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Private Equity &
Venture Capital

Illustrative Financial Statements

December 2015

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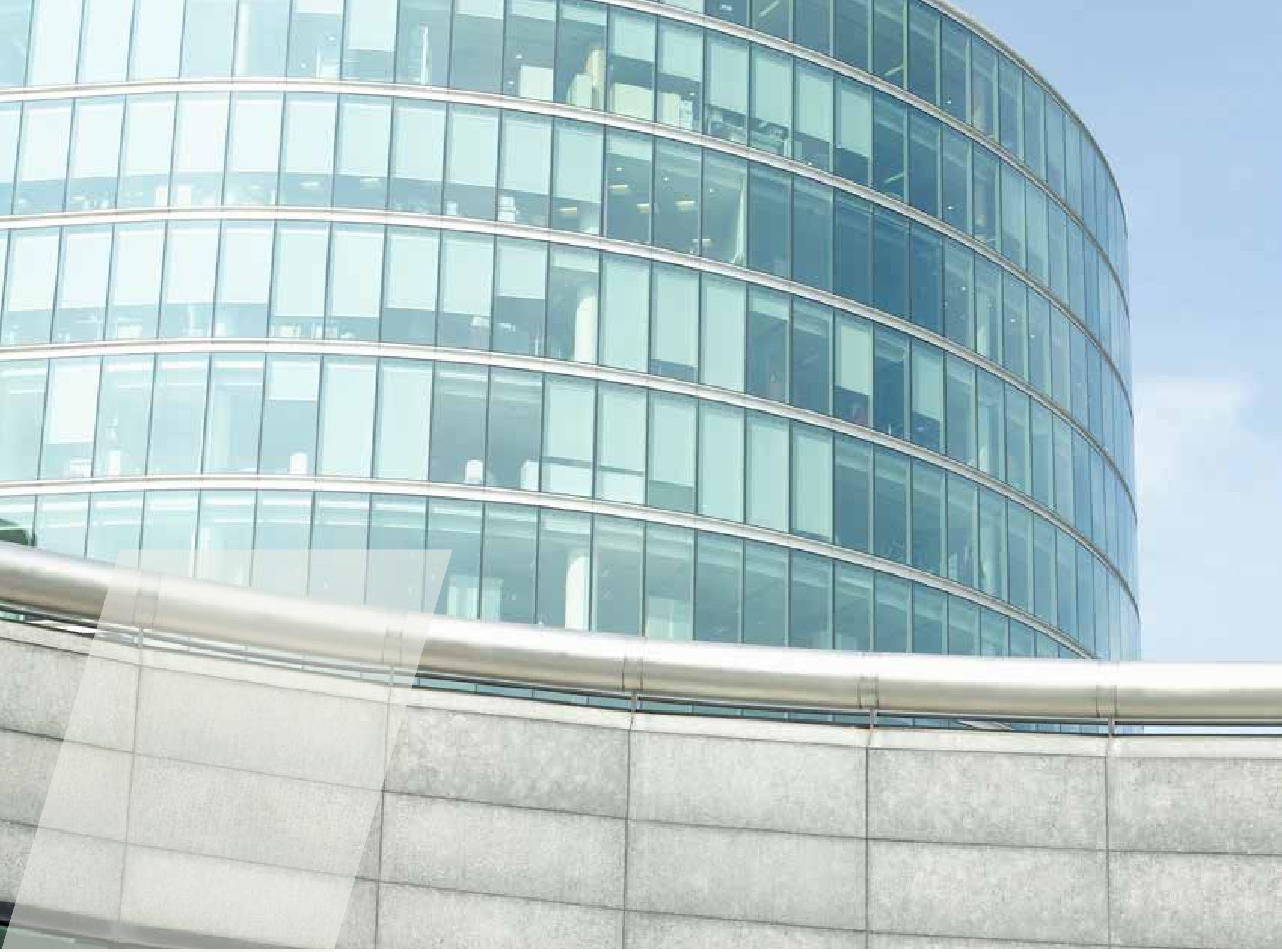

The information contained in these illustrative financial statements is of a general nature relating to private investment companies only, and is not intended to address the circumstances of any particular entity. The form and content of financial statements are the responsibility of any specific entity's management. These illustrative financial statements: (a) are intended to provide general information on the application of accounting principles generally accepted in the United States of America effective as of December 31, 2015, and do not include all possible disclosures that may be required for private investment companies; (b) are not intended to be a substitute for management's review of applicable law or accounting standards or for professional judgment as to the adequacy of disclosures and fairness of presentation; and (c) are being provided with the understanding that the information contained herein should not be construed as legal, accounting, tax or other professional advice or services, and that no one should act on any information contained herein without the appropriate professional advice provided in connection with the entity's particular situation. Although we endeavor to provide accurate and timely information, there can also be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Certain information contained in these illustrative financial statements may be superseded as new guidance or interpretations are issued. Financial statement preparers and other users of these illustrative financial statements are therefore cautioned to stay informed of, and carefully evaluate, subsequent authoritative and interpretative guidance.

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Private Equity/Venture Capital, L.P.

Please refer to the conditions of use on the inside cover of this publication.

Private Equity/Venture Capital, L.P.
Statement of Assets, Liabilities and Partners’ Capital

December 31, 20XX

Assets		
Investments, at fair value (cost $649,396,000)	$	780,640,000
Cash and cash equivalents		8,215,000
Interest and dividends receivable		500,000
Due from related parties		57,000
Escrow proceeds receivable		85,000
Capital contributions receivable(1)		900,000
Other assets		118,000
Total assets	$	790,515,000
Liabilities and partners' capital		
Liabilities		
Management fee payable	$	2,080,000
Capital distributions payable		1,050,000
Notes payable		100,000
Accrued expenses and other liabilities		45,000
Total liabilities		3,275,000
Partners’ capital(2)		
Capital contributions		600,000,000
Capital distributions		(87,982,000)
Syndication costs		(150,000)
Net investment loss		(15,503,000)
Net realized gain on investments		144,379,000
Net unrealized gains on investments		131,244,000
Net realized gain on foreign currency transactions		5,231,000
Net unrealized gains on translation of assets and liabilities denominated in foreign currencies		10,021,000
Total partners’ capital		787,240,000
Total liabilities and partners’ capital	$	790,515,000

(1) Refer to guidance in ASC 505-10-45-2 to determine classification of capital contributions receivable as an asset or as a reduction of partners’ capital.

(2) Private investment companies are permitted to present partners’ capital as a single caption. The information presented provides an example of the cumulative components of partners’ capital, which are commonly presented by venture capital funds.

See accompanying notes to financial statements.

Private Equity/Venture Capital, L.P.
Schedule of Investments

December 31, 20XX

		Number of Shares or Principal Amount		Cost		Fair Value
Investments, at fair value						
Private operating companies						
United States						
Consumer Technology						
Private Consumer Technology Company 1						
Preferred Stock		30,000,000	$	150,000,000	$	180,290,000
Common Stock		10,000,000		10,000,000		33,000,000
Notes, X.X%, due 7/15/20XX	$	10,000,000		10,000,000		12,000,000
				170,000,000		225,290,000
Private Consumer Technology Company 2 (1)						
Preferred Stock		10,000,000		100,300,000		120,000,000
Warrants, expire 1/31/20XX		3,000,000		596,000		3,000,000
				100,896,000		123,000,000
Health Care						
Private Health Care Company 1						
Preferred Stock		7,500,000		80,000,000		100,000,000
Common Stock		2,000,000		25,000,000		17,500,000
				105,000,000		117,500,000
Private Health Care Company 2						
Contingent consideration (2)				-		100,000
Total United States				375,896,000		465,890,000
Percentage of partners' capital						59%
China						
Consumer Technology						
Private Consumer Technology Company 3						
Common Stock		15,000,000		30,000,000		35,000,000
Notes, X.X%, due 8/30/20XX	$	5,000,000		5,000,000		8,000,000
Warrants, expire 8/25/20XX		8,000,000		750,000		1,250,000
				35,750,000		44,250,000
Total China				35,750,000		44,250,000
Percentage of partners' capital						6%
Total private operating companies			$	411,646,000	$	510,140,000

(1) Private Consumer Technology Company 2 is held in JS Blocker Corp., which is wholly owned by Private Equity/Venture Capital, L.P.

(2) An accounting policy election should be made as to whether contingent consideration is recognized as a financial asset measured at fair value or treated as a gain contingency under ASC 450.

See accompanying notes to financial statements.

December 31, 20XX

	Number of Shares or Principal Amount	Cost	Fair Value
Marketable securities			
United States			
Consumer Technology			
Public Consumer Technology Company 1			
Common Stock	44,000,000	$ 125,000,000	$ 145,000,000
Public Consumer Technology Company 2			
Common Stock	32,000,000	112,750,000	125,500,000
Total United States		237,750,000	270,500,000
Percentage of partners' capital			34%
Total marketable securities		237,750,000	270,500,000
Total investments, at fair value		$ 649,396,000	$ 780,640,000
Percentage of partners' capital			99%

The following table illustrates one way to present investments by type.

Investments by type, at fair value	Percentage of Partners' Capital	Cost	Fair Value	Net Unrealized Gain (Loss)
Total preferred stock	51 %	$ 330,300,000	$ 400,290,000	$ 69,990,000
Total common stock	45	302,750,000	356,000,000	53,250,000
Total notes	2	15,000,000	20,000,000	5,000,000
Total warrants	1	1,346,000	4,250,000	2,904,000
Total contingent consideration	–	–	100,000	100,000
Total investments, at fair value	99 %	$ 649,396,000	$ 780,640,000	$ 131,244,000

See accompanying notes to financial statements.

Private Equity/Venture Capital, L.P.
Statement of Operations

Year Ended December 31, 20XX

Investment income		
Interest		$ 4,039,000
Dividends (net of foreign withholding taxes of $200,000)		2,495,000
Other income		100,000
Total investment income		6,634,000
Expenses		
Management fee, gross	16,000,000	
Management fee offset	8,460,000	
Management fee, net		7,540,000
Professional fees and other		565,000
Due diligence costs		1,332,000
Interest expense		375,000
Total expenses		9,812,000
Net investment loss		(3,178,000)
Realized and unrealized gain (loss) from investments and foreign currency transactions		
Net realized gain from investments		25,365,000
Net change in unrealized gains and losses on investments		17,273,000
Net realized gain from foreign currency transactions (1)		400,000
Net change in unrealized gains and losses on translation of assets and liabilities denominated in foreign currencies (2)		800,000
Net gain from investments and foreign currency transactions		43,838,000
Net income (3)		$ 40,660,000

(1) Represents net gains or losses from assets or liabilities denominated in foreign currencies. If separate reporting of foreign currency effects on realized gains or losses from investments is elected, those amounts should be included in this caption.

(2) Represents the net change during the period from translating assets and liabilities denominated in foreign currencies. If separate reporting of foreign currency effects on net change in unrealized gains and losses on investments is elected, those amounts should be included in this caption.

(3) ASC 946-225-45-7 defines the sum of net investment income or loss and net realized and unrealized gain or loss on investments and foreign currency transactions as "net increase or decrease in net assets resulting from operations." Funds may describe this line item as "net increase or decrease in net assets resulting from operations" or "net income or loss."

See accompanying notes to financial statements.

Private Equity/Venture Capital, L.P.
Statement of Changes in Partners' Capital

Year Ended December 31, 20XX

	General Partner	Limited Partners	Total
Partners' capital, beginning of year	$ 75,884,000	$ 682,957,000	$ 758,841,000
Capital contributions	250,000	24,750,000	25,000,000
Capital distributions	(373,000)	(36,888,000)	(37,261,000)
Allocation of net income			
Pro rata allocation	407,000	40,253,000	40,660,000
Carried interest to General Partner	8,051,000	(8,051,000)	–
	8,458,000	32,202,000	40,660,000
Partners' capital, end of year	$ 84,219,000	$ 703,021,000	$ 787,240,000

See accompanying notes to financial statements.

Private Equity/Venture Capital, L.P.
Statement of Cash Flows

Year Ended December 31, 20XX

Cash flows from operating activities		
Net income	$	40,660,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized gain from investments		(25,365,000)
Net change in unrealized gains and losses on investments		(17,273,000)
Net realized gain from foreign currency transactions		(400,000)
Net change in unrealized gains and losses on translation of assets and liabilities denominated in foreign currencies		(800,000)
Purchases of investments		(75,589,000)
Proceeds from sales of investments		93,197,000
Changes in operating assets and liabilities:		
Interest and dividends receivable		400,000
Due from related parties		(7,000)
Escrow proceeds receivable		407,000
Other assets		42,000
Management fee payable		125,000
Due to related parties		(35,000)
Accrued expenses and other liabilities		29,000
Net cash provided by operating activities		15,391,000
Cash flows from financing activities		
Capital contributions		24,100,000
Capital distributions		(35,131,000)
Proceeds from notes payable		2,000,000
Repayments of notes payable		(2,700,000)
Net cash used in financing activities		(11,731,000)
Net increase in cash and cash equivalents		3,660,000
Cash and cash equivalents, beginning of year		4,555,000
Cash and cash equivalents, end of year	$	8,215,000
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$	350,000
Supplemental disclosure of non-cash information		
Distribution of securities, at fair value (cost basis of $ 2,000,000)	$	1,080,000

See accompanying notes to financial statements.

1. Nature of operations and summary of significant accounting policies

Nature of Operations

[This note should be tailored to the Fund's specific nature of operations:] Private Equity/Venture Capital Fund, L.P. (the "Fund"), a Delaware investment limited partnership, commenced operations on ***[Month, Date, Year]***. The Fund was organized to ***[Include a description of the Fund's investment objectives]***. The Fund is managed by General Partner, LLC (the "General Partner") and Investment Manager, LLC (the "Investment Manager"). ***[If applicable:]*** The Investment Manager is registered with the United States Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940.

The Limited Partnership Agreement (the "Agreement") provides that the Fund is scheduled to continue until the close of business on ***[Month, Date, Year]***, unless terminated earlier or extended through terms specified in the Agreement.

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Fund is an investment company and follows the accounting and reporting guidance in Financial Accounting Standards Board Accounting Standards Codification ("ASC") Topic 946.

The significant accounting policies followed by the Fund are as follows:

[If applicable for consolidated financial statements. If consolidated financial statements are presented, then "financial statements" should be referred to as "consolidated financial statements" throughout:]

[If applicable:] The Fund consolidates entities that are not variable interest entities when it has a controlling financial interest as a result of majority voting control and it is not required to measure the entities at fair value in accordance with ASC 946. The Fund has consolidated the accounts of its majority-owned and controlled subsidiary, JS Blocker Corp., which is not a variable interest entity. JS Blocker Corp. is an investment company wholly owned by the Fund, which was established for the general purpose of executing specific investment transactions on behalf of the Fund. All significant intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

[If applicable:] The Fund consolidates variable interest entities for which it is the primary beneficiary, generally as a result of holding a variable interest that absorbs the majority of each entity's economic risks and rewards (expected losses and expected residual returns), when it is not required to measure the entities at fair value in accordance with ASC 946. Currently, the Fund does not hold variable interests in any variable interest entities that it is not required to measure at fair value in accordance with ASC 946.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions in determining the reported amounts of assets and liabilities, including the fair value of investments, and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of income and expense during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash represents cash deposits held at financial institutions. Cash equivalents include short-term highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have original maturities of three months or less. Cash equivalents are held for meeting short-term liquidity requirements, rather than for investment purposes. Cash and cash equivalents are held at major financial institutions and are subject to credit risk to the extent they exceed federal deposit insurance limits.

Investment Transactions and Related Investment Income

Investment transactions are accounted for on a trade-date basis. Realized gains and losses on investment transactions are determined using cost calculated on ***[a specific identification] [an average cost]*** basis. Dividends are recorded on the ex dividend date and interest is recognized on an accrual basis. ***[If applicable:]*** Distributions that represent returns of capital in excess of cumulative profits and losses are credited to investment cost rather than investment income. ***[If applicable:]*** Discounts to the face amount of debt securities are accreted using the effective interest rate method over the lives of the respective debt securities. ***[If applicable:]*** Discounts to the face amount of debt securities are not accreted to the extent that interest income is not expected to be realized. ***[If applicable:]*** Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates.

1. Nature of operations and summary of significant accounting policies (continued)

Fair Value – Definition and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In determining fair value, the Fund uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation techniques used by the Fund to determine fair value are consistent with the market or income approaches. The Fund determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Level 2 – Valuations based on inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. These inputs may include: (a) quoted prices for similar assets in active markets; (b) quoted prices for identical or similar assets in markets that are not active; (c) inputs other than quoted prices that are observable for the asset; or (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value is a market-based measure, based on assumptions of prices and inputs considered from the perspective of a market participant that are current as of the measurement date, rather than an entity-specific measure. Therefore, even when observable inputs are not readily available, the Fund's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Fund in determining fair value is greatest for investments categorized in Level 3. In some circumstances, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In those instances, the fair value measurement is categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement. ***[Include the following language for funds early adopting ASU 2015-07. Refer to Appendix B for additional guidance:]*** Investments in private investment companies measured using net asset value as a practical expedient are not categorized within the fair value hierarchy.

Fair Value – Valuation Processes

[This note should be tailored to reflect the Fund's specific policies and procedures:]

The Fund establishes valuation processes and procedures to ensure that the valuation techniques are fair and consistent, and valuation inputs are supportable. The Fund designates a valuation committee (the "Committee") to oversee the entire valuation process of the Fund's investments. The Committee is comprised of various Fund personnel, including those that are separate from the Fund's portfolio management and trading functions, and reports to the Fund's Limited Partner Advisory Committee. The Committee is responsible for developing the Fund's written valuation processes and procedures, conducting periodic reviews of the valuation policies, and evaluating the overall fairness and consistent application of the valuation policies.

The Committee meets on a quarterly basis, or more frequently as needed, to determine the valuations of the Fund's Level 3 investments. Valuations determined by the Committee are required to be supported by market data, industry accepted market data, third-party pricing sources, industry accepted pricing models, or other methods the Committee deems to be appropriate pricing models, including the use of internal proprietary pricing models.

1. Nature of operations and summary of significant accounting policies (continued)

Fair Value – Valuation Process (continued)

The Fund periodically tests its valuations of Level 3 investments by performing back testing of the sales of those investments to compare the amounts realized against the most recent fair values reported and if necessary, uses the findings to calibrate its valuation procedures.

[If applicable:] On a ***[quarterly] [annual]*** basis, the Fund engages the services of a nationally recognized, third-party valuation firm to perform an independent review of the valuation of the Fund's Level 3 investments, and may adjust its valuations based on the recommendations from the valuation firm.

[The following paragraph is an example of valuation processes for Investments in Private Investment Companies. This note should be tailored to the Fund's specific policies and procedures:]

The valuations of investments in private investment companies are supported by information received from the investee funds such as quarterly net asset values, investor reports, and audited financial statements, when available. If it is probable that the Fund will sell an investment at an amount different from the net asset valuation or in other situations where the practical expedient is not available, or when the Fund believes alternative valuation techniques are more appropriate, the Committee may consider other factors, including subscription and redemption rights, expected discounted cash flows, transactions in the secondary market, bids received from potential buyers, and overall market conditions in its determination of fair value.

Fair Value – Valuation Techniques and Inputs

[These notes should be tailored to the Fund's specific techniques and inputs used to value investments. Only include the applicable paragraphs:]

Investments in Marketable Equity Securities

Equity securities that are traded on a national securities exchange are valued at their last reported sales price as of the measurement date. Equity securities traded in the over-the-counter ("OTC") markets and listed securities for which no sale was reported on that date are generally valued at their last reported "bid" price. To the extent equity securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy. Equity securities traded on inactive markets or valued by reference to similar instruments are generally categorized in Level 2 of the fair value hierarchy.

Investments in Restricted Securities of Public Companies

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

Investments in Private Operating Companies

Investments in private operating companies may consist of common stock, preferred stock, and debt investments in privately-owned portfolio companies. The transaction price, excluding transaction costs, is typically the Fund's best estimate of fair value at acquisition. At each subsequent measurement date, the Fund reviews the valuation of each investment and records adjustments as necessary to reflect the expected exit value of the investment under current market conditions. Ongoing reviews by the Fund's management are based on an assessment of the type of investment, the stage in the lifecycle of the portfolio company, and trends in the performance and credit profile of each portfolio company as of the measurement date.

When observable prices are not available for the Fund's investments, the fair value at the measurement date is determined using the income approach or the market approach. The income approach measures the present value of anticipated future economic benefits (i.e., net cash flows). The estimated net cash flows are forecasted over the expected remaining economic life and discounted to present value using a discount rate commensurate with the level of risk associated with the expected cash flows. The market approach consists of using observable market data

1. Nature of operations and summary of significant accounting policies (continued)

Investments in Private Operating Companies (continued)

(e.g., current trading and/or acquisition multiples) of comparable companies and applying the data to key financial metrics of the portfolio company. The comparability (as measured by size, growth profile, and geographic concentration, among other factors) of the identified set of comparable companies to the portfolio company is considered in the applying the market approach. In certain instances, the Fund may use multiple valuation techniques for a particular investment and estimate its fair value based on a weighted average or a selected outcome within a range of multiple valuation results. ***[If applicable:]*** The Fund may also use independent pricing services to determine the value of its private operating companies ***[In addition, describe the methods used by the pricing services to determine the value of the Fund's private operating companies:]***. When applying valuation techniques used in determining of fair value, the Fund assumes a reasonable period of time for estimating cash flows and considers the financial condition and operating results of the portfolio company, the nature of the investment, restrictions on marketability, market conditions, foreign currency exposures, and other factors. When determining the fair value of investments, the Fund exercises significant judgment and uses the best information available as of the measurement date. Due to the inherent uncertainty of valuations, the fair values reflected in the financial statements as of the measurement date may differ materially from: (1) values that would have been used had a readily available market existed for such investments and (2) the values that may ultimately be realized.

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

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

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

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

1. Nature of operations and summary of significant accounting policies (continued)

Investments in Private Operating Companies (continued)

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

Investments in Warrants

Warrants that are traded on an exchange are valued at their last reported sales price as of the measurement date. The fair value of OTC warrants or warrants that do not have a readily available market is determined using the Black-Scholes option pricing model, a valuation technique that follows the income approach. This pricing model takes into account the contract terms (including maturity) as well as multiple inputs, including: time value, implied volatility, equity prices, interest rates, and currency rates. Warrants that are traded on an exchange in an active market are generally classified in Level 1 of the fair value hierarchy. Warrants that are traded on the OTC market are generally classified in Level 2 or 3 of the fair value hierarchy. Warrants that do not have a readily available market are classified in Level 3 of the fair value hierarchy.

Investments in Private Investment Companies

Investments in private investment companies are valued using the net asset values provided by the underlying private investment companies as a practical expedient. The Fund applies the practical expedient to its investments in private investment companies on an investment-by-investment basis, and consistently with the Fund's entire position in a particular investment, unless it is probable that the Fund will sell a portion of an investment at an amount different from the net asset value of the investment. ***[Refer to Appendix A for additional disclosures if the Fund had investments in private investment companies that were not valued using net asset value as a practical expedient.]***

Investments in private investment companies are classified as Level 2 or 3 in the fair value hierarchy. In determining the level, the Fund considers the length of time until the investment is redeemable, including notice and lock-up periods or any other restriction on the disposition of the investment. The Fund also considers the nature of the portfolios of the underlying private investment companies and their ability to liquidate their underlying investments.

If the Fund has the ability to redeem its investment at the reported net asset valuation as of the measurement date, or in the near term, the investment is generally included in Level 2 of the fair value hierarchy. ***[Note: This paragraph does not apply to investments valued using net asset value as a practical expedient for funds early adopting ASU 2015-07. Refer to Appendix B for additional guidance.]***

If the Fund does not know when it will have the ability to redeem the investment or it does not have the ability to redeem its investment in the near term, the investment is included in Level 3 of the fair value hierarchy. In addition, investments which are not valued using the practical expedient are included in Level 3 in the fair value hierarchy. ***[Note: This paragraph does not apply to investments valued using net asset value as a practical expedient for funds early adopting ASU 2015-07. Refer to Appendix B for additional guidance.]***

Contingent Consideration

[If applicable:] The Fund recognizes contingent consideration from the sale of liquidated investments as a financial asset measured at fair value.

[If applicable:] The Fund recognizes contingent consideration from the sale of liquidated investments when the amount of the contingent consideration becomes realized or realizable.

Fair Value of Financial Instruments

[Include if the Fund is subject to disclosures of fair values of financial instruments under ASC 825-10-50:] The fair value of certain of the Fund's financial instruments carried at cost, including ***[list specific receivables and payables]***, approximates the carrying amounts presented in the statement of assets, liabilities and partners' capital due to the short term nature of these instruments.

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Transactions denominated in foreign currencies, including purchases and sales of investments, and income and expenses, are translated into U.S. dollar amounts on the date of those transactions. Adjustments arising from foreign currency transactions are reflected in the statement of operations.

1. Nature of operations and summary of significant accounting policies (continued)

Foreign Currency Translation (continued)

[Include if the Fund does not separately report foreign currency exchange effects from realized and unrealized gains and losses from investments:]

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

Reported net realized gain (loss) from foreign currency transactions arise from sales of foreign currencies; currency gains or losses realized between the trade and settlement dates on securities transactions; and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net change in unrealized gains and losses on translation of assets and liabilities denominated in foreign currencies arise from changes in the fair values of assets and liabilities, other than investments in securities at the end of the period, resulting from changes in exchange rates.

[Include if the Fund separately reports foreign currency exchange effects from realized and unrealized gains and losses from investments:]

The Fund isolates that portion of the results of operations arising from the effect of changes in foreign exchange rates on investments from fluctuations arising from changes in market prices of investments held.

Reported net realized gain (loss) from foreign currency transactions arise from sales of portfolio securities; sales and maturities of short term securities; sales of foreign currencies; currency gains or losses realized between the trade and settlement dates on securities transactions; and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net change in unrealized gains and losses on translation of assets and liabilities denominated in foreign currencies arise from changes in the fair values of assets and liabilities, including investments in securities at the end of the period, resulting from changes in exchange rates.

Income Taxes

[See Appendix C for alternative income taxes footnote(s) when the Fund has recognized a liability for unrecognized tax benefits. If income taxes are incurred within consolidated blocker entities, additional disclosures are required by ASC 740.]

The Fund does not record a provision for U.S. federal, state, or local income taxes because the partners report their share of the Fund's income or loss on their income tax returns. ***[If applicable:]*** However, certain U.S. dividend income and interest income may be subject to a maximum 30% withholding tax for those limited partners that are foreign entities or foreign individuals. ***[If applicable:]*** Further, certain non-United States dividend income and interest income may be subject to a tax at prevailing treaty or standard withholding rates with the applicable country or local jurisdiction. The Fund files an income tax return in the U.S. federal jurisdiction, and may file income tax returns in various U.S. states ***[If applicable:]*** and foreign jurisdictions. Generally, the Fund is no longer subject to income tax examinations by major taxing authorities for years before 20XX.

The Fund is required to determine whether its tax positions are "more-likely-than-not" to be sustained upon examination by the applicable taxing authority, based on the technical merits of the position. Tax positions not deemed to meet a "more-likely-than-not" threshold would be recorded as a tax expense in the current year. Based on its analysis, the Fund has determined that it has not incurred any liability for unrecognized tax benefits as of December 31, 20XX.

Organization Costs

Organization costs have been expensed as incurred.

Syndication Costs

Syndication costs represent costs incurred in connection with the syndication of limited partnership interests. These costs are reflected as a direct reduction of partners' capital. Approximately $150,000 was incurred for syndication costs in the initial year of the Fund.

Due Diligence Costs

Costs and expenses incurred related to sourcing, investigating, identifying, analyzing, and pursuing potential portfolio investments are expensed as incurred with amounts included in due diligence costs in the statement of operations.

2. Fair value measurements

The Fund's assets recorded at fair value have been categorized based on a fair value hierarchy as described in the Fund's significant accounting policies in Note 1. The following table presents information about the Fund's assets measured at fair value as of December 31, 20XX (in thousands):

	Level 1	Level 2	Level 3[(1)]	Total
Investments, at fair value				
Common stock	$ 270,500	$ –	$ 85,500	$ 356,000
Preferred stock	–	–	400,290	400,290
Notes	–	–	20,000	20,000
Warrants	–	–	4,250	4,250
Contingent consideration			100	100
Total investments, at fair value	$ 270,500	$ –	$ 510,140	$ 780,640

(1) The number of classes may need to be greater for fair value measurements categorized within Level 3 of the fair value hierarchy because those measurements have a greater degree of uncertainty and subjectivity. Determining appropriate classes of assets and liabilities for which disclosures about fair value measurements should be provided requires judgment.

The following table presents the changes in assets classified in Level 3 of the fair value hierarchy for the year ended December 31, 20XX (in thousands):

Level 3 Investments (at Fair Value)

	Beginning Balance January 1, 20XX	Realized Gains (Losses)[(1)]	Unrealized Appreciation (Depreciation)[(1)]	Purchases	Sales	Conversion	Transfers Into Level 3	Transfers Out of Level 3	Ending Balance December 31, 20XX	Change in Unrealized Gains (Losses) for the Period for Investments Still Held at December 31, 20XX [(2)]
Investments, at fair value										
Common stock	$ 82,300	$ 2,300	$ 4,300	$ 1,200	$ (4,600)	$ –	$ –	$ –	$ 85,500	$ 3,200
Preferred stock	376,000	8,400	14,300	12,000	(26,000)	15,590	–	–	400,290	14,300
Notes	18,000	–	2,590	15,000	–	(15,590)	–	–	20,000	–
Warrants	3,400	800	300	1,100	(1,350)	–	–	–	4,250	1,400
Contingent consideration	100	–	–	–	–	–	–	–	100	–
Total investments, at fair value	$ 479,800	$ 11,500	$ 21,490	$ 29,300	$ (31,950)	$ –	$ –	$ –	$ 510,140	$ 18,900

(1) Realized and unrealized gains and losses are all included in net gain (loss) from investments and foreign currency transactions in the statement of operations.

(2) The change in unrealized gains (losses) for investments still held at December 31, 20XX is reflected in the net change in unrealized gains and losses on investments in the statement of operations.

[If applicable:] During the year ended December 31, 20XX, the Fund did not have any significant transfers between any of the levels of the fair value hierarchy.

2. Fair value measurements (continued)

All transfers are recognized by the Fund at the ***[beginning] [end]*** of each reporting period. Transfers between Levels 3 and 1 ***[relate to when an investment becomes quoted in an active market which the Fund has the ability to access.]***

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

	Fair Value at December 31, 20XX (in thousands)	**Valuation Technique**	**Unobservable Inputs (1) (2)**	**Range of Inputs (Weighted Average)**
Assets				
Investments, at fair value				
Equity Securities and Contingent Consideration	$ 213,290	Discounted cash flow model	Terminal value growth rate Discount rate/weighted average cost of capital	X%–X% (X%) X%–X%(X%)
	120,000	Market comparable companies	EBITDA valuation multiples LTM revenue multiples Discounts for lack of marketability	X-X (X) X-X (X) X%–X% (X%)
	152,500	Recent transaction price	N/A	N/A
Notes	12,000	Discounted cash flow model	Remaining maturities Discount rates	X-X months (X months) X%–X% (X%)
	8,000	Market comparable companies	Discount margin Market yield/yield to maturity (3) Discounts for lack of marketability	X%–X% (X%) X%–X% (X%) X%–X% (X%)
Warrants	4,250	Option pricing model	Industry volatility Estimated time to exit	X%–X% (X%) X-X months (x months)
Total assets	**$ 510,040**			

(1) In determining certain of these inputs, management evaluates a variety of factors that would influence a market participant including economic conditions, industry and market developments, market valuations of comparable companies and company specific developments including exit strategies and realization opportunities. Management also considers the following unobservable inputs in considering the fair value of its investments: financial information obtained from each portfolio company including unaudited financial statements for the most recent period available as compared to budgeted numbers; current and projected financial condition of the portfolio company, current and projected ability of the portfolio company to service its debt obligations; type and amount of collateral, if any, underlying the investment; current financial ratios applicable to each investment; current liquidity of the investment and related financial ratios; pending debt or capital restructuring of the portfolio company; current information about any offers to purchase the investment; current ability of the portfolio company to raise any additional financing as needed. Once management has estimated the underlying entities' business enterprise value, an allocation of value to the debt, if any, and equity securities is made. LTM means Last Twelve Months and EBITDA means Earnings before Interest Taxes Depreciation and Amortization.

(2) Significant increases or decreases in any of the above unobservable inputs in isolation may result in a significantly lower or higher fair value measurement.

(3) To determine the current market yield, the credit profile of the underlying entity and the synthetic credit rating of the subject debt instrument has been considered.

[If a portion of Level 3 investments did not have internally developed unobservable inputs, include language to reconcile the difference such as the following if not included in the preceding table:] Certain of the Fund's Level 3 investments have been valued using unadjusted third-party transactions and quotations, ***[If applicable:]*** or the unadjusted net asset value of investments in private investment companies. As a result, fair value assets of approximately $152,500 have been excluded from the preceding table.

[Consider including the following language if not already addressed in the preceding Fair Value – Valuation Techniques and Inputs section:] The Fund's Level 3 investments have been valued using unadjusted third-party transactions and quotations, ***[If applicable:]*** or the unadjusted net asset value of investments in private investment companies. As a result, there were no unobservable inputs that have been internally developed by the Fund in determining the fair values of its investments as of December 31, 20XX.

3. Concentration of credit risk

The Fund is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contracted obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties.

4. Warrants

The Fund may receive warrants from its portfolio companies upon an investment in the debt or equity of a portfolio company. The warrants provide the Fund with exposure to and potential gains upon equity appreciation of the portfolio company's share price.

The value of a warrant has two components: time value and intrinsic value. A warrant has a limited life and expires on a certain date. As the expiration date of a warrant approaches, the time value of a warrant will decline. In addition, if the stock underlying the warrant declines in price, the intrinsic value of an "in the money" warrant will decline. Further, if the price of the stock underlying the warrant does not exceed the strike price of the warrant on the expiration date, the warrant will expire worthless. As a result, the Fund could potentially lose its entire investment in a warrant.

The Fund is exposed to counterparty risk from the potential failure of an issuer of warrants to settle its exercised warrants. The maximum risk of loss from counterparty risk to the Fund is the fair value of the contracts. The Fund considers the effects of counterparty risk when determining the fair value of its investments in warrants. See Note 2 for additional information on warrant contracts including related realized and unrealized gains and losses information. ***[Entities should consider the need for disclosure of warrant activity in accordance with ASC 815-10-50.]***

5. Escrow proceeds receivable

[If applicable:] During 20XX, the Fund completed the sale of its investment in ***[insert company names]***. A portion of proceeds from the sale of the portfolio company is held in escrow as recourse for indemnity claims that may arise under the sale agreement. Amounts held in escrow are held at estimated realizable value, are reflected on the statement of assets, liabilities and partners' capital, and included in net realized gain from investments. As of December 31, 20XX, the carrying amount of escrow proceeds receivable is $85,000.

6. Contingent consideration

[If applicable:] Contingent consideration is additional amounts from liquidated investments that management believes will be realized at future dates and/or as future events are reached. The terms of such milestones are generally defined in the sales/liquidation agreements of the liquidated investment. The amount of the actual milestone payments ultimately received by the Fund may vary as the future milestone events are or are not obtained. ***[If milestones are significant, consider disclosing key provisions including amounts and dates expected as well as probability of receipt.]***

7. Partners' capital

[The following disclosures are examples of the pertinent rights and privileges of the Fund's capital structure. These disclosures should be tailored to reflect the provisions in the Fund's legal documents:]

Committed Capital

At December 31, 20XX, the Fund has total commitments of $800,000,000, of which $792,000,000 is commited by limited partners. The General Partner may call capital up to the amount of unfunded commitments to enable the Fund to make investments, pay fees and expenses, or to provide reserves. No limited partner is required to fund an amount in excess of its unfunded commitments. At December 31, 20XX, the Fund's unfunded commitments amounted to $200,000,000, of which $198,000,000 is unfunded from the limited partners. The ratio of total contributed capital to total committed capital is 75.0%.

7. Partner's capital (continued)

Capital Contributions

Capital contributions are due from the partners within ten (10) business days of advance notice from the General Partner, and are subject to certain limitations. Capital contributions receivable represents capital calls that were past due as of December 31, 20XX, but for which the Fund ***[received payment in Month Year OR believes there is substantial evidence of ability and intent to pay within a reasonably short period of time after the reporting date]***. The Fund has certain remedies available for defaulting partners.

Allocation of Partnership Profits and Losses

Net investment income or loss, net realized gain or loss and unrealized gain or loss from investments are allocated to the partners pro rata in proportion to their respective capital contributions, however, the limited partners' allocation of profits and losses is divided between the limited partners and the General Partner as follows:

i. 100% to limited partners until the limited partners have received an amount equal to the capital contributed

II. 100% to limited partners until the limited partners have received an aggregate amount equal to an 8% cumulative internal rate of return, compounded annually, on the outstanding balance of the limited partners' capital contributions

III. 100% to the General Partner until the General Partner has received 20% of the aggregate amount allocated to the limited partners pursuant to clause (ii) above

IV. Thereafter, 80% to the limited partners and 20% to the General Partner

The allocation of profits and losses in steps III and IV above represent carried interest to the General Partner.

[If applicable:] If the balance of the General Partner's capital account has been reduced to less than one percent (1%) of total partners' capital, an amount (the "Contingent Loss") necessary to bring the General Partner's capital account balance to 1% of total partners' capital will be reallocated from the capital accounts of the limited partners' to the General Partner's' capital account.

[If applicable:] As of December 31, 20XX, there was no Contingent Loss allocation. ***[If applicable:]*** As of December 31, 20XX, a cumulative Contingent Loss of $XXX,XXX has been allocated to the limited partners.

Capital Distributions

The Fund is required to make an annual mandatory distribution to each partner within ninety (90) days after the end of each fiscal year to satisfy the individual partner tax liabilities generated by the Fund during the year. The General Partner in its own discretion may make additional distributions subject to certain restrictions.

Distributions are made to the partners pro rata in proportion to their respective capital contributions, however, the limited partners' share of any distributions are divided between the limited partners and the General Partner in the same manner as the allocation of partnership profits and losses.

Carried Interest

The capital accounts reflect the carried interest to the General Partner as if the Fund were to liquidate as of December 31, 20XX. The carried interest to the General Partner will remain provisional until final liquidation of the Fund.

Clawback

[If applicable:] Upon the termination of the Fund, if there has been any distribution of carried interest to the General Partner and if the distributions received by the limited partners have been insufficient to provide the required return of capital and preferred return, the General Partner will be obligated to return previously received carried interest payments (the "clawback") to the limited partners. The clawback is limited to the after-tax amount of carried interest previously distributed to the General Partner.

[If applicable:] The capital accounts reflect a clawback of $XXX,XXX to be returned to the Fund as if the Fund were to liquidate as of December 31, 20XX. The clawback will remain provisional until final liquidation of the Fund.

8. Management fees

[Please review the Fund's Agreement for the specific terms. The disclosure below is only an example:]

The Fund pays an annual management fee, calculated and payable on a quarterly basis, to the Investment Manager. The management fee is based on an annual rate of 2% of the aggregate capital commitments of the limited partners. After reaching the Investment Period Termination Date on ***[Month, Date, Year]***, the management fee will be based on the amount of invested capital.

From time to time, the Investment Manager, General Partner, or any affiliate of the Fund may enter into specific transactions on behalf of the Fund and receive a fee for their services. ***[Spell out percentage]*** (***[insert percentage]*** %) of such fees is applied to reduce future management fees payable by the Fund to the Investment Manager. For the year ended December 31, 20XX, the Investment Manager earned $8,460,000 as a result of these transactions, which has been applied as a reduction of management fee expense. For the year ended December 31, 20XX, the net management fee charged to the Fund was $7,540,000.

Management fee payable of $2,080,000 represents management fee due to the Investment Manager, and is expected to be paid in ***[Month, Year]***.

[If applicable:] At the discretion of the General Partner and Investment Manager, certain limited partners have special management fee arrangements.

9. Notes payable

[If applicable:] On December XX, 20XX, the Fund entered into a $2,000,000, promissory note and security agreement, (the "Note"), with an unrelated third party for the purpose of providing short-term liquidity. The Note is secured by certain investments of the Fund and is due on ***[insert date]***. Interest is accrued at X.X% per annum. At December 31, 20XX, the amount of the note was $100,000.

[If applicable:] On December XX, 20XX, the Fund entered into a credit agreement with ***[insert bank name]***, which provides a $10 million credit facility for the Fund. On December XX, 20XX, the Fund drew down $XX million under this line of credit and repaid the $XX million on January XX, 20XX. Interest accrues at X.X% per annum.

10. Related party transactions

The Fund considers the General Partner and the Investment Manager, their principal owners, members of management, and members of their immediate families, and entities under common control to be related parties to the Fund. Amounts due from and due to related parties are generally settled in the normal course of business without formal payment terms.

Certain limited partners are related parties of the General Partner. The aggregate value of limited partners' capital owned by related parties at December 31, 20XX is approximately $XXX,XXX.

[If applicable:] The Fund has amounts due from related parties for advances in the normal course of business. As of December 31, 20XX, $57,000 is receivable from related parties. Amounts are non-interest bearing and are due on demand.

[If applicable:] Additionally, the Fund may co-invest with other entities with the same General Partner as the Fund. ***[If applicable:]*** At December 31, 20XX, the Fund held an investment with a fair value of $XXX,XXX that was co-invested with affiliated funds. ***[If applicable:]*** At December 31, 20XX, the Fund did not have any investments that were co-invested with affiliated funds.

[If applicable:] Certain expenses of the Fund may initially be invoiced to the Investment Manager ***[specifically professional fees]***. Subsequently, such amounts are charged to the Fund in accordance with the Agreement.

[If applicable:] The General Partner generally allocates investments between the Fund and other entities for which it serves as the General Partner on a pro rata basis based on capital commitments. To maintain pro rata allocations, the Fund may sell securities to, or purchase securities from, these other entities. These transactions are generally executed at the closing price on the trade date, or for illiquid securities, at fair value as determined by the General Partner.

10. Related party transactions (continued)

[If applicable:] During 20XX, the Fund entered into purchase and sale transactions with ***[Entity Name]***, an affiliated entity that is also managed by the General Partner. Total purchases and sales at fair value of approximately $XXX,XXX and $XXX,XXX, respectively, were made with this related party. Transactions with related parties resulted in net gains (losses) of $XXX,XXX, which are included in net realized gain (loss) from investments in the statement of operations. The value of these transactions was determined using the Fund's normal investment valuation policies.

11. Commitments and contingencies

[The following disclosures are examples of long-term commitments and contingencies which may occur for an investment company. The appropriate disclosures to be included should be tailored based on the facts and circumstances of the Fund:]

[If applicable:] The Fund is contractually required to provide financial support in the form of investment commitments to certain investees as part of the conditions for entering into such investments. During the year ended December 31, 20XX, the Fund funded capital calls of $XXX,XXX. At December 31, 20XX, the Fund has unfunded investment commitments in the amount of $XXX,XXX. These commitments were subsequently funded in 20XX. The Fund has no other unfunded investment commitments as of December 31, 20XX.

[If applicable:] In the normal course of business, the Fund has been named as a defendant in various matters. Management of the Fund, after consultation with legal counsel, believes that the resolution of these matters will not have a material adverse effect on the financial condition, results of operations or cash flows of the Fund.

The Fund has provided general indemnifications to the General Partner, any affiliate of the General Partner and any person acting on behalf of the General Partner or such affiliate when they act, in good faith, in the best interest of the Fund. The Fund is unable to develop an estimate of the maximum potential amount of future payments that could potentially result from any hypothetical future claim, but expects the risk of having to make any payments under these general business indemnifications to be remote.

[If applicable:] The Fund provides financial support to its investees ***[Note: Examples of financial support to investees may include loans, capital commitments, and guarantees]*** in the normal course of executing its investment strategies. The following tables summarize financial support provided to the Fund's investees during the year ended December 31, 20XX:

11. Commitments and contingencies (continued)

Financial support the Fund was contractually required to provide:

Type	Amount	Reasons for providing support
[Describe the type of financial support provided, including situations in which the Fund assisted the investee in obtaining financial support.]	$ –	***[Include a description of the primary reasons for providing financial support to investees.]***

Financial support the Fund was not contractually required to provide:

Type	Amount	Reasons for providing support
[Describe the type of financial support provided.]	$ –	***[Include a description of the primary reasons for providing financial support to investees.]***

The following table summarizes the amount of financial support the Fund will be contractually required to provide to investees subsequent to December 31, 20XX:

Type	Amount	Reasons for providing support
[Describe the type of financial support provided.]	$ –	***[Include a description of the primary reasons for providing financial support to investees.]***

12. Risk factors

Management of the Fund seeks investment opportunities that offer the possibility of attaining substantial capital appreciation. Certain events particular to each industry in which the Fund invests, and general economic and political conditions, may have a significant negative impact on the investee's operations and profitability. In addition, the Fund is subject to changing regulatory and tax environments. These events are beyond the Fund's control, and the likelihood that they may occur cannot be predicted. Furthermore, most of the Fund's investments are made in private operating companies whose shares do not trade on established exchanges. While it is expected that these companies may pursue initial public offerings, trade sales, or other liquidation events, there are generally no public markets for these investments at the current time. The Fund's ability to liquidate its private operating companies and realize value is subject to significant limitations and uncertainties, including currency fluctuations. The Fund's ability to liquidate its publicly traded investments is subject to limitations, including discounts that may be required to be taken on quoted prices due to the number of shares being sold.

13. Financial highlights

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

Internal rate of return, since inception:	
Beginning of year	23.0%
End of year	18.6%
Ratios to average limited partners' capital:	
Expenses before carried interest to General Partner[1]	1.4%
Carried interest to General Partner	1.2%
Expenses, including carried interest to General Partner	2.6%
Net investment loss	(0.5)%

[(1)] Such percentages are after management fee offsets. The Investment Manager offset a portion of its management fee (equal to 1.2% of average partners' capital) in 20XX for services performed for portfolio companies, for which it was compensated.

The net investment loss ratio does not reflect the effects of carried interest to the General Partner.

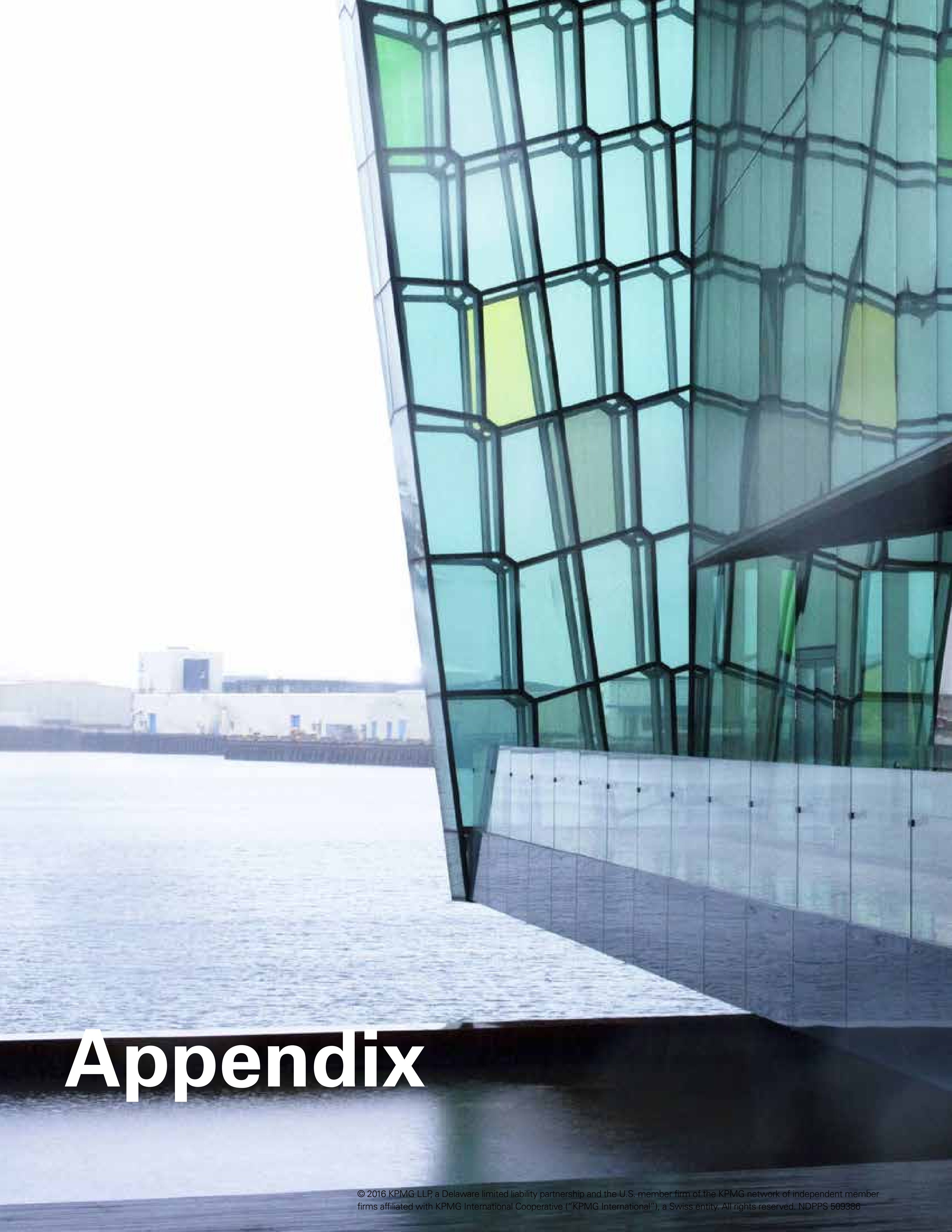
[For periods greater than or less than one year:]
The ratios, excluding nonrecurring expenses and carried interest to the General Partner, have been annualized.

The Internal Rate of Return ("IRR") of the limited partner class since inception of the Fund is net of carried interest to the General Partner and computed based on the actual dates of capital contributions and distributions, and the ending aggregate limited partners' capital balance (residual value).

Financial highlights are calculated for the limited partner class taken as a whole. An individual limited partner's return and ratios may vary based on different management fee and carried interest arrangements.

14. Subsequent events

These financial statements were approved by management and available for issuance on [Month, Date, Year]. Subsequent events have been evaluated through this date.



Appendix

Appendix A
Investments in Private Investment Companies

December 31, 20XX

	Percentage of *[Partners' Capital]* *[Net Assets]*	Fair Value	Unfunded Commitments
Investments in private investment companies, at fair value			
United States Domiciled			
Private Equity			
PE Fund 1, L.P. [(1)] [(4)]	XXX	$ XXX	
PE Fund 2, L.P. [(2)] [(4)]	XXX	XXX	
Total United States Domiciled (cost $XXX)	XXX	XXX	
Cayman Islands Domiciled			
Private Equity			
PE Fund Ltd., Class A, XXX shares owned [(3)] [(4)]	XXX	XXX	$ XXX
Other	XXX	XXX	XXX
Total Cayman Islands Domiciled (cost $XXX)	XXX	XXX	XXX
Total investments in private investment companies, at fair value (cost $XXX)	XXX	$ XXX	$ XXX

[(1)] See page 26 for disclosure of the Fund's proportionate interest in underlying investments that exceeded 5% of the Fund's ***[partners' capital] [net assets]*** at December 31, 20XX.

[(2)] ***[The following is an alternative presentation of the Fund's proportionate interest in underlying investments that exceeded 5% of the Fund's [partners' capital] [net assets] at December 31, 20XX:]*** PE Fund 2, L.P. holds an investment in XYZ preferred stock with a fair value of $XX,XXX,000. XYZ is a U.S. company in the technology industry. The Fund's proportionate share of this investment is valued at $XX,XXX,000 as of December 31, 20XX.

[(3)] Information about the investee fund's portfolio is not available.

[(4)] The investment objective is to provide superior, long-term capital growth through investments in privately held portfolio companies, while avoiding undue risk through diversification.

See accompanying notes to financial statements.

December 31, 20XX

The following discloses the Fund's proportionate interest in underlying investments of PE Fund 1, L.P. that exceeded 5% of the Fund's December 31, 20XX ***[partners' capital] [net assets]***.

	Principal Amount or Number of Shares	PE Fund 1, L.P. Fair Value	Fund's Proportionate Share
Investments in securities, at fair value			
Preferred stocks			
United States			
Health Care			
Health Group	XXX	$ XXX	$ XXX
XYZ Corporation	XXX	XXX	XXX
Total preferred stocks		XXX	XXX

See accompanying notes to financial statements.

December 31, 20XX

[Include the following paragraph to the Investments in Private Investment Companies section of "Valuation Techniques and Inputs" in Note 1 if the Fund has investments that were not valued using the practical expedient:]

At December 31, 20XX, the Fund had investments in private investment companies of $X,XXX,000 that did not qualify for the practical expedient because it is probable that the Fund will sell these investments for amounts that differ from the net asset valuations provided by the underlying private investment companies. ***[Include a description of the remaining actions required to complete the sale of the investments.]*** Investments in private investment companies of approximately $X,XXX,000 were valued based on the Fund's estimates of secondary market transactions for those investments, using discounts ranging between X.X% and X.X% of their stated net asset valuations.

Investments in Private Investment Companies

As of December 31, 20XX, the Fund was invested in other private investment companies. Each of these investments generally does not allow for redemptions before the liquidation of the entity as specified in the respective agreements.

[Include if invested in a related party:]

The Fund had an investment in Related Fund, LP of approximately $X,XXX,000, an affiliated investment company as of December 31, 20XX. ***[Include a description of any liquidity provisions of the related party fund, such as the following example:]*** Related Fund, LP generally does not allow for redemptions before the liquidation of the entity. The management agreement of the affiliated investment company provides for compensation to the manager in the form of fees of X.X% annually of net assets and incentive allocation or fees of XX% of net profits earned (subject to a loss carryforward). For the year ended December 31, 20XX, the Fund was charged management and incentive fees of $XXX,000 and $XXX,000, respectively.

See accompanying notes to financial statements.

December 31, 20XX

The following table summarizes the Fund's investments in other private investment companies as of December 31, 20XX. ***[If a condensed schedule of investments is presented]*** Other private investment companies in which the Fund invested 5% or more of its net assets, as disclosed in the condensed schedule of investments (SOI), are individually identified, while smaller investments are aggregated. The Fund's investments in private investment companies have certain redemption and liquidity restrictions that are described in the following table.

	Required for all Funds either here or in SOI		
Investment Strategy	**Redemptions Notice Period**	**Redemptions Permitted**	**Liquidity Restrictions**
Private equity			
PE Fund 1, L.P.	N/A	No	See below[1]
PE Fund 2, L.P.	N/A	No	See below[2]
PE Fund Ltd.	N/A	No	See below[2]

[1] It is estimated that the underlying assets of the funds would be liquidated over 5 to 8 years.

[2] It is estimated that the underlying assets of the funds would be liquidated over 3 to 5 years.

See accompanying notes to financial statements.

December 31, 20XX

[The following represents example disclosures to summarize the overall risks and any concentration exposures in the aggregate of the investee(s) by geographic regions, industries, and types of securities. This will need to be customized for each Fund of Funds specifically:]

The funds disclosed in the preceding table invest primarily in domestic and foreign technology companies. These investments cannot be voluntarily redeemed. Instead, the investments in this category make distributions of the underlying assets of the funds that have liquidated.

The Fund is subject to credit risk to the extent that the investment managers of the underlying private investment companies are unable to fulfill their obligations according to their organizational documents. The Fund, through its investments in private investment companies, is subject to risk inherent when investing in securities and private investments. In connection with its investments, the Fund is subject to the market and credit risk of those investments held or sold short by the private investment companies. Due to the nature of the Fund's investments, the risks described above are limited to the Fund's investment balances and unfunded commitments to private investment companies.

[If applicable:] At December 31, 20XX, certain investments in private investment companies were managed by the same underlying investment manager, representing approximately XX% of the Fund's ***[partners' capital] [net assets]***.

[If applicable, additional disclosure is required if a reporting entity determines that it is probable that it will sell an investment(s) for an amount different from net asset value per share (or equivalent). The reporting entity shall disclose the total fair value of all investments that meet the criteria of a possible sale and any remaining actions required to complete the sale.]

[If applicable, additional disclosure is required if a reporting entity determines that it is probable that it will sell a group of investments, but the individual investments have not been identified (e.g., if a reporting entity decides to sell 20% of its investments in private equity funds but the individual investments to be sold have not been identified), the reporting entity shall disclose its plans to sell and any remaining actions required to complete the sale(s).]

December 31, 20XX

Note: ASU 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent), removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The guidance in ASU 2015-07 is effective for public business entities for fiscal years beginning after December 15, 2015 (and interim periods within those fiscal years), and for fiscal years beginning after December 15, 2016 (and interim periods within those fiscal years) for all other entities. Earlier application is permitted.

Recently Adopted Accounting Pronouncement

The Fund elected to early adopt the guidance issued in ASU No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which removes the requirement to categorize within the fair value hierarchy all investments measured using the net asset value per share practical expedient and related disclosures. The Fund adopted the guidance retrospectively, which removes investments measured using the net asset value per share practical expedient from the fair value hierarchy in all periods presented. The adoption of this accounting guidance did not have a material impact on the Fund's financial statements.

Fair Value Measurements

[Include the following disclosure to reconcile the fair value of assets categorized within the fair value hierarchy to the amounts presented in the statement of assets, liabilities and partners' capital. Note: certain investment categories have been condensed to simplify the illustration below:]

The following table presents information about the Fund's assets measured at fair value as of December 31, 20XX (in thousands):

	Level 1	Level 2	Level 3	Investments measured at net asset value	Total
Investments in securities, at fair value	$ XXX	$ XXX	$ XXX	$ –	$ XXX
Investments in private investment companies, at fair value					
Private equity	–	–	–	XXX	XXX
Total investments in private investment companies, at fair value	$ XXX	$ XXX	$ XXX	$ XXX	$ XXX

[The following disclosure may be used to reconcile the fair value of assets categorized within the fair value hierarchy to the amounts presented in the statement of assets, liabilities and partners' capital when all of the Fund's investments are investments in private investment companies measured at net asset value.]

At December 31, 20XX, the Fund had investments in private investment companies of approximately $XX,XXX,000 measured using net asset value as a practical expedient, which are not categorized in the fair value hierarchy.

Appendix C
Liability for Unrecognized Tax Benefits

December 31, 20XX

[Replace the accounting policy for income taxes with the following language if the Fund has recognized a liability for unrecognized tax benefits:]

The Fund does not record a provision for U.S. federal, state, or local income taxes because the partners report their share of the Fund's income or loss on their income tax returns. ***[If applicable:]*** However, certain U.S. dividend income and interest income may be subject to a maximum 30% withholding tax for those limited partners that are foreign entities or foreign individuals. ***[If applicable:]*** Further, certain non-U.S. dividend income and interest income may be subject to a tax at prevailing treaty or standard withholding rates with the applicable country or local jurisdiction. The Fund files an income tax return in the U.S. federal jurisdiction, and may file income tax returns in various U.S. states ***[If applicable:]*** and foreign jurisdictions. Generally, the Fund is subject to income tax examinations by major taxing authorities during the three-year period prior to the period covered by these financial statements.

The Fund is required to determine whether its tax positions are "more-likely-than-not" to be sustained upon examination by the applicable taxing authority, based on the technical merits of the position. Tax positions not deemed to meet a "more-likely-than-not" threshold would be recorded as a tax expense in the current year.

At December 31, 20XX, the Fund recorded a liability for unrecognized tax benefits of $XXX,000 related to its tax positions. ***[Include a description of the uncertainty in tax positions, for example, investment gains from certain foreign jurisdictions where the Fund has elected not to file an income tax return.]***

[The following are examples which may apply to the Fund's assessment of possible changes in unrecognized tax benefits over the next 12 months:]

1. The Fund has determined that it is reasonably possible that the total amount of the unrecognized tax benefits will ***[increase] [decrease]*** by approximately ***[Include an amount or a range of the reasonably possible changes in unrecognized tax benefits]*** within the next 12 months as a result of ***[Describe the nature of events that can cause a significant change in unrecognized tax benefits, including but not limited to, settlements, expiration of statutes of limitations, changes in tax law, and new authoritative rulings]***.
2. The Fund has determined that it is reasonably possible that the total amount of the unrecognized tax benefits will ***[increase] [decrease]*** within the next 12 months as a result of ***[Describe the nature of events that can cause a significant change in unrecognized tax benefits, including but not limited to, settlements, expiration of statutes of limitations, changes in tax law, and new authoritative rulings]***. Until formal resolutions are reached between the Fund and tax authorities, the determination of a possible ultimate settlement with respect to the effect on unrecognized tax benefits is not readily determinable.
3. The Fund does not expect that its assessment related to unrecognized tax benefits will materially change over the next 12 months. However, the Fund's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, the nexus of income among various tax jurisdictions; compliance with U.S. federal, U.S. state, and foreign tax laws; and changes in the administrative practices and precedents of the relevant taxing authorities.

The Fund recognizes interest and penalties related to unrecognized tax benefits in interest expense and other expenses, respectively. During the year ended December 31, 20XX, the Fund recognized $XX,XXX and $XXX,XXX, respectively, related to interest and penalties. At December 31, 20XX, the Fund accrued $XX,XXX and $XX,XXX, respectively, for the payment of interest and penalties.

Contact us

Learn more about how KPMG's Alternative Investments practice can help you navigate the most complex business issues affecting your investment and fund decisions.

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