

ASU 2011-11 SAMPLE DISCLOSURE FOR BALANCE SHEET OFFSETTING – Required for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented.

NOTE 5 – OFFSETTING ASSETS AND LIABILITIES

[Note: The Fund is required to provide a description of the rights of setoff associated with its recognized assets and recognized liabilities subject to an enforceable master netting arrangement or similar agreement, including the nature of those rights. – This note should be tailored to the Fund’s specific agreements:]

As of December 31, 20XX, the Fund holds financial instruments and derivative instruments that are eligible for offset in the statement of financial condition and are subject to an enforceable master netting arrangement or similar agreement with its counterparty/(ies). The master netting arrangement allows the counterparty to net applicable collateral held on behalf of the Fund against applicable liabilities or payment obligations of the Fund to the counterparty. These arrangements also allow the counterparty to net any of its applicable liabilities or payment obligations they have to the Fund against any collateral sent to the Fund. The master netting arrangement or similar agreement meets the following right of setoff criteria: the amounts owed by the Fund to another party are determinable, the Fund has the right to set off the amounts owed with the amounts owed by the other party, the Fund intends to set off, and the Fund’s right of setoff is enforceable by law.

[Include the following language if the Fund trades repos:]

Excluding the criteria that the Fund intends to set off, securities purchased under agreements to resell and securities sold under agreements to repurchase meet the following additional criteria to be offset: positions are with the same counterparty, have the same explicit settlement date specified at the inception of the agreements, are executed in accordance with a master netting arrangement or similar agreement, have securities underlying the agreements that exist in book entry form and can be transferred only by means of entries in the records of the transfer system operator or securities custodian, will both be settled on a securities transfer system and have an associated banking arrangement in place, and intends to use the same account at the clearing bank or other financial institution at the settlement date in transacting both the cash inflows resulting from the settlement of the securities purchased under agreements to resell and the cash outflows in settlement of the offsetting securities sold under agreements to repurchase.

ASU 2011-11 SAMPLE

NOTE 5 – OFFSETTING ASSETS AND LIABILITIES (CONTINUED)

[Option #1: suggested for Funds with derivative positions and collateral presented gross on the statement of financial condition, with significant derivative activity, and one counterparty. If the derivatives are presented net in statement of financial condition then include the columns presented in Option #3.]

As discussed in Note 2, the Fund has elected not to offset assets and liabilities in the statement of financial condition. The following table provides disclosure regarding the potential effect of offsetting of recognized assets presented in the statement of financial condition had the Fund elected to offset.

As of December 31, 20XX:

Description	Gross Amounts of Recognized Assets Presented in the Statement of Financial Condition	Financial Instruments	Cash Collateral Received (Pledged)	Net Amount
Interest rate swaps	\$ --	\$ --	\$ --	\$ --
OTC warrants purchased	--	--	--	--
Total return swaps	--	--	--	--
Credit default swaps	--	--	--	--
Contracts for differences	--	--	--	--
Futures contracts	--	--	--	--
Forward contracts	--	--	--	--
OTC option contracts purchased	--	--	--	--
Securities purchased under agreements to resell	--	--	--	--
Securities lending agreements	--	--	--	--
Total	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

ASU 2011-11 SAMPLE

NOTE 5 – OFFSETTING ASSETS AND LIABILITIES (CONTINUED)

The following table provides disclosure regarding the potential effect of offsetting of recognized liabilities presented in the statement of financial condition had the Fund elected to offset.

As of December 31, 20XX:

Description	Gross Amounts of Recognized Liabilities Presented in the Statement of Financial Condition	Financial Instruments	Cash Collateral Pledged (Received)	Net Amount
Interest rate swaps	\$ --	\$ --	\$ --	\$ --
OTC warrants written	--	--	--	--
Total return swaps	--	--	--	--
Credit default swaps	--	--	--	--
Contracts for differences	--	--	--	--
Futures contracts	--	--	--	--
Forward contracts	--	--	--	--
OTC option contracts written	--	--	--	--
Payable for securities sold under agreements to resell	--	--	--	--
Securities lending agreements	--	--	--	--
Total	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

[If Applicable:] The gross amounts of derivative assets and liabilities presented in the preceding tables differ from the amounts of derivative assets and liabilities reported in the statement of financial condition as a result of option contracts in the amounts of \$XXX,XXX and \$XXX,XXX respectively, which are not subject to enforceable master netting arrangements.

NOTE 5 – OFFSETTING ASSETS AND LIABILITIES (CONTINUED)

[Option #2: suggested for Funds with derivative positions and collateral presented gross on the statement of financial condition, significant derivative activity, and multiple counterparties.]

As discussed in Note 2, the Fund has elected not to offset assets and liabilities in the statement of financial condition. The following tables provide disclosure regarding the potential effect of offsetting of recognized assets presented in the statement of financial condition had the Fund elected to offset.

As of December 31, 20XX:

Description	Gross Amounts of Recognized Assets Presented in the Statement of Financial Condition
Interest rate swaps	\$ --
OTC warrants purchased	--
Total return swaps	--
Credit default swaps	--
Contracts for differences	--
Futures contracts	--
Forward contracts	--
OTC option contracts purchased	--
Securities purchased under agreements to resell	--
Securities lending agreements	--
Total	<u><u>\$ --</u></u>

ASU 2011-11 SAMPLE

NOTE 5 – OFFSETTING ASSETS AND LIABILITIES (CONTINUED)

As of December 31, 20XX:

Description	Gross Amounts of Recognized Assets Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition	Cash Collateral Received (Pledged)	Net Amount
Counterparty A	\$ --	\$ --	\$ --	\$ --
Counterparty B	--	--	--	--
Other	--	--	--	--
Total	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

The following table provides disclosure regarding the potential effect of offsetting of recognized liabilities presented in the statement of financial condition had the Fund elected to offset.

As of December 31, 20XX:

Description	Gross Amounts of Recognized Liabilities Presented in the Statement of Financial Condition
Interest rate swaps	\$ --
OTC warrants written	--
Total return swaps	--
Credit default swaps	--
Contracts for differences	--
Futures contracts	--
Forward contracts	--
OTC option contracts written	--
Payable for securities sold under agreements to resell	--
Securities lending agreements	--
Total	<u>\$ --</u>

ASU 2011-11 SAMPLE

NOTE 5 – OFFSETTING ASSETS AND LIABILITIES (CONTINUED)

As of December 31, 20XX:

Description	Gross Amounts of Recognized Liabilities Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition Financial Instruments	Cash Collateral Pledged (Received)	Net Amount
Counterparty A	\$ --	\$ --	\$ --	\$ --
Counterparty B	--	--	--	--
Other	--	--	--	--
Total	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

[If Applicable:] The gross amounts of derivative assets and liabilities presented in the preceding tables differ from the amounts of derivative assets and liabilities reported in the statement of financial condition as a result of option contracts in the amounts of \$XXX,XXX and \$XXX,XXX respectively, which are not subject to enforceable master netting arrangements.

ASU 2011-11 SAMPLE

NOTE 5 – OFFSETTING ASSETS AND LIABILITIES (CONTINUED)

*[Option #3: suggested for Funds with derivative positions and collateral **presented net** on the statement of financial condition, **limited derivative activity**, and **one or few counterparties**. If the derivative positions and collateral are presented gross on the statement of financial condition, consider presenting the columns as per Option #1.]*

As discussed in Note 2, the Fund has elected to offset assets and liabilities in the statement of financial condition. The following table provides disclosure regarding the effect of offsetting of recognized assets presented in the statement of financial condition.

As of December 31, 20XX:

Description	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Condition	Net Amounts of Assets Presented in the Statement of Financial Condition ^(a)	Gross Amounts Not Offset in the Statement of Financial Condition		
				Financial Instruments	Cash Collateral Received (Pledged)	Net Amount
Derivative contracts	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Securities purchased under agreements to resell	--	--	--	--	--	--
Securities lending agreements	--	--	--	--	--	--
Total	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

^(a) Amounts include \$XXX,XXX of collateral included in due from/to brokers on the statement of financial condition.

ASU 2011-11 SAMPLE

NOTE 5 – OFFSETTING ASSETS AND LIABILITIES (CONTINUED)

The following table provides disclosure regarding the effect of offsetting of recognized liabilities presented in the statement of financial condition.

As of December 31, 20XX:

Description	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the <u>Statement of Financial Condition</u>	Net Amounts of Liabilities Presented in the <u>Statement of Financial Condition</u> ^(a)	Gross Amounts Not Offset in the <u>Statement of Financial Condition</u>		
				Financial Instruments	Cash Collateral Pledged (Received)	Net Amount
Derivative contracts	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Payable for securities sold under agreements to resell	--	--	--	--	--	--
Securities lending agreements	--	--	--	--	--	--
Total	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

^(a) Amounts include \$XXX,XXX of collateral included in due from/to brokers on the statement of financial condition.

[If Applicable:] The gross amounts of derivative assets and liabilities presented in the preceding tables differ from the amounts of derivative assets and liabilities reported in the statement of financial condition as a result of option contracts in the amounts of \$XXX,XXX and \$XXX,XXX respectively, which are not subject to enforceable master netting arrangements.

ASU 2011-11 SAMPLE

NOTE 5 – OFFSETTING ASSETS AND LIABILITIES (CONTINUED)

*[Option #4: suggested for Funds with derivative positions and collateral **presented net on the statement of financial condition, significant derivative activity, and multiple counterparties.**]*

As discussed in Note 2, the Fund has elected to offset assets and liabilities in the statement of financial condition. The following tables provide disclosure regarding the effect of offsetting of recognized assets presented in the statement of financial condition.

As of December 31, 20XX:

Description	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Condition	Net Amounts of Assets Presented in the Statement of Financial Condition ^(a)
Interest rate swaps	\$ --	\$ --	\$ --
OTC warrants purchased	--	--	--
Total return swaps	--	--	--
Credit default swaps	--	--	--
Contracts for differences	--	--	--
Futures contracts	--	--	--
Forward contracts	--	--	--
OTC option contracts purchased	--	--	--
Securities purchased under agreements to resell	--	--	--
Securities lending agreements	--	--	--
Total	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

^(a) Amounts include \$XXX,XXX of collateral included in due from/to brokers on the statement of financial condition.

ASU 2011-11 SAMPLE

NOTE 5 – OFFSETTING ASSETS AND LIABILITIES (CONTINUED)

As of December 31, 20XX:

Description	Net Amounts of Assets Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition		
		Financial Instruments	Cash Collateral Received (Pledged)	Net Amount
Counterparty A	\$ --	\$ --	\$ --	\$ --
Counterparty B	--	--	--	--
Other	--	--	--	--
Total	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

The following table provides disclosure regarding the effect of offsetting of recognized liabilities presented in the statement of financial condition.

As of December 31, 20XX:

Description	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Condition	Net Amounts of Liabilities Presented in the Statement of Financial Condition ^(a)
Interest rate swaps	\$ --	\$ --	\$ --
OTC warrants written	--	--	--
Total return swaps	--	--	--
Credit default swaps	--	--	--
Contracts for differences	--	--	--
Futures contracts	--	--	--
Forward contracts	--	--	--
OTC option contracts written	--	--	--
Payable for securities sold under agreements to resell	--	--	--
Securities lending agreements	--	--	--
Total	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

^(a) Amounts include \$XXX,XXX of collateral included in due from/to brokers on the statement of financial condition.

ASU 2011-11 SAMPLE

NOTE 5 – OFFSETTING ASSETS AND LIABILITIES (CONTINUED)

As of December 31, 20XX:

Description	Net Amounts of Liabilities Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition			Net Amount
		Financial Instruments	Cash Collateral Pledged (Received)		
Counterparty A	\$ --	\$ --	\$ --	\$ --	
Counterparty B	--	--	--	--	
Other	--	--	--	--	
Total	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	

[If Applicable:] The gross amounts of derivative assets and liabilities presented in the preceding tables differ from the amounts of derivative assets and liabilities reported in the statement of financial condition as a result of option contracts in the amounts of \$XXX,XXX and \$XXX,XXX respectively, which are not subject to enforceable master netting arrangements.