITIES LOAN AGREEMENT – MODIFY TO CONFORM TO THE PARTNERSHIP'S AGREEMENT

IF THE PARTNERSHIP ONLY HAS SECURITIES LOANED REQUIRING THIS DISCLOSURE, MOVE AND INCLUDE THIS NOTE AND TABLE TO THE SECURITIES LOAN NOTE

The Partnership is party to an International Swaps and Derivatives Association ("ISDA") Agreement or a Securities Loan Agreement (the "Arrangement") which governs the terms of the transactions with select counterparties. The Arrangement generally includes provisions for general obligations, representations, collateral and certain events of default or termination. The Arrangement also includes provisions for netting arrangements that help reduce credit and counterparty risk associated with relevant transactions. The netting arrangements are generally tied to credit related events that if triggered, would cause an event, default or termination giving the Partnership or counterparty the right to terminate early and cause settlement, on a net basis, of all transactions under the applicable Arrangement. In the event of an early termination or default event, the total market value exposure would be offset against collateral exchanged to date, which would result in a net receivable or payable that would be due from or to the counterparty. Credit related events include, but are not limited to, bankruptcy, failure to make timely payments, restructuring, obligation acceleration, obligation default, a material decline in net assets, decline in credit rating or repudiation/moratorium. An election made by a counterparty to terminate a transaction early under the Arrangement could have an adverse impact on the Partnership's financial statements. Arrangements can also help limit counterparty risk by specifying collateral posting arrangements at pre-arranged exposure levels. Collateral under the Arrangement is usually in the form of cash but can include other types of securities. There can be no assurance that the Arrangement will be successful in limiting credit or counterparty risk.

OFFSETTING OF FINANCIAL AND DERIVATIVE ASSETS AND LIABILITIES (CONTINUED)

The following table(s) show(s) the financial and derivative instruments of the Partnership that is subject to an Arrangement(s) and the collateral received and pledged in connection with the netting arrangements at December 31, 20XX:

				Gross Amounts Not Offset on the Statement of Assets and Liabilities		
Description	Gross Recognized Assets	Gross Amounts Offset on the Statement of Assets and Liabilities	Net Amounts Presented on the Statement of Assets and Liabilities	Financial Instruments	Cash Collateral Received [1]	Net Amount
Securities loaned	$ 869,960	$ -	$ 869,960	$ -	$ (869,960)	$ -
Forward currency contracts	$ 750,000	$ -	$ 750,000	$ (50,000)	$ (600,000)	$ 100,000

				Gross Amounts Not Offset on the Statement of Assets and Liabilities		
Description	Gross Recognized Liabilities	Gross Amounts Offset on the Statement of Assets and Liabilities	Net Amounts Presented on the Statement of Assets and Liabilities	Financial Instruments	Cash Collateral Pledged [1]	Net Amount
Forward currency contracts	$ 50,000	$ -	$ 50,000	$ (50,000)	$ -	$ -

[1] Excess of collateral received or pledged from the individual counterparty may not be shown for financial reporting purposes.

RELATED PARTY TRANSACTIONS

The Partnership Agreement provides for management fees payable to the General Partner at a rate of .25% of the net asset value of the Limited Partners' capital at the (beginning, end, other) of each quarter (1% per annum). The accompanying statement of assets and liabilities includes unpaid fees of $__________ in accrued expenses.

SAMPLE PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS
December 31, 20XX

ADMINISTRATION

The Partnership has entered into an Administration Agreement with ______________________ (the "Administrator"). Under this agreement, the Administrator is responsible for various administrative, registrar, and transfer agency services, including calculation of the partners' capital balances of the Partnership and the processing of contributions, withdrawals, and transfers of the Partnership's capital. (Refer to agreement for responsibilities)

ALLOCATION OF INCOME (LOSS)

The net income (loss) of the Partnership is allocated to the partners in proportion to their respective capital accounts. However, the General Partner is entitled to an additional allocation of 20% of net income allocated to each Limited Partner to be credited at the end of each calendar year. This additional allocation reduces the Limited Partners' share of net income. As discussed in the Partnership Agreement, if there is a loss for an accounting period, the additional allocation will not apply to future periods until the loss has been recovered. [The amount of the loss carryforward at December 31, 20XX is $______.]

NEW ISSUES

Participation by partners in investments in "new issues" (defined, in part, as equity securities which are the subject of a public distribution) are allocated to non-restricted partners and to the extent allowed, to restricted partners in accordance with the Conduct Rules of the Financial Industry Regulatory Authority.

PARTNERS' CAPITAL

[Included in Limited Partners' capital at December 31, 20XX is $________ of accounts under the control of the General Partner(s).]

The Agreement contains certain provisions with respect to restrictions on Limited Partner withdrawal rights. (May describe certain of these rights such as gates, lock-ups, early withdrawal fees, or suspensions. May also elaborate on the nature of these rights if desired.)

SAMPLE PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS
December 31, 20XX

FINANCIAL HIGHLIGHTS

Ratio of Expenses To Average Limited Partners' Capital	
Expenses*	xx.xx %
Performance Reallocation	xx.xx
Total Expenses and Performance Reallocation	xx.xx %
Ratio of Net Investment Income [(Loss)] To Average Limited Partners' Capital	
Net Investment Income [(Loss)]	xx.xx %
Total Return	
Total Return Before Performance Reallocation	xx.xx %
Performance Reallocation	xx.xx
Total Return	xx.xx %

The expenses and performance reallocation ratios, the net investment income (loss) ratio, and the total return percentage are calculated for the Limited Partners taken as a whole. The computation of such ratios and return based on the amount of expenses charged to, and performance fee reallocated from, any specific Limited Partner may vary from the overall ratios presented in the financial statements as a result of such items as differing management fee and performance reallocation arrangements, loss carryforwards, eligibility for new issue income, and the timing of capital contributions and withdrawals. The net investment income ratio does not reflect the effects of any performance reallocations.

(The following should be added only if there are expenses paid by a third party) *The expenses ratio is after expenses paid by third parties, equal to x.xxxx% of average Limited Partners' Capital.

SUBSEQUENT EVENTS

Effective January 1, 20XX capital of approximately $_____ was contributed to the Partnership, including $____received prior to December 31, 20XX, which is shown as prepaid capital contributions in the accompanying statement of assets and liabilities. For the period January 1, 20XX until (Auditors' Report Date) $______was withdrawn from the Partnership. In addition, $_____of General Partner's capital was transferred to Limited Partners' capital.

Subsequent events have been evaluated through (Auditors' Report Date), which is the date the financial statements were available to be issued.

SAMPLE MASTER FUND, LTD.

FINANCIAL STATEMENTS
DECEMBER 31, 20XX

*If the entity is other than an offshore Ltd., consider language and format changes throughout the financial statements.

(FOR CFTC REGISTERED FUNDS ONLY)

[The Investment Manager of the Company is registered as a Commodity Pool Operator under the Commodity Exchange Act. A claim of exemption pursuant to Commodity Futures Trading Commission ("CFTC") Rule ____ has been made with respect to the Investment Manager. The exemption relieves the Company of certain disclosure and reporting obligations under the Commodity Pool Rules of the CFTC.]

SAMPLE MASTER FUND, LTD.

INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 20XX

Affirmation of the Commodity Pool Operator ***(FOR CFTC FUNDS ONLY)***

MASTER FUND, LTD.

AFFIRMATION OF THE COMMODITY POOL OPERATOR

To the best of the knowledge and belief of the undersigned, the information contained in the foregoing financial statements for the year ended December 31, 20XX, is accurate and complete.

____
Name and title
XXX, Commodity Pool Operator for
XXX
Commodity Pool

Anchin, Block & Anchin LLP
Accountants & Advisors
1375 Broadway New York, NY 10018
212 840-3456
www.anchin.com

Independent Auditors' Report

To Sample Master Fund, Ltd.:

We have audited the accompanying financial statements of Sample Master Fund, Ltd. (the "Fund"), which comprise the statement of assets and liabilities, including the condensed schedule of investments, as of December 31, 20XX, and the related statements of operations, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sample Master Fund, Ltd. as of December 31, 20XX, and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

SIGNATURE OF AUDITOR

New York, N. Y.
_____________, 20XX

SAMPLE MASTER FUND, LTD.

STATEMENT OF ASSETS AND LIABILITIES
December 31, 20XX
(Expressed in United States Dollars)

ASSETS	
Investment in securities, at fair value (cost $)	$
Investment in private investment companies, at fair value	
Cash [and cash equivalents]	
Due from broker(s)	
Receivable for securities sold	
Dividends and interest receivable	
Collateral for securities loaned	
Other assets	
TOTAL ASSETS	-
LIABILITIES	
Securities sold short, at fair value (proceeds $)	
Payable for securities purchased	
Payable upon return of securities loaned	
Accrued expenses	
Payable to feeder funds for shareholder redemptions	
Prepaid subscriptions	
TOTAL LIABILITIES	-
NET ASSETS	**$ -**
NET ASSETS ATTRIBUTABLE TO	
XXXXXX Class A Shares - NAV per share $ xxxxxxxx	$
XXXXXX Class B Shares - NAV per share $ xxxxxxxx	
	$ -

See Notes to Financial Statements

SAMPLE MASTER FUND, LTD.

STATEMENT OF OPERATIONS
For the Year Ended December 31, 20XX
(Expressed in United States Dollars)

INVESTMENT INCOME		
Interest	$	
Dividends (net of $ foreign taxes withheld)		
Income from securities loaned, net		
Total Income		-
EXPENSES		
Administration fees		
Dividends on securities sold short		
Interest		
Management fees		
Professional fees		
Other		-
Total Expenses		-
Fees paid indirectly		
Fees waived		
Net Expenses		-
Net Investment Income [Loss]		-
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Realized gain [(loss)] on investments, net		
Realized gain [(loss)] on foreign currency, net		
Unrealized gain [(loss)] on investments, net change		
Unrealized gain [(loss)] on foreign currency, net change		
Income [(loss)] from private investment companies, unrealized		
Total Realized and Unrealized Gain [Loss] on Investments		-
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	**$**	**-**

See Notes to Financial Statements

SAMPLE MASTER FUND, LTD.

STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended December 31, 20XX
(Expressed in United States Dollars)

NET ASSETS - Beginning of year		$
OPERATIONS		
Realized gain [(loss)] on investments, net	$	
Realized gain [(loss)] on foreign currency, net		
Unrealized gain [(loss)] on investments, net change		
Unrealized gain [(loss)] on foreign currency, net change		
Unrealized gain [(loss)] on private investment companies, net change		
Net investment income (loss)		
Net Increase (Decrease) From Operations		-
CAPITAL SHARE TRANSACTIONS		
Issuance of shares		
Capital transfers		
Net Increase (Decrease) From Capital Share Transactions		-
NET ASSETS - End of year		**$ -**

See Notes to Financial Statements

SAMPLE MASTER FUND, LTD.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 20XX
(Expressed in United States Dollars)

CASH FLOWS FROM OPERATING ACTIVITIES	
Net increase (decrease) in net assets resulting from operations	$
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:	
Cost of securities purchased	
Cost of private investment companies purchased	
Proceeds from securities sold	
Proceeds from private investment companies sold	
Proceeds from securities sold short	
Purchase of securities sold short	
Realized gain (loss) on investments (and foreign currency), net	
Unrealized gain (loss) on investments (and foreign currency), net change	
(Increase) decrease in:	
Due from broker(s)	
Receivable for securities sold	
Dividends and interest receivable	
Collateral for securities loaned	
Other assets	
Increase (decrease) in:	
Payable for securities purchased	
Payable upon return of securities loaned	
Accrued expenses	
Net Cash Provided by (Used in) Operating Activities	-
CASH FLOWS FROM FINANCING ACTIVITIES	
Issuance of shares	
Redemption of shares	
Net Cash Provided by (Used in) Financing Activities	-
NET INCREASE (DECREASE) IN CASH [AND CASH EQUIVALENTS]	-
CASH [AND CASH EQUIVALENTS]	
Beginning of year	
End of year	$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid during the year for interest	$
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITY(IES)	
Payable incurred for shareholders' redemptions	$
Subscriptions received in advance in prior year	$

See Notes to Financial Statements

SAMPLE MASTER FUND, LTD.

CONDENSED SCHEDULE OF INVESTMENTS
December 31, 20XX
(Expressed in United States Dollars)

INVESTMENT IN SECURITIES	% OF NET ASSETS	FAIR VALUE
COMMON STOCKS		
United States		
Financial Services		$
ABC Co. (shares)		
Other		
Technology		
Total United States (cost $)		
Hong Kong		
Total Hong Kong (cost $)		
Italy		
Total Italy (cost $)		
TOTAL COMMON STOCKS (cost $)		$

See Notes to Financial Statements

SAMPLE MASTER FUND, LTD.

CONDENSED SCHEDULE OF INVESTMENTS
December 31, 20XX
(Expressed in United States Dollars)

INVESTMENT IN SECURITIES	% OF NET ASSETS	FAIR VALUE
LONG-TERM DEBT SECURITIES		
United States		
ABC Bonds		$
DEF Bonds		
Other		
Total United States (cost $)		
Spain		
Total Spain (cost $)		
TOTAL LONG-TERM DEBT SECURITIES (cost $)		
COLLATERAL FOR SECURITIES LOANED		
United States		
U.S. Treasury bills, ____%, due____		
Other		
TOTAL COLLATERAL FOR SECURITIES LOANED		
OTHER SECURITIES		
United States		
TOTAL OTHER SECURITIES (cost $)		
TOTAL INVESTMENT IN SECURITIES (cost $)		**$**

See Notes to Financial Statements

SAMPLE MASTER FUND, LTD.

CONDENSED SCHEDULE OF INVESTMENTS
December 31, 20XX
(Expressed in United States Dollars)

SECURITIES SOLD SHORT	% OF NET ASSETS	FAIR VALUE
COMMON STOCKS		
United States		
Technology		$
IBM		
Other		
Total United States (proceeds $)		
Italy		
Total Italy (proceeds $)		
TOTAL SECURITIES SOLD SHORT (proceeds $)		**$**

FUTURES CONTRACTS	EXPIRATION DATES	NO. OF CONTRACTS	FAIR VALUE
Financial (5.2%)			
Eurodollar (5.2%)			$
Indices (2.4%)			
S&P (2.4%)			
TOTAL FUTURES CONTRACTS			**$**

See Notes to Financial Statements

ORGANIZATION

Sample Master Fund, Ltd. (the “Fund”) is a mutual fund company incorporated with limited liability under the laws of __________ on ____________, 20XX. The Fund was formed for the purpose of investing in securities as a master fund for ______________, a mutual fund company incorporated under the laws of _______ (the “Offshore Fund”) and ______________ a partnership organized in the State of _________ (the “Partnership”), collectively referred to as the “Feeder Funds”.

Under the master-feeder structure, the shareholders invest all of their assets in the Fund. At December 31, 20__ the Offshore Fund and the Partnership have ____ % and ____ % interests in the Fund, respectively.

The Fund’s investment objective is to provide a superior rate of return through a _______strategy of trading every day while maintaining core positions. The fund invests principally in ________. (Use confidential offering memorandum for wording.)

________ acts as custodian for the Fund’s listed securities and options. ________ serves as the Administrator of the Fund (the “Administrator”) and the Offshore Fund pursuant to an Administration Agreement.

________ (the “Investment Manager”) has been appointed and is responsible for the investment program of the Fund and Feeder Funds.

The Directors of the Fund are ________ and _______.

(If applicable) The Fund is registered as a Commodity Pool under the rules of the Commodity Futures Trading Commission (“CFTC”) because of its investments in registered Commodity Pools.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are expressed in United States (U.S.) dollars and presented in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The Fund is considered an investment company under U.S. GAAP and follows accounting and reporting guidance in the Financial Accounting Standards Board Accounting Standards Codification (“ASC”) 946, “Financial Services – Investment Companies”.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with GAAP may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

Cash equivalents include short-term highly liquid investments, such as [money market funds, certificate of deposits, other (describe)] that are readily convertible to known amounts of cash and have original maturities of three months or less.

Security Valuation

As more fully described elsewhere in the notes to financial statements, all investments in securities are recorded at their estimated fair value.

Foreign Securities

The values of securities and cash equivalents which are denominated in foreign currencies are stated using the exchange rate in effect on the last business day of the year.

Purchases and sales of securities, interest and dividend income and expense which are denominated in foreign currencies are recorded at the exchange rate as of the date of the transaction. For financial statement purposes, the Fund does not isolate that portion of the gain or loss on securities resulting from exchange rate fluctuation. Such changes are combined with changes in market prices and shown as realized or unrealized gain or loss.

Investment Transactions and Related Income

Purchases and sales of securities [and private investment companies] are recorded on a trade date basis. Realized gains and losses are determined using costs calculated on a [first-in, first-out or the specific identification method.] Dividend income is recognized on the ex-dividend date and interest income is recognized on the accrual basis. [Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable countries' tax rules and rates.]. Premiums and discounts on fixed income securities are amortized over the lives of the related securities.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Under the laws of ___________, the Fund is not subject to income taxes and has received an exemption through XXXXX. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Certain U.S. dividend income may be subject to a maximum 30% withholding for those shareholders that are foreign entities or foreign individuals. (Optional). The Fund determined that there are no uncertain tax positions which would require adjustments or disclosures on the financial statements.

Recently Adopted Accounting Pronouncement

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-13, Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurements, modifying ASC Topic 820, Fair Value Measurements. The new guidance removes certain disclosure requirements including the amount of and reason for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing of transfers between levels, the valuation processes for Level 3 fair value measurements, and the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the end of the reporting period. In addition, in lieu of a rollforward for Level 3 fair value measurements, an entity is required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities. The new guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Fund has elected to early adopt ASU 2018-13.

SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS

The Fund utilizes various methods to measure the fair value of most of its investments on a recurring basis. GAAP establishes a hierarchy that prioritizes the inputs to valuation methods. The three levels of input are:

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

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

SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS (CONTINUED)

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

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

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

Equity Securities (Common and Preferred Stock)

Investments in securities and securities sold short which are traded on a national securities exchange or listed on NASDAQ are valued at the last reported sales price on the last business day of the year. Investments in securities and securities sold short [for which no sale occurred on the last business day of the year or] which are traded in the over-the-counter market are valued at the last reported bid and asked prices, respectively. 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. The fair value of certain foreign securities may be determined through the use of a pricing service that considers the correlation of the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments such as American Depositary Receipts, financial futures, Exchange Traded Funds, and the movement of the certain indexes of securities based on a statistical analysis of the historical relationship and are categorized in Level 2. Preferred stock and other equities traded on inactive markets or valued by reference to similar instruments are also categorized in Level 2.

SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS (CONTINUED)

Corporate Bonds

The fair value of corporate bonds is estimated using various techniques, which may consider recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads, fundamental data relating to the issuer, and credit default swap spreads adjusted for any basis difference between cash and derivative instruments. Although most corporate bonds are categorized in Level 2 of the fair value hierarchy, in instances where lower relative weight is placed on transaction prices, quotations, or similar observable inputs, they are categorized in Level 3.

Asset Backed Securities

The fair value of asset backed securities is estimated based on models that consider the estimated cash flows of each tranche of the entity, establishes a benchmark yield, and develops an estimated tranche specific spread to the benchmark yield based on the unique attributes of the tranche. To the extent the inputs are observable and timely, the values would be categorized in Level 2 of the fair value hierarchy; otherwise they would be categorized in Level 3.

Short-Term Notes

Short-term notes are valued using amortized cost, which approximates fair value. To the extent the inputs are observable and timely, the values would be categorized in Level 2 of the fair value hierarchy.

U.S. Government Securities

U.S. government securities are valued at the closing price reported in the active market in which the individual security is traded, and are categorized in Level 1 of the fair value hierarchy.

U.S. Agency Securities

U.S. agency securities are comprised of two main categories consisting of agency issued debt and mortgage pass-throughs. Agency issued debt securities are generally valued in a manner similar to U.S. government securities. Mortgage pass-throughs include to-be-announced (“TBA”) securities and mortgage pass-through certificates. TBA securities and mortgage pass-throughs are generally valued using dealer quotations. Depending on market activity levels and whether quotations or other data are used, these securities are typically categorized in either Level 1 or Level 2 of the fair value hierarchy.

SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS (CONTINUED)

Restricted Securities and Private Placements (Equity and Debt)

Restricted securities for which quotations are not readily available are valued at fair value as determined by the Fund. Restricted securities issued by publicly traded companies are generally valued at a discount to similar publicly traded securities. Restricted securities issued by nonpublic entities may be valued by reference to comparable public entities or fundamental data relating to the issuer, or both. Depending on the relative significance of valuation inputs, these instruments may be classified in either Level 2 or Level 3 of the fair value hierarchy.

Derivative Instruments

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

Private Investment Companies

Describe methodology employed

SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes the inputs used to value the Fund's assets and liabilities measured at fair value as of December 31, 20XX:

Assets

Description	Level 1	Level 2	Level 3	Total
Common Stocks				
Banks	$ xx,xxx,xxx	$ xx,xxx,xxx	$ xx,xxx,xxx	$ xx,xxx,xxx
Building Materials	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Commercial Services	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Engineering & Construction	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Financial Services	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Insurance	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Real Estate	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Technology	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Debt Instruments				
Corporate Bonds	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Equity Options	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Warrants	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Private Placements				
Banks	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Financial Services	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Investment Fund	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Total Assets	$ xx,xxx,xxx	$ xx,xxx,xxx	$ xx,xxx,xxx	$ xx,xxx,xxx

Liabilities

Description	Level 1	Level 2	Level 3	Total
Common Stocks				
Banks	$ xx,xxx,xxx	$ xx,xxx,xxx	$ xx,xxx,xxx	$ xx,xxx,xxx
Building Materials	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Commercial Services	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Insurance	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Real Estate	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Technology	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Equity Options	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Warrants	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx
Total Liabilities	$ xx,xxx,xxx	$ xx,xxx,xxx	$ xx,xxx,xxx	$ xx,xxx,xxx

SAMPLE MASTER FUND, LTD.

NOTES TO FINANCIAL STATEMENTS
December 31, 20XX

SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS (CONTINUED)

The sample above breaks out the class of securities by industry. However, depending on the nature and risk of the investments the table may be broken down by; geographic concentrations, credit quality, or economic characteristics.

If all securities are measured at fair value using a single level technique the above tables are not necessary and the following should be disclosed:

Investment in securities and securities sold short are measured at fair value using Level (1, 2, or 3) inputs.

The following table reflects certain activity of investments categorized within Level 3 of the fair value hierarchy during the year (Rows should reflect class of security as shown on the condensed schedule):

	Purchases	Transfers Into Level 3	Transfers Out of Level 3
Warrants	$ x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx
Private Placements - Banks	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx
Total	$ x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx

Disclose reasons for each transfer into and out of Level 3. (Generally due to change in observability of inputs. Give reasons for the changes. Transfers with similar reasons can be grouped.)

If the fund has Issues, a column needs to be added to the above table for each of these items

SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following table is required under ASC Subparagraph 820-10-50-2-bbb which states: "For fair value measurements categorized within Level 3 of the fair value hierarch, a reporting entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. A reporting entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the reporting entity when measuring fair value (for example, when a reporting entity uses prices from prior transactions or third-party pricing information without adjustment)." However, when providing this disclosure, a reporting entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the reporting entity.

The following table summarizes the valuation techniques and significant unobservable inputs used within Level 3 of the fair value hierarchy as of December 31, 20XX: *(EXAMPLES BELOW)*

Quantitative Information About Level 3 Fair Value Measurements

	Fair Value	**Valuation Techniques**	**Unobservable Inputs**	**Range (Weighted Average)**
Assets				
Private Placements				
Banks	$	Discounted cash flows	Weighted average cost of capital	10%-20% (14%)
			Long-term revenue growth rate	5%-7% (6%)
			Long-term pretax operating margin	4%-6% (5%)
			Discount for lack of marketability	3%-5% (4%)
			Control premiums	3%-5% (4%)

SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS (CONTINUED)

Quantitative Information About Level 3 Fair Value Measurements (Continued)

Financial Services	$	Market comparable companies	EBITDA multiple	12x-15x (13x)
			Revenue multiples	12%-25% (16%)
			Discount for lack of marketability	10%-25% (15%)
			Control premium	10%-25% (15%)
Debt Instruments				
Corporate Bonds	$	Collectability analysis	Loan performance reserve	21%-35% (27.5%)
Liabilities				
Private Placements				
Banks	$			
Warrants	$	Industry accepted model	Historical volatility	15% - 20% (17.5%)

The Fund's other Level 3 investments have been valued using unadjusted third-party transactions and quotations, unadjusted historical third-party information, or the unadjusted net asset value of the investments in private investment companies. No unobservable inputs internally developed by the Fund have been applied to those investments thus have been excluded from the above table.

DUE (FROM) (TO) BROKER AND CUSTODY CONCENTRATIONS

At December 31, 20XX, the amount(s) due from broker(s) in the statement of assets and liabilities include(s) cash held at the clearing broker(s) [and collateral balances]. [Securities and cash held by the broker(s) serve as collateral for securities sold short [and margin debt balances]].

The Securities Investor Protection Corporation (SIPC) insures the brokerage account to the extent of $500,000 (including up to $250,000 for cash). [[Cash balances and] securities in excess of these limits are covered by additional insurance maintained by the broker in the amount of $_________. [Amounts in excess of insurance coverage are secured by the good faith and credit of the broker.]

OR

Balances with broker(s) consist principally of brokerage accounts with _________. The Securities Investor Protection Corporation (SIPC) insures the brokerage account to the extent of $500,000 (including up to $250,000 for cash). Only if applicable [Cash balance and] securities in excess of these limits are covered by additional insurance maintained by the broker in the amount of $__________. Amounts in excess of insurance coverage are secured by the good faith and credit of the broker.

AND (If Applicable)

The Fund maintains accounts in banks located primarily in the New York metropolitan area. The excess of deposit balances reported by XXX banks over amounts that would have been covered by federal insurance was $XXXXXX at December 31, 20XX.

SECURITIES SOLD SHORT AND STOCK LOAN FEES

The Fund is subject to certain inherent risks arising from its activities of selling securities short. The ultimate cost to the Fund to acquire these securities may exceed the liability reflected in the financial statements.

(If applicable) The Fund is charged fees for the securities borrowed in connection with short sales. The Fund also pays to the lenders of securities an amount equal to any dividends paid by the underlying companies on securities borrowed.

BANK LINE OF CREDIT

The Fund has available a $_________ line of credit with a bank from which there were no outstanding borrowings at December 31, 20XX. The line of credit is collateralized by ____ of its investments. The amount of the line of credit is the lesser of ___% of the net assets at the end of the year or ___% of the assets of the collateralized investments. Borrowings bear interest at the bank's prime rate. Interest expense was $________ for the year ended December 31, 20XX.

SECURITIES LOANED

The Fund receives compensation in the form of fees, or it retains a portion of interest on the investment of any cash received as collateral. The Fund also continues to receive interest or dividends on the securities loaned. The loans are secured by collateral at least equal, at all times, to the fair value of the securities loaned plus accrued interest. Gain or loss in the fair value of the securities loaned that may occur during the term of the loan will be for the account of the Fund. The Fund has the right under the lending agreement to recover the securities from the borrower on demand.

Select one of the following paragraphs and refer to the Investment Companies Guide to determine applicable disclosures.

As of December 31, 20XX, the Fund loaned common stocks having a fair value of approximately $__________, and received $_________ of cash collateral for the loan. The cash was invested in U.S. Treasury bills with maturities ranging from January to April 20XX. The Fund also received $_________ of (securities, indicate type) which can be sold or repledged as collateral for the loan. Accordingly, the collateral is included in the statement of assets and liabilities.

OR

As of December 31, 20XX, the Fund loaned common stocks having a fair value of approximately $__________, and received $_________ of (securities, indicate type) as collateral for the loan. The Fund does not have the right to sell or repledge the collateral. Accordingly, the collateral is not included in the statement of assets and liabilities.

SEE NOTE REGARDING OFFSETTING OF FINANCIAL AND DERIVATIVE ASSETS AND LIABILITIES AND INCLUDE IN THIS NOTE ONLY IF APPLICABLE

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments traded by the Fund (the value of which is based upon an underlying asset, index or reference rate) include [foreign currency forward exchange contracts, futures contracts, interest rate swaps, total return swaps, credit default swaps, equity swaps, options, and warrants].

Derivatives are used for trading purposes and for managing risks associated with the portfolio of investments and are not designated as hedging instruments. They are subject to various risks similar to those related to the underlying financial instruments, including market and credit risks.

Market risk is the potential for changes in the value of derivative financial instruments due to market changes, including interest and foreign exchange rate movements, and fluctuations in security prices.

Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of a contract. Credit risk is limited to amounts recorded by the Fund as assets.

The Fund's derivatives are presented on a gross basis which excludes the effects of both netting under enforceable netting agreement and netting of cash received or posted as collateral, and therefore are not representative of the Fund's net credit risk exposure.

BELOW ARE EXAMPLES OF VARIOUS DISCLOSURES FOR DERIVATIVES. USE AS APPROPRIATE:

Foreign Currency Forward Exchange Contracts

The Fund enters into foreign currency forward exchange contracts primarily to manage foreign currency exchange rate risks on its non-U.S. dollar denominated investment securities. When entering into forward currency contracts, the Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed future date. The Fund's net equity therein, representing unrealized gain or loss on the contracts as measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date, is included in the statement of assets and liabilities. Realized and unrealized gains and losses are included in the statement of operations. These instruments involve market risk, credit risk, or both, in excess of the amount recognized in the statement of assets and liabilities. Such risks arise from the possible inability of counterparties to meet the terms of their contracts and from movement in currency and securities values and interest rates.

DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Futures Contracts

The Fund uses futures contracts for hedging and non-hedging purposes. Upon entering into futures contracts, the Fund is required to deposit with the broker an amount (“initial margin”) equal to a certain percentage of the contract value. Pursuant to the contract, the Fund agrees to receive from, or pay to, the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as “variation margin” and are recorded by the Fund as net change in unrealized appreciation (depreciation) in the statement of operations. When the contract is closed the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The use of futures transactions includes the risk of imperfect correlation in movements in the price of futures contracts, interest rates, and the underlying assets.

Swaps

The Fund enters into various swap contracts. A swap is an agreement that obligates two parties to exchange cash flows (or a series of cash flows) at specified intervals based upon changes for a specified amount of an underlying asset or a risk factor related to the underlying asset, such as interest rates, credit default, dividend yields, variance or correlation. The fair value of open swaps reported in the statement of assets and liabilities may differ from that which would be realized in the event the Fund terminated its position in the contract. Risks may arise as a result of the failure of the counterparty to the swap contract to comply with the terms of the swap agreement. The loss incurred by the failure of a counterparty is generally limited to the aggregate fair value of swap contracts in an unrealized gain position as well as any collateral posted with the counterparty. The risk is mitigated by having a master netting arrangement between the Fund and the counterparty and by the posting of collateral by the counterparty to the Fund to cover the Fund’s exposure to the counterparty. Therefore, the Fund considers the creditworthiness of each counterparty to a swap contract in evaluating potential credit risk. Additionally risks may arise from unanticipated movements in the fair value of the underlying investments.

Interest Rate Swaps

The Fund enters into interest rate swaps. Interest rate swaps involve the exchange by the Fund with another party of their respective commitments to pay or receive interest based on a notional amount. The differential to be paid or received on the interest rate swap is recognized over the term of the agreement as a realized gain or loss with the payments made or received on a net basis on the stated payment dates. Unrealized gains are reported as an asset and unrealized losses are recorded as a liability in the statement of assets and liabilities.

DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Total Return Swaps

The Fund enters into total return swaps. 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. The net amount received (paid) during the term of the swap is included in net realized gain (loss) on investments and the change in unrealized value of the swaps is reflected in unrealized appreciation (depreciation) on investments in the statement of operations.

Credit Default Swaps

The Fund enters into credit default swaps to manage its exposure to the market or certain sectors of the market, to reduce its exposure to the defaults of corporate and sovereign issuers or to create exposure to corporate or sovereign issuers to which it is not otherwise exposed. In a credit default swap, the protection buyer makes a stream of payments based on a fixed percentage applied to the contract notional amount to the protection seller in exchange for the right to receive a specified return upon the occurrence of a defined credit event on the reference obligation which may be either a single security or a basket of securities issued by corporate or sovereign issuers. Although contract-specific, credit events are generally defined as bankruptcy, failure to pay, restructuring, obligation acceleration, obligation default, or repudiation/moratorium. Upon the occurrence of a defined credit event, the difference between the value of the referenced obligation and the swap's notional amount is recorded as realized gain (for protection written) or loss (for protection sold) in the statement of operations.

Equity Swaps

The Fund enters into equity swaps. Under such contracts one party holds the rights to any appreciation on the underlying assets and has an obligation to the counterparty for any depreciation in valuation of the underlying assets.

DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Options

The Fund may buy or sell short put and call options through listed exchanges and over-the-counter markets. The buyer has the right to purchase (in the case of a call option) or sell (in the case of a put option) a specified quantity of a specific security or other underlying asset at a specified price prior to or on a specified expiration date. In connection with selling options short, the Fund is exposed to the risk of loss if the market price of the underlying asset declines (in the case of a put option) or increases (in the case of a call option). The market and credit risk associated with purchasing put and call options is limited to the amount originally paid.

Amounts paid on purchasing options are recorded as assets while proceeds received from selling options short are recorded as liabilities on the statement of assets and liabilities which are both subsequently adjusted to fair value. The difference between the fair value of an option and the amount paid or proceeds received is treated as unrealized gain (loss) on investment, net change.

Warrants

The Fund may receive warrants in connection with its investment in the debt or equity of certain companies or may purchase warrants on the open market. A warrant is a security that entitles the holder to buy stock of the company that issued it at a specified price with a pre-determined time period. The warrants provide the Fund with exposure and potential gains upon equity appreciation of the portfolio company's share price.

SAMPLE MASTER FUND, LTD.

NOTES TO FINANCIAL STATEMENTS
December 31, 20XX

DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The following tables summarize the fair value of derivative instruments on the statement of assets and liabilities and the effect of derivative instruments on the statement of operations:

Fair Value of Derivative Instruments on the Statement of Assets and Liabilities as of December 31, 20XX:

	Asset Derivative		Liability Derivative	
Derivative	Classification	Fair Value	Classification	Fair Value
		$ x,xxx,xxx		$ x,xxx,xxx
		x,xxx,xxx		x,xxx,xxx
		x,xxx,xxx		x,xxx,xxx
		x,xxx,xxx		x,xxx,xxx

For additional detail on the above derivative instruments, see the accompanying condensed schedule of investments.

Effect of Trading Activities on the Statement of Operations for the Year:

Type of Instrument	Classification	Trading Revenue
		$ x,xxx,xxx
		x,xxx,xxx
		x,xxx,xxx
		x,xxx,xxx
		x,xxx,xxx

DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

If there are any credit risk contingent features under ASC Subparagraph 815-10-50-4H, additional disclosures may be required as follows:

Example

Credit-Risk-Related Contingent Features

Certain of the Fund's derivative instruments contain provisions that require the Fund to maintain a predetermined level of (net assets, capital), and/or provide limits regarding the decline of the Fund's (net asset value, partners' capital). If the Fund was to violate such provisions, the counterparties to the derivative instruments could request immediate payment or demand immediate collateralization on derivative instrument in net liability positions. The aggregate fair value of all derivative instruments with credit-risk related contingent features that are in a liability position on December 31, 20xx is $XX million for which the Fund has posted collateral of $XX million in the normal course of business. If the credit-risk-related contingent features underlying these agreements were triggered on December 31, 20XX, the Fund would be required to post an additional $XX million of collateral to its counterparts.

Volume of Derivative Activities:

At December 31, 20XX, the volume of the Fund's derivative activities based on their notional amounts and number of contracts, categorized by derivative, are as follows:

	Long Exposure		Short Exposure	
Derivative	Notional Amounts (a)	Number of Contracts	Notional Amounts (a)	Number of Contracts

(a) Notional amounts are presented net of identical offsetting derivative contracts

(b) Notional amounts for options and warrants are based on the fair value of the underlying instruments as-if exercised at December 31, 20XX

If the above information for volume of derivatives is shown in the condensed schedule of investments, it will not be necessary to repeat it although a reference to that information should be made.

DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Volume of Derivative Activities (Continued):

Entity specific description of the volume of derivative trading must be described here to enable users to understand the volume of its derivative activity throughout the year. This may be presented qualitatively or quantitatively, and for each derivative or in total if it is more meaningful. More material quantities of the derivatives held by the company require greater precision of disclosure. This disclosure should be made after obtaining from the client information about the quantity of trading in derivatives throughout the entire year. It could be based upon notional amounts, fair value, quantities of the instruments, etc.

OFFSETTING OF FINANCIAL AND DERIVATIVE ASSETS AND LIABILITIES

SAMPLE – WHEN THE FUND HAS BOTH A SECURITIES LOAN AGREEMENT AND A ISDA OR SIMILAR AGREEEMENTS - MODIFY TO CONFORM TO THE FUND'S AGREEMENTS

The Fund is party to various agreements, including but not limited to International Swaps and Derivatives Association ("ISDA") Agreements and a Securities Loan Agreement, which govern the terms of certain transactions with select counterparties (collectively the "Arrangements"). These Arrangements generally include provisions for general obligations, representations, collateral and certain events of default or termination. These Arrangements also include provisions for netting arrangements that help reduce credit and counterparty risk associated with relevant transactions. The netting arrangements are generally tied to credit related events that if triggered, would cause an event, default or termination giving the Fund or counterparty the right to terminate early and cause settlement, on a net basis, of all transactions under the applicable Arrangements. In the event of an early termination or default event, the total market value exposure would be offset against collateral exchanged to date, which would result in a net receivable or payable that would be due from or to the counterparty. Credit related events include, but are not limited to, bankruptcy, failure to make timely payments, restructuring, obligation acceleration, obligation default, a material decline in net assets, decline in credit rating or repudiation/moratorium. An election made by a counterparty to terminate a transaction early under the Arrangements could have an adverse impact on the Fund's financial statements. Arrangements can also help limit counterparty risk by specifying collateral posting arrangements at pre-arranged exposure levels. Collateral under the Arrangements is usually in the form of cash but can include other types or securities. There can be no assurance that the Arrangements will be successful in limiting credit or counterparty risk.

OFFSETTING OF FINANCIAL AND DERIVATIVE ASSETS AND LIABILITIES (CONTINUED)

SAMPLE - WHEN THE FUND HAS EITHER A ISDA OR SIMILAR AGREEEMENTS OR A SECURITIES LOAN AGREEMENT – MODIFY TO CONFORM TO THE FUND'S AGREEMENT

IF THE FUND ONLY HAS SECURITIES LOANED REQUIRING THIS DISCLOSURE, MOVE AND INCLUDE THIS NOTE AND TABLE TO THE SECURITIES LOAN NOTE

The Fund is party to an International Swaps and Derivatives Association ("ISDA") Agreement or a Securities Loan Agreement (the "Arrangement") which governs the terms of the transactions with select counterparties. The Arrangement generally includes provisions for general obligations, representations, collateral and certain events of default or termination. The Arrangement also includes provisions for netting arrangements that help reduce credit and counterparty risk associated with relevant transactions. The netting arrangements are generally tied to credit related events that if triggered, would cause an event, default or termination giving the Fund or counterparty the right to terminate early and cause settlement, on a net basis, of all transactions under the applicable Arrangement. In the event of an early termination or default event, the total market value exposure would be offset against collateral exchanged to date, which would result in a net receivable or payable that would be due from or to the counterparty. Credit related events include, but are not limited to, bankruptcy, failure to make timely payments, restructuring, obligation acceleration, obligation default, a material decline in net assets, decline in credit rating or repudiation/moratorium. An election made by a counterparty to terminate a transaction early under the Arrangement could have an adverse impact on the Fund's financial statements. Arrangements can also help limit counterparty risk by specifying collateral posting arrangements at pre-arranged exposure levels. Collateral under the Arrangement is usually in the form of cash but can include other types of securities. There can be no assurance that the Arrangement will be successful in limiting credit or counterparty risk.

OFFSETTING OF FINANCIAL AND DERIVATIVE ASSETS AND LIABILITIES (CONTINUED)

The following table(s) show(s) the financial and derivative instruments of the Fund that is subject to an Arrangement(s) and the collateral received and pledged in connection with the netting arrangements at December 31, 20XX:

				Gross Amounts Not Offset on the Statement of Assets and Liabilities		
Description	Gross Recognized Assets	Gross Amounts Offset on the Statement of Assets and Liabilities	Net Amounts Presented on the Statement of Assets and Liabilities	Financial Instruments	Cash Collateral Received [1]	Net Amount
Securities loaned	$ 869,960	$ -	$ 869,960	$ -	$ (869,960)	$ -
Forward currency contracts	$ 750,000	$ -	$ 750,000	$ (50,000)	$ (600,000)	$ 100,000

				Gross Amounts Not Offset on the Statement of Assets and Liabilities		
Description	Gross Recognized Liabilities	Gross Amounts Offset on the Statement of Assets and Liabilities	Net Amounts Presented on the Statement of Assets and Liabilities	Financial Instruments	Cash Collateral Pledged [1]	Net Amount
Forward currency contracts	$ 50,000	$ -	$ 50,000	$ (50,000)	$ -	$ -

[1] Excess of collateral received or pledged from the individual counterparty may not be shown for financial reporting purposes.

RELATED PARTY TRANSACTIONS

The Fund's Investment Manager is owned by members of the General Partner of the Partnership (*consult your agreement*). The Investment Manager receives management fees from the Feeder Funds and a performance fee from the Offshore Fund.

ADMINISTRATION

The Fund and the Feeder Funds entered into administration agreements with the Administrator. The Administrator has responsibilities for the day-to-day administration of the affairs of the Fund and the Feeder Funds. The administrative responsibilities include, among other things, maintaining the books and records and handling investor transactions for the Fund and the Feeder Funds (refer to agreement for responsibilities).

ALLOCATION OF INCOME (LOSS)

(If the Fund is structured as a domestic limited partnership the following note should be added and modified according to the partnership agreement). The net income (loss) of the Partnership is allocated to the partners in proportion to their respective capital accounts. (If the performance allocation or fee is at the Master level it should be noted). However, the General Partner is entitled to an additional allocation of 20% of net income allocated to each Limited Partner to be credited at the end of each calendar year. This additional allocation reduces the Limited Partners' share of net income. As discussed in the Partnership Agreement, if there is a loss for an accounting period, the additional allocation will not apply to future periods until the loss has been recovered. [The amount of the loss carryforward at December 31, 20XX is $______.]

(If the Fund is structured as a Ltd. the following note should be added and modified according to the Confidential Offering Memorandum). If the performance allocation or fee is at the Master level it should be noted). The Investment Manager is entitled to receive an annual performance fee of 20% of the annual increase in value of each series of shares of the Fund. As discussed in the Investment Management Agreement the performance fee is calculated and paid on a "high water mark" basis, only to the extent that the increase in net asset value per series of an investor's share exceeds (i) the highest net asset value per series of such shares as of the previous date on which a performance fee was paid with respect to such series or if no increase has occurred in the net asset value of the series since the date of subscription (ii) the net asset value per series at the date of subscription. Under this method, if there is a loss for an accounting period, the performance fee will not apply until the loss has been recovered. The amount of loss carryforward at December 31, 20XX on all series aggregates $_____________.

SAMPLE MASTER FUND, LTD.

NOTES TO FINANCIAL STATEMENTS
December 31, 20XX

NEW ISSUES

Participation by shareholders in investments in "new issues" (defined, in part, as equity securities which are the subject of a public distribution) are allocated to non-restricted shareholders and to the extent allowed, to restricted shareholders in accordance with the Conduct Rules of the Financial Industry Regulatory Authority.

CAPITAL SHARE TRANSACTION

As of December 31, 20XX, authorized capital share consisted of ______ ordinary shares of US $1.00 par value, and ________ nonvoting, redeemable participating shares of US $.01 par value.

Transactions in capital share were as follows:

	Class A	Class B
Number of shares issued		
Number of shares redeemed		
Net increase in shares outstanding		
Shares outstanding, beginning of year		
Shares outstanding, end of year		

The Confidential Offering Memorandum contains certain provisions with respect to restrictions on shareholders withdrawal rights. (May describe certain of these rights such as gates, lock-ups, early withdrawal fees, or suspensions. May also elaborate on the nature of these rights if desired.)

FINANCIAL HIGHLIGHTS *(Modify if performance fees are at Master level)*

Selected Data For A Share of Stock Outstanding Throughout The Year (Series____)	Class A	Class B
Net assets value, beginning of year	$ xx.xx	$ xx.xx
Income (loss) from investment operations:		
Net realized and unrealized gain (loss)	xx.xx	xx.xx
Net investment income (loss)	xx.xx	xx.xx
Total From Investment Operations	xx.xx	xx.xx
Net asset value, end of year	$ xx.xx	$ xx.xx
Ratio and Supplemental Data		
Ratio of Expenses to Average Net Assets		
Expenses *	xx.xx%	xx.xx%
Performance Reallocation	xx.xx	xx.xx
Total Expenses and Performance Reallocation	xx.xx%	xx.xx%
Ratio of Net Investment Income (Loss) to Average Net Assets		
Net Investment Income (Loss)	xx.xx%	xx.xx%
Total Return		
Total Return Before Performance Reallocation	xx.xx%	xx.xx%
Performance Reallocation	xx.xx%	xx.xx%
Total Return	xx.xx%	xx.xx%

The following should be added only if there are expenses paid by a third party) *The expenses ratio is after expenses paid by third parties, equal to x.xxxx% of average Capital.

SUBSEQUENT EVENTS

Effective January 1, 20XX share subscriptions of approximately $_____ was made to the Fund, including $_____received prior to December 31, 20XX, which is shown as prepaid subscription in the accompanying statement of assets and liabilities. For the period January 1, 20XX until (Auditors' Report Date) ____________was redeemed from the Fund.

Subsequent events have been evaluated through (Auditors' Report Date), which is the date the financial statements were available to be issued.

<u>SAMPLE DOMESTIC FEEDER, L.P.</u>

FINANCIAL STATEMENTS
DECEMBER 31, 20XX

(FOR CFTC REGISTERED FUNDS ONLY)

[The General Partner of the Partnership is registered as a Commodity Pool Operator under the Commodity Exchange Act. A claim of exemption pursuant to Commodity Futures Trading Commission ("CFTC") Rule ____ has been made with respect to the Partnership by the General Partner. The exemption relieves the Partnership of certain disclosure and reporting obligations under the Commodity Pool Rules of the CFTC.]

SAMPLE DOMESTIC FEEDER, L.P.

INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 20XX

Affirmation of the Commodity Pool Operator ***(FOR CFTC FUNDS ONLY)***

SAMPLE DOMESTIC FEEDER, L.P.

AFFIRMATION OF THE COMMODITY POOL OPERATOR

To the best of the knowledge and belief of the undersigned, the information contained in the foregoing financial statements for the year ended December 31, 20XX, is accurate and complete.

____
Name and title
XXX, Commodity Pool Operator for
XXX
Commodity Pool

Anchin, Block & Anchin LLP
Accountants & Advisors
1375 Broadway New York, NY 10018
212 840-3456
www.anchin.com

Independent Auditors' Report

To Sample Domestic Feeder, L.P.:

We have audited the accompanying financial statements of Sample Domestic Feeder, L.P. (the "Partnership"), which comprise the statement of assets and liabilities, including the condensed schedule of investments, as of December 31, 20XX, and the related statements of operations, changes in partners' capital and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sample Domestic Fund, L.P. as of December 31, 20XX, and the results of its operations, changes in its partners' capital and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

SIGNATURE OF AUDITOR

New York, N. Y.
_____________, 20XX

SAMPLE DOMESTIC FEEDER, L.P.

STATEMENT OF ASSETS AND LIABILITIES
December 31, 20XX

ASSETS	
Investment in Sample Master Fund, Ltd., at fair value	$
Receivable from Sample Master Fund, Ltd.	
Cash [and cash equivalents]	
Due from broker(s)	
Dividends and interest receivable	
Other assets	
TOTAL ASSETS	**$ -**
LIABILITIES	
Accrued expenses	$
Payable for capital withdrawals	
Prepaid capital contributions	
TOTAL LIABILITIES	-
PARTNERS' CAPITAL	
General Partner(s)	
Limited Partners	
TOTAL PARTNERS' CAPITAL	-
TOTAL LIABILITIES AND PARTNERS' CAPITAL	**$ -**

See Notes to Financial Statements

SAMPLE DOMESTIC FEEDER, L.P.

STATEMENT OF OPERATIONS
For the Year Ended December 31, 20XX

INVESTMENT INCOME		
Income allocated from Sample Master Fund, Ltd.		
Dividends (net of $_____________ withholding taxes)	$	
Interest		
Income from securities loaned, net		
Total Investment Income Allocated from Sample Master Fund, Ltd.		$ -
EXPENSES		
Expenses allocated from Sample Master Fund, Ltd.		
Administration fees		
Dividends on securities sold short		
Interest		
Management fees		
Professional fees		
Other		
Total Expenses Allocated from Sample Master Fund, Ltd.	-	
Partnership Expenses		
Professional fees		
Other		
Total Partnership Expenses	-	
Total Expenses		-
Net Investment Income (Loss)		-
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS ALLOCATED FROM SAMPLE MASTER FUND, LTD.		
Realized gain [(loss)] on investments, net		
Realized gain [(loss)] on foreign currency, net		
Unrealized gain [(loss)] on investments, net change		
Unrealized gain [(loss)] on foreign currency, net change		
Total Realized and Unrealized Gain [Loss] on Investments		-
NET INCOME (LOSS)		-
Special Allocation to General Partner		-
INCOME AVAILABLE TO ALL PARTNERS		**$ -**

See Notes to Financial Statements

SAMPLE DOMESTIC FEEDER, L.P.

STATEMENT OF CHANGES IN PARTNERS' CAPITAL
For the Year Ended December 31, 20XX

	LIMITED PARTNERS	GENERAL PARTNER	TOTAL
PARTNERS' CAPITAL - Beginning of year	**$**	**$**	**$**
CHANGES IN CAPITAL FROM			
Net income (loss)			
Performance reallocation			
Net Increase (Decrease) From Net Income (Loss)	-	-	-
Partners' Capital Transactions			
Capital contributions			
Capital withdrawals			
Capital transfers			
Net Increase (Decrease) From Partners' Capital Transactions	-	-	-
Total Increase (Decrease) in Partners' Capital	-	-	-
PARTNERS' CAPITAL - End of year	**$ -**	**$ -**	**$ -**

See Notes to Financial Statements

SAMPLE DOMESTIC FEEDER, L.P.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 20XX

CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)		$
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Investment in Sample Master Fund, Ltd.	$	
Redemptions from Sample Master Fund, Ltd.		
Increase (decrease) in unrealized gain (loss) on investments allocated from Sample Master Fund, Ltd.		
(Increase) decrease in:		
Receivable from Sample Master Fund, Ltd.		
Due from broker(s)		
Dividends and interest receivable		
Other assets		
Increase (decrease) in:		
Accrued expenses		
Total adjustments		-
Net Cash Provided by (Used in) Operating Activities		-
CASH FLOWS FROM FINANCING ACTIVITIES		
Partners' capital contributions		
Partners' capital withdrawals		
Net Cash Provided by (Used in) Financing Activities		-
NET INCREASE (DECREASE) IN CASH [AND CASH EQUIVALENTS]		-
CASH [AND CASH EQUIVALENTS]		
Beginning of year		
End of year		$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest		$
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITY(IES)		
Payable incurred for partners' capital withdrawal		$
Prior year prepaid capital contributed to capital		$

See Notes to Financial Statements

SAMPLE DOMESTIC FEEDER, L.P.

NOTES TO FINANCIAL STATEMENTS
December 31, 20XX

ORGANIZATION

Sample Domestic Feeder, L.P. (the "Partnership") was organized in the State of __________ as a limited partnership for the purpose of [trading/investing] in securities. The Partnership will continue until _______ unless sooner terminated as provided for in the Partnership Agreement. The Partnership invests substantially all of its assets through a master-feeder structure in Sample Master Fund, Ltd. (the "Master Fund") a _________ exempted company that has the same investment objectives as the Partnership.

The Partnership's [trading/investing] activity is the responsibility of (name of GP) (the "General Partner") which is a registered investment adviser.

(If applicable) The Partnership is registered as a Commodity Pool under the rules of the Commodity Futures Trading Commission ("CFTC") because of its investments in registered Commodity Pools. Effective______________ the Partnership has deregistered.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Partnership is considered an investment company under U.S. GAAP and follows accounting and reporting guidance in the Financial Accounting Standards Board Accounting Standards Codification ("ASC") 946, "Financial Services – Investment Companies".

Use of Estimates

The preparation of financial statements in conformity with GAAP may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

Cash equivalents include short-term highly liquid investments, such as [money market funds, certificate of deposits, other (describe)] that are readily convertible to known amounts of cash and have original maturities of three months or less.

SAMPLE DOMESTIC FEEDER, L.P.

NOTES TO FINANCIAL STATEMENTS
December 31, 20XX

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in Sample Master Fund, LTD.

The Partnership's investment in the Master Fund is valued at fair value. Valuation of securities held by the Master Fund is discussed in the notes to the Master Fund's financial statements. The audited financial statements of the Master Fund, including the condensed schedule of investments, are attached and are an integral part of these financial statements. The percentage of the Master Fund owned by the Partnership at December 31, 20XX was _____%.

Investment Income and Expenses

The Partnership records its proportionate share of the Master Fund's income, expenses, and realized and unrealized gains and losses. In addition, the Partnership records its own income and expenses.

Income Taxes

The Partnership is not subject to income taxes. The partners report their distributive share of realized income or loss on their own tax returns. Certain U.S. dividend income and interest may be subject to a maximum 30% withholding for those limited partners that are foreign entities or foreign individuals. (Optional) The Partnership determined that there are no uncertain tax positions which would require adjustments or disclosures on the financial statements.

CASH CREDIT RISK CONCENTRATIONS

The Partnership maintains accounts in banks located primarily in the New York metropolitan area. The excess of deposit balances reported by XXX banks over amounts that would have been covered by federal insurance was $XXXXX at December 31, 20XX.

DUE (FROM) (TO) BROKER AND CUSTODY CONCENTRATIONS

At December 31, 20XX, the amount(s) due from broker(s) in the statement of assets and liabilities include(s) cash held at the clearing broker(s) [and collateral balances]. [Securities and cash held by the broker(s) serve as collateral for securities sold short [and margin debt balances]].

The Securities Investor Protection Corporation (SIPC) insures the brokerage account to the extent of $500,000 (including up to $250,000 for cash). [[Cash balances and] securities in excess of these limits are covered by additional insurance maintained by the broker in the amount of $_________. Amounts in excess of insurance coverage are secured by the good faith and credit of the broker.]

OR

Balances with broker(s) consist principally of brokerage accounts with _________. The Securities Investor Protection Corporation (SIPC) insures the brokerage account to the extent of $500,000 (including up to $250,000 for cash). Only if applicable [Cash balance and] securities in excess of these limits are covered by additional insurance maintained by the broker in the amount of $__________. Amounts in excess of insurance coverage are secured by the good faith and credit of the broker.

BANK LINE OF CREDIT

The Partnership has available a $_________ line of credit with a bank from which there were no outstanding borrowings at December 31, 20XX. The line of credit is collateralized by ____ of its investments. The amount of the line of credit is the lesser of ___% of the net assets at the end of the year or ___% of the assets of the two investments. Borrowings bear interest at the bank's prime rate. Interest expense was $________ for the year ended December 31, 20XX.

RELATED PARTY TRANSACTIONS

The Partnership Agreement provides for management fees payable to the General Partner at a rate of .25% of the net asset value of the Limited Partners' capital at the (beginning, end, other) of each quarter (1% per annum). The accompanying statement of assets and liabilities includes unpaid fees of $________ in accrued expenses.

NEW ISSUES

Participation by partners in investments in "new issues" (defined, in part, as equity securities which are the subject of a public distribution) are allocated to non-restricted partners and to the extent allowed, to restricted partners in accordance with the Conduct Rules of the Financial Industry Regulatory Authority.

ADMINISTRATION

The Master Fund, the Partnership and another feeder of the Master Fund entered into administration agreements with Name of Administrator (the "Administrator"). The Administrator has responsibilities for the day-to-day administration of the affairs of the Partnerships. The administrative responsibilities include, among other things, maintaining the books and records and handling investor transactions for the Partnership.

ALLOCATION OF INCOME (LOSS)

The net income (loss) of the Partnership is allocated to the partners in proportion to their respective capital accounts. However, the General Partner is entitled to an additional allocation of 20% of net income allocated to each Limited Partner to be credited at the end of each calendar year. This additional allocation reduces the Limited Partners' share of net income. As discussed in the Partnership Agreement, if there is a loss for an accounting period, the additional allocation will not apply to future periods until the loss has been recovered. The amount of the loss carryforward at December 31, 20XX is $______. (If the allocation or fee is charged at the Master level, this fact should be disclosed and this paragraph should be modified accordingly)

PARTNERS' CAPITAL

[Included in Limited Partners' capital at December 31, 20XX is $___________ of accounts under the control of the General Partner(s).]

The Agreement contains certain provisions with respect to restrictions on Limited Partner withdrawal rights. (May describe certain of these rights such as gates, lock-ups, early withdrawal fees, or suspensions. May also elaborate on the nature of these rights if desired.)

FINANCIAL HIGHLIGHTS

Ratio of Expenses To Average Limited Partners' Capital (1)	
Expenses (2)	xx.xx %
Performance reallocation	xx.xx
Total Expenses and Performance Reallocation	xx.xx %
Ratio of Net Investment Income (Loss) To Average Limited Partners' Capital (1)	
Net Investment Income (Loss)	xx.xx %
Total Return	
Total return before performance reallocation	xx.xx %
Performance reallocation	xx.xx
Total Return	xx.xx %

(1) Includes the amounts allocated from the Fund.

(2) Expenses allocated from the Fund are after expenses paid by third parties, equal to ____% of average limited partners' capital.

The expenses and performance reallocation ratios, the net investment income (loss) ratio, and the total return percentage are calculated for the Limited Partners taken as a whole. The computation of such ratios and return based on the amount of expenses charged to, and performance fee reallocated from, any specific Limited Partner may vary from the overall ratios presented in the financial statements as a result of such items as differing management fee and performance reallocation arrangements, loss carryforwards, eligibility for new issue income, and the timing of capital contributions and withdrawals. The net investment income ratio does not reflect the effects of any performance reallocations.

<u>SAMPLE DOMESTIC FEEDER, L.P.</u>

NOTES TO FINANCIAL STATEMENTS
December 31, 20XX

SUBSEQUENT EVENTS

Effective January 1, 20XX capital of approximately $_____ was contributed to the Partnership, including $_____received prior to December 31, 20XX, which is shown as prepaid subscription in the accompanying statement of assets and liabilities. For the period January 1, 20XX until (Auditors' Report Date) ______ was withdrawn from the Partnership. In addition, $__________ of General Partner's capital was transferred to Limited Partners' capital.

Subsequent events have been evaluated through (Auditors' Report Date), which is the date the financial statements were available to be issued.

SAMPLE OFFSHORE FEEDER, LTD.

FINANCIAL STATEMENTS
DECEMBER 31, 20XX

(FOR CFTC REGISTERED FUNDS ONLY)

[The Investment Manager of the Company is registered as a Commodity Pool Operator under the Commodity Exchange Act. A claim of exemption pursuant to Commodity Futures Trading Commission ("CFTC") Rule ____ has been made with respect to the Investment Manager. The exemption relieves the Company of certain disclosure and reporting obligations under the Commodity Pool Rules of the CFTC.]

SAMPLE OFFSHORE FEEDER, LTD.

INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 20XX

Affirmation of the Commodity Pool Operator ***(FOR CFTC FUNDS ONLY)***

SAMPLE OFFSHORE FEEDER, LTD.

AFFIRMATION OF THE COMMODITY POOL OPERATOR

To the best of the knowledge and belief of the undersigned, the information contained in the foregoing financial statements for the year ended December 31, 20XX, is accurate and complete.

____
Name and title
XXX, Commodity Pool Operator for
XXX
Commodity Pool

Anchin, Block & Anchin LLP
Accountants & Advisors
1375 Broadway New York, NY 10018
212 840-3456
www.anchin.com

Independent Auditors' Report

To Sample Offshore Feeder, Ltd.:

We have audited the accompanying financial statements of Sample Offshore Feeder, Ltd. (the “Fund”), which comprise the statement of assets and liabilities, including the condensed schedule of investments, as of December 31, 20XX, and the related statements of operations, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sample Offshore Fund, Ltd. as of December 31, 20XX, and the results of its operations and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

SIGNATURE OF AUDITOR

New York, N. Y.
_____________, 20XX

SAMPLE OFFSHORE FEEDER, LTD.

STATEMENT OF ASSETS AND LIABILITIES
December 31, 20XX
(Expressed in United States Dollars)

ASSETS

Investment in Sample Master Fund, Ltd., at fair value	$
Receivable from Sample Master Fund, Ltd.	
Cash [and cash equivalents]	
Due from broker(s)	
Dividends and interest receivable	
Other assets	
TOTAL ASSETS	-

LIABILITIES

Accrued expenses	
Deferred performance fee payable	
Prepaid subscriptions	
Redemption payable	
TOTAL LIABILITIES	-
NET ASSETS	**$ -**

NET ASSET VALUE PER SHARE

Class	Shares Outstanding	Net Assets	Net Asset Value
Class A			
Series 1		$	$
Class B			
Series 1		$	$

See Notes to Financial Statements

SAMPLE OFFSHORE FEEDER, LTD.

STATEMENT OF OPERATIONS
For the Year Ended December 31, 20XX
(Expressed in United States Dollars)

INVESTMENT INCOME		
Income allocated from Sample Master Fund, Ltd.		
Dividends (net of $_____________ withholding taxes)	$	
Interest		
Income from securities loaned, net		
Total Investment Income Allocated from Sample Master Fund, Ltd.		$ -
EXPENSES		
Expenses allocated from Sample Master Fund, Ltd.		
Administration fees		
Dividends on securities sold short		
Interest		
Management fees		
Professional fees		
Other		
Total Expenses Allocated from Sample Master Fund, Ltd.	-	
Fund Expenses		
Professional fees		
Other		
Total Fund Expenses	-	
Total Expenses		-
Net Investment Income (Loss)		-
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS ALLOCATED FROM SAMPLE MASTER FUND, LTD.		
Realized gain (loss) on investments, net		
Realized gain (loss) on foreign currency, net		
Unrealized gain (loss) on investments, net change		
Unrealized gain (loss) on foreign currency, net change		
Total Realized and Unrealized Gain [Loss] on Investments		-
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS		**$ -**

See Notes to Financial Statements

<u>SAMPLE OFFSHORE FEEDER, LTD.</u>

STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended December 31, 20XX
(Expressed in United States Dollars)

NET ASSETS - Beginning of year		$
OPERATIONS		
Realized gain [(loss)] on investments, net	$	
Realized gain [(loss)] on foreign currency, net		
Unrealized gain [(loss)] on investments, net change		
Unrealized gain [(loss)] on foreign currency, net change		
Net investment income (loss)		
Net Increase (Decrease) From Operations		-
CAPITAL SHARE TRANSACTIONS		
Issuance of shares		
Redemption of shares		
Net Increase (Decrease) from Capital Share Transaction		-
NET ASSETS - End of year		**$ -**

See Notes to Financial Statements

SAMPLE OFFSHORE FEEDER, LTD.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 20XX
(Expressed in United States Dollars)

CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase (decrease) in net assets resulting from operations		$
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Investment in Sample Master Fund	$	
Redemptions from Sample Master Fund		
Increase (decrease) in unrealized gain (loss) on investments allocated from Sample Master Fund		
(Increase) decrease in:		
Receivable from Sample Master Fund		
Due from broker(s)		
Dividends and interest receivable		
Other assets		
Increase (decrease) in:		
Accrued expenses		
Deferred performance fee payable		
Redemptions payable		
Total adjustments		-
Net Cash Provided by (Used in) Operating Activities		-
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares		
Prepaid subscriptions		
Redemption of shares		
Net Cash Provided by (Used in) Financing Activities		-
NET INCREASE (DECREASE) IN CASH [AND CASH EQUIVALENTS]		-
CASH [AND CASH EQUIVALENTS]		
Beginning of year		
End of year		$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest		$
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITY(IES)		
Payable incurred for shareholders' redemptions		$
Prior year prepaid subscription contributed to Net Assets		$

See Notes to Financial Statements

SAMPLE OFFSHORE FEEDER, LTD.

NOTES TO FINANCIAL STATEMENTS
December 31, 20XX

ORGANIZATION

Sample Offshore Feeder, Ltd. (the "Fund") is a mutual fund company incorporated with limited liability under the laws of ________ on ___________, 20XX for the purpose of [trading/investing] in securities. The Fund invests substantially all of its assets through a master-feeder structure in Sample Master Fund, Ltd. (the "Master Fund") a _________ exempted company that has the same investment objectives as the Fund.

The Fund's [trading/investing] activity is the responsibility of __________the Investment Manager who is a registered investment advisor.

The Directors of the Fund are _________ and ________.

(If applicable) The Fund is registered as a Commodity Pool under the rules of the Commodity Futures Trading Commission ("CFTC") because of its investments in registered Commodity Pools. Effective______________ the Fund has deregistered.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are expressed in United States (U.S.) dollars and are presented in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Fund is considered an investment company under U.S. GAAP and follows accounting and reporting guidance in the Financial Accounting Standards Board Accounting Standards Codification ("ASC") 946, "Financial Services – Investment Companies".

Use of Estimates

The preparation of financial statements in conformity with GAAP may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

Cash equivalents include short-term highly liquid investments, such as [money market funds, certificate of deposits, other (describe)] that are readily convertible to known amounts of cash and have original maturities of three months or less.

SAMPLE OFFSHORE FEEDER, LTD.

NOTES TO FINANCIAL STATEMENTS
December 31, 20XX

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in Sample Master Fund, LTD.

The Fund's investment in the Master Fund is valued at fair value. Valuation of securities held by the Master Fund is discussed in the notes to the Master Fund's financial statements. The audited financial statements of the Master Fund, including the condensed schedule of investments, are attached and are an integral part of these financial statements. The percentage of the Master Fund owned by the Fund at December 31, 20XX was _____%.

Investment Income and Expenses

The Fund records its proportionate share of the Master Fund's income, expenses, and realized and unrealized gains and losses. In addition, the Fund records its own income and expenses.

Income Taxes

Under the Laws of __________, the Fund is not subject to income taxes and has received an exemption through ____________. Accordingly, no provision for income taxes has been made in the accompanying financial statements. (Optional) The Fund determined that there are no uncertain tax positions which would require adjustments or disclosures on the financial statements.

CASH CREDIT RISK CONCENTRATIONS

The Fund maintains accounts in banks located primarily in the New York metropolitan area. The excess of deposit balances reported by XXX banks over amounts that would have been covered by federal insurance was $XXXXX at December 31, 20XX.

DUE (FROM) (TO) BROKER AND CUSTODY CONCENTRATIONS

At December 31, 20XX, the amount(s)s due from broker(s) in the statement of assets and liabilities include(s) cash held at the clearing broker(s) [and collateral balances]. [Securities and cash held by the broker(s) serve as collateral for securities sold short [and margin debt balances]].

The Securities Investor Protection Corporation (SIPC) insures the brokerage account to the extent of $500,000 (including up to $250,000 for cash). [[Cash balances and] securities in excess of these limits are covered by additional insurance maintained by the broker in the amount of $_________. Amounts in excess of insurance coverage are secured by the good faith and credit of the broker.].

OR

Balances with broker(s) consist principally of brokerage accounts with _________. The Securities Investor Protection Corporation (SIPC) insures the brokerage account to the extent of $500,000 (including up to $250,000 for cash). Only if applicable [Cash balance and] securities in excess of these limits are covered by additional insurance maintained by the broker in the amount of $__________. Amounts in excess of insurance coverage are secured by the good faith and credit of the broker.

BANK LINE OF CREDIT

The Fund has available a $_________ line of credit with a bank from which there were no outstanding borrowings at December 31, 20XX. The line of credit is collateralized by ____ of its investments. The amount of the line of credit is the lesser of ___% of the net assets at the end of the year or ___% of the assets of the collateralized investments. Borrowings bear interest at the bank's prime rate. Interest expense was $________ for the year ended December 31, 20XX.

RELATED PARTY TRANSACTIONS

The Fund has entered into an Investment Management Agreement (the "Agreement") with ________, an entity under common control with the Fund, (the "Investment Manager"). The Agreement provides for management fees calculated monthly and paid quarterly, in arrears, at a rate of ________% (1.5% per annum), of the average monthly net asset value of the Fund at the end of each quarter (prorated for redemptions and new subscriptions during the quarter *check your document).* The accompanying statements of assets and liabilities include unpaid management fees $_______ in accrued expenses.

RELATED PARTY TRANSACTIONS (CONTINUED)

(If the performance allocation or fee is charged at the Master level, this fact should be disclosed and this paragraph should be modified accordingly). The Investment Manager is also entitled to receive an annual performance fee of 20% of the annual increase in value of each series of shares of the Fund. As discussed in the Investment Management Agreement, the performance fee is calculated and paid on a "high water mark" basis, only to extent that the increase in net asset value per series of an investor's shares exceeds (i) the highest net asset value per series of such shares as of the previous date on which a performance fee was paid with respect to such series or if no increase has occurred in the net asset value of the series since the date of subscription (ii) the net asset value per series at the date of subscription. Under this method, if there is a loss for an accounting period, the performance fee will not apply until the loss has been recovered. The amount of loss carryforward at December 31, 20XX on all series aggregates $___________.

In accordance with the Agreement, the Investment Manager has elected to defer XXX of the performance fee payable at December 31, 20XX. The assets associated with the deferred performance fee are invested in the same manner as the investments made by the Fund. At December 31, 20XX, the deferred incentive fee payable is comprised of the following:

Year Deferred	Deferred Performance Fee	Allocation of Income Prior Year	Allocation of Income in Current Year	Total Deferral	Deferred Through
2003	$	$	$	$	12/31/13
2004					12/31/14
2005					12/31/15

NEW ISSUES

Participation by shareholders in investments in "new issues" (defined, in part, as equity securities which are the subject of a public distribution) are allocated to non-restricted shareholders and to the extent allowed, to restricted shareholders in accordance with the Conduct Rules of the Financial Industry Regulatory Authority.

ADMINISTRATION

The Master Fund, the Fund and another feeder of the Master Fund entered into administration agreements with Name of Administrator (the "Administrator"). The Administrator has responsibilities for the day-to-day administration of the affairs of the Fund. The administrative responsibilities include, among other things, maintaining the books and records and handling investor transactions for the Fund.

CAPITAL SHARE TRANSACTIONS

As of December 31, 20XX, authorized capital share consisted of ______ ordinary shares of US $1.00 par value, and ________ nonvoting, redeemable participating shares of US $.01 par value. The Board of Directors has reserved the right to issue additional classes of shares.

The nonvoting shares are divided into multiple Class and Series. Class A shares and Class B shares are identical in all respects except that only holders of Class A shares may participate in profits and losses from new issues.

Transactions in capital share were as follows:

	Class A	Class B
Number of shares issued		
Number of shares redeemed		
Net increase (decrease) in shares outstanding		
Shares outstanding, beginning of year		
Shares outstanding, end of year		

For the purpose of accounting for the management fee and the performance fee, shares issued at different times are issued in series, a different series being issued on each subscription date during the fiscal year. At the end of each fiscal year, any issued and outstanding series of a class of shares (other than the series issued in connection with the initial offering of such class of shares (the "Benchmark Series")) are redesignated and converted into the Benchmark Series (after the payment of any management fee and performance fee). No redesignation and conversion shall occur with respect to a series of shares if, at the end of such fiscal year, a loss carryforward exists. Any such redesignation and conversion will be effected at the prevailing net asset value per share of the Benchmark Series.

The Confidential Offering Memorandum contains certain provisions with respect to restrictions on shareholder withdrawal rights. (May describe certain of these rights such as gates, lock-ups, early withdrawal fees, or suspensions. May also elaborate on the nature of these rights if desired.)

FINANCIAL HIGHLIGHTS

Selected data for a share of stock outstanding throughout the year (Series____)	Class A Series One	Class B Series One
Per share operating performance		
Net asset value, beginning of year	$ x,xxx.xx	$ x,xxx.xx
Income (loss) from investment operations:		
Net realized and unrealized gain (loss) on investment allocated from Master Fund	xxx.xx	xxx.xx
Net investment income (loss)	xxx.xx	xxx.xx
Total income (loss) from investment operations	xxx.xx	xx.xx
Net asset value, end of year	$ x,xxx.xx	$ x,xxx.xx
Ratio and Supplemental Data		
Total return before performance fee	xx.xx%	xx.xx%
Performance fee	xx.xx	xx.xx
Total return after performance fee	xx.xx%	xx.xx%
Average net assets (000's omitted)	$ x,xxx	$ x,xxx
Net assets, end of year (000's omitted)	$ x,xxx	$ x,xxx
Ratio of Expenses to Average Net Assets[1]:		
Expenses[2] [3]	xx.xx%	xx.xx%
Performance Fee	xx.xx	xx.xx
Total expenses and performance fee	xx.xx%	xx.xx%
Net Investment Income (Loss)	(xx.xx)%	(xx.xx)%

(1) Includes the amounts allocated from the Master Fund

(2) Expenses allocated from the Master Fund are after expenses paid by third parties, equal to ____________% of average net assets.

(3) Expenses incurred by the Fund are after expenses paid by third parties, equal to _% of average net assets.

FINANCIAL HIGHLIGHTS (CONTINUED)

The expenses and performance fee ratios, the net investment income (loss) ratio, and the total return percentage are calculated for the Class and Series taken as a whole. The computation of such ratios and returns based on the amount of expenses charged to any specific shareholder may vary from the overall ratios presented in the financial statements as a result of such items as differing management and performance fee arrangements, eligibility for new issue income, and the timing of subscriptions and redemptions.

SUBSEQUENT EVENTS

Effective January 1, 20XX share subscriptions of approximately $__________ was made to the Fund, including $_____________ received prior to December 31, 20XX, which is shown as prepaid subscriptions in the accompanying statement of assets and liabilities. For the period January 1, 20XX until (Auditors' Report Date) $___________was redeemed from the Fund.

Subsequent events have been evaluated through *(Auditors' Report Date)*, which is the date the financial statements were available to be issued.

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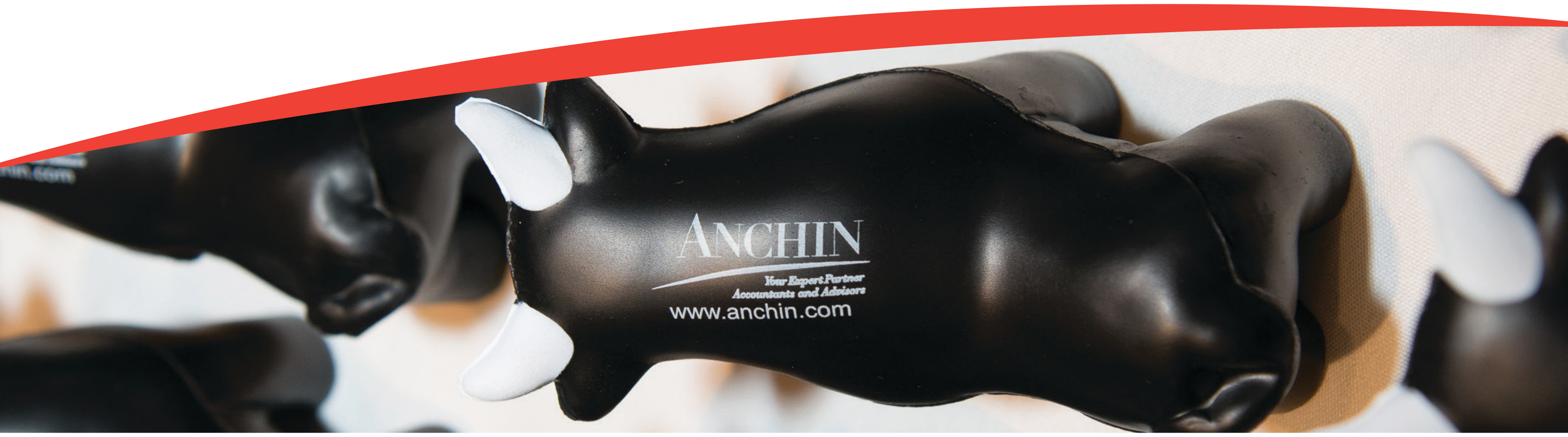

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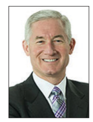
For more than 40 years, we have created customized services and developed experienced professionals to serve our financial services industry clientele, ranging from small, entrepreneurial startups to established funds. We work with over 300 investment partnerships, hedge funds, funds-of-funds, registered investment companies, private equity funds, off-shore funds, master-feeder structures, broker/dealers, mutual funds, and investment advisers. We are proactive planners who address concerns on the horizon before they become issues, enabling funds to better concentrate on investment performance. Our reputation for excellence is well known to the industry's top administrators, law firms and prime brokers.

Jeffrey I. Rosenthal
jeffrey.rosenthal@anchin.com
Partner-In-Charge



Peter L. Berlant
peter.berlant@anchin.com
Partner

Jeffrey J. Bowden
jeffrey.bowden@anchin.com
Principal

Marc G. Goldberg
marc.goldberg@anchin.com
Partner

David Horton
david.horton@anchin.com
Partner

Zurab Moshashvili
zurab.moshashvili@anchin.com
Partner

Mitchell Rosenthal
mitchell.rosenthal@anchin.com
Partner

E. George Teixeira
george.teixeira@anchin.com
Partner

Edward F. Thorp
edward.thorp@anchin.com
Partner

Raymond Dragon
raymond.dragon@anchin.com
Senior Manager

Audelene Gutierrez
audelene.gutierrez@anchin.com
Senior Manager

Ronald Kalungi
ronald.kalungi@anchin.com
Senior Manager

Marina Shah
marina.shah@anchin.com
Senior Manager

Sheena Singh
sheena.singh@anchin.com
Senior Manager

Anna Wong
anna.wong@anchin.com
Senior Manager

ANCHIN
Your Expert Partner
Accountants and Advisors

Anchin, Block & Anchin LLP
Accountants and Advisors
1375 Broadway, New York, NY 10018
212.840.3456 • www.anchin.com