XYZ FUND, LP

FINANCIAL STATEMENTS
(Expressed in United States Dollars)

FOR THE YEAR ENDED DECEMBER 31, 20XX

XYZ FUND, LP

CONTENTS

INDEPENDENT AUDITORS' REPORT

[CITY, STATE]
[INSERT DATE]

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY

[Elaborate on strategy of Fund in the organization footnote (for example, use language from Funds Offering Memorandum). This will require tailoring.

Principal Business Activity

XYZ Fund, LP (*the "***Partnership***") was formed in **[DATE]** under the laws of the State of Delaware and commenced operations in **[DATE]**. The Partnership's principal place of business is **[XX, XX]**. The Partnership is managed by **[XX GP, LLC]** (the "General Partner") and **[XX, LLC]** (the "Manager" or "Investment Manager"). The Partnership will invest in recourse and non-recourse advances (collectively, the "Investments") to fund the following:

• certain commercial litigation or arbitration proceedings, enforcement of judgments and awards, and recovery of misappropriated assets;

• certain debtor-in-possession matters; and

• certain cases or portfolios of cases from certain law firms (the "Law Firms") or plaintiffs (the "Plaintiffs") throughout the United States supported by certain personal injury, wrongful death, medical malpractice, mass tort, class action, and other similar cases (collectively, the "Cases"), whether those Cases are settled, in settlement discussions, in court, or have jury verdicts (on appeal or not), and whether they involve one or more jurisdictions, class actions, or other circumstances.

****Update references throughout based on defined name of fund***

Initial Closing

The Partnership had an initial closing on **[DATE]** (the "Initial Closing Date").

Subsequent Closings

The Partnership had an initial closing on **[DATE]** (the "Initial Closing Date") and **three** (3) subsequent closings in **[DATE], [DATE]** and **[DATE]** (each referred to as a "Subsequent Closing"). At the time of each Subsequent Closing, the new limited partners were treated as if they had been admitted to the Partnership on the Initial Closing Date.

Investment Period

In accordance with the Limited Partnership Agreement, the Partnership began investing available capital on the Initial Closing Date for the purchase of investments (the "Investment Period"). The Investment Period ends on the **third (3rd) anniversary of the Partnership's final Subsequent Closing Date [tailor as needed].**

Limited Life

[Customize as needed]

The Partnership will terminate on **[DATE],** unless extended for up to two one-year periods by the General Partner, **upon approval of the Advisory Board,** or terminated earlier in accordance with the Partnership Agreement.

OR

It is the intention of the Partnership to have a term of **___ years** from the Initial Closing Date.

Management's Plans **[for Funds winding up]**

The term of the Partnership ended on December 31**, 20XX** and the General Partner is winding up the affairs of the Partnership, as business circumstances allow, and is pursuing an orderly liquidation as established in its Limited Partnership Agreement. Management intends to dispose of remaining assets at fair value.

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The Partnership qualifies as an investment company, as defined in Financial Accounting Standards Board ("FASB") Accounting Standards Codification (”ASC”) Topic 946 Financial Services – Investment Companies and, therefore, is applying the specialized accounting and reporting guidance in ASC Topic 946.

SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Partnership in the preparation of its financial statements. The policies are in conformity with United States generally accepted accounting principles ("U.S. GAAP"), which require management to make estimates and assumptions that affect the reported amounts, contingent assets and liabilities, and disclosures in the financial statements. Actual results could differ from those estimates. Management has considered the circumstances under which the Partnership should recognize or make disclosures regarding events or transactions occurring subsequent to the balance sheet date through [**insert date**] which represents the date the financial statements were available to be issued. Adjustments or additional disclosures, if any, have been included in these financial statements.

NEW ACCOUNTING PRONOUNCEMENTS

Include new accounting pronouncements as deemed relevant and tailor the impact accordingly.

[Choose (A) or (B) as applicable]
(A)

The effects of adopting this accounting guidance resulted in **XX**.

(B)

The adoption did not have a material impact on the Partnership's financial statements.

PORTFOLIO VALUATION

All investments are recorded at their estimated fair value, as described in Note 3.

(Condensed) SCHEDULE OF INVESTMENTS

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

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash, including cash denominated in foreign currencies, represents cash on hand and demand deposits held at financial institutions. Cash equivalents includes 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 carried at cost, plus accrued interest, which approximates fair value. Cash equivalents are held to meet 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 those balances exceed applicable Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection (SIPC) limitations.

Restricted cash is subject to a legal or contractual restriction by third parties as well as a restriction as to withdrawal or use, including restrictions that require the funds to be used for a specified purpose and restrictions that limit the purpose for which the funds can be used.

[Disclose the nature of restriction on cash, cash equivalents, and amounts described as restricted cash]

[If cash held at foreign bank, include the following here:]
The Partnership maintains cash in U.S. Dollars and/or foreign currency of $[**amount**] at bank**(s)** [**located in (list countries)**]. ***[On the Statement of Financial Condition, foreign currency should be shown separate from cash and cash equivalents and historical cost noted on the face of the financials (or in the footnotes if not significant.]***

INVESTMENT TRANSACTIONS, INCOME AND EXPENSE

Realized gains or losses on dispositions of investments represent the difference between the original cost of the investment, adjusted for accretion of interest reserve (original issue discount) as further discussed below, based on the specific identification method, and the proceeds received from the repayment of advances. The Partnership applies a fair value accounting policy to its investments with changes in unrealized gains and losses recognized in the statement of operations as a component of net unrealized gain (loss). Interest income and expense are recorded on an accrual basis. In addition, interest reserve (original issue discount) is accreted to interest income over the estimated life of the investment.

FOREIGN WITHHOLDING TAXES

Foreign withholding taxes represent taxes withheld on dividends earned on foreign and United States investments. Withholding taxes have been provided for in accordance with the applicable country's tax rules and rates.

FOREIGN CURRENCY

All assets and liabilities denominated in foreign currencies are translated into U.S. Dollar amounts at the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. Dollar amounts on the respective dates of such transactions. The Partnership does not separately account for that portion of the results of operations resulting from changes in foreign exchange rates on investments and the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gains or losses on investments. in the statement of operations. Adjustments arising from foreign currency transactions are reflected in the statement of operations.

INCOME TAXES *[SEE ASC 740 INCOME TAX TEMPLATE]*

SERVICING REVENUE/ OTHER INCOME

Servicing revenue relates to fees and charges by the Partnership to the underlying borrowers which is associated with the servicing and maintenance of the recourse and non-recourse advances. Fees and expenses may include, without limitation, legal fees and costs, independent consultants, other funding companies or lien holders, cashier's checks or other banking fees, and any other fees as outlined in the investment agreement. Servicing revenue/other income is recognized on a quarterly basis until the advance is paid in full.

ORIGINATION AND UNDERWRITING EXPENSE/ REIMBURSEMENT

Origination expense derives from when the Partnership incurs costs of conducting marketing and sales for the purpose of originating potential investments and raising additional capital for the Partnership. Origination expenses consists of cost and expenses of the Manager related to attendance at industry conferences and meetings related to sourcing of potential investment to be considered as investments, and costs and expense of the Manager the General Partner and their affiliates in connection with the offering of the interests (including, without limitation, travel and lodging expenses and other costs associated with investor meetings and conferences). Underwriting expense are incurred when the Manager incurs cost of underwriting the investments, in addition to the cost of, accounting and legal. Additionally, as stated in the Agreement, these underwriting expenses also consist of other cost and expenses of the Manager related to identifying and sourcing Law Firms, Plaintiffs and Cases related to potential Investments (including, without limitation, compensation of consultants and other independent contractors related to such investment identification and sourcing activities for the benefit of the Partnership and lease payments and other costs arising out of the establishment and maintenance of offices established by the Manager for the purpose of identifying and sourcing investments for the benefit of the Partnership.) Upon deployment of capital to a law firm or plaintiff, the Manager will charge the borrower a fee for origination and underwriting expenses incurred. These charges offset a portion of the origination and underwriting expenses charged to the Partnership and ultimately passed onto the borrower for the benefit of the Partnership. Once the Partnership ceases to raise and deploy capital, origination and underwriting expenses diminish with the exception of ongoing accounting and legal costs in accordance with the Agreement.

For the year ended December 31, 20**XX**, the Partnership incurred a net reimbursement of approximately **[$X]** which is included in legal preparation income, origination expense and due diligence fee on the statement of operations.

Escrow Receivable

The Partnership may sell its portfolio investments and receive the proceeds from such disposition in installments. Proceeds anticipated, but not yet received, are fair valued and included in escrow receivable on the statement of financial condition. Escrow receivables are expected to be funded and available for release to the Partnership based on the requirements in the purchase and sales agreements between the Partnership and the purchasing entities.

At December 31, 20**XX**, the total escrow balances potentially available for distribution to the Partnership were $_____. The Partnership has fair valued its escrow receivable at $___, which reflects the General Partner's best estimate of the amounts that will ultimately be collected by the Partnership. **[If applicable]**: The remaining balance is expected to be received by **Month, Year**.

NOTE 3 – FAIR VALUE MEASUREMENTS - *SEE ASU 2011-04 TEMPLATE FOR LEVEL 3 DISCLOSURES - INSERT ASU 2011-04 DISCLOSURE AT THE END OF NOTE 3*

The Partnership follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Partnership's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Partnership's investments and are summarized in the following fair value hierarchy:

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

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

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

The availability of observable inputs can vary from region to region, investment to investment, and is affected by a wide variety of factors including, for example, the type of investment, the liquidity of the assets, the location, and other characteristics particular to the investment. 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. Accordingly, the degree of judgment exercised in determining fair value is greater for instruments categorized in Level 3. The financial statements include investments valued at $**XX** as of December 31, 20**XX**. These investment balances include accrued interest in the amount of $**XX** as of December 31, 20**XX**. The ultimate realization of such estimated amounts depends on future circumstances. These estimated amounts will not be realized until the individual investments are liquidated.

Tailor the investment policy description accordingly to reflect management's process

Recourse and non-recourse investments for both law firm portfolio and single event cases that are not past due or impaired, approximates fair value. Typically, a law firm portfolio's collateral includes the firm's current and future cases which provides additional value to offset cases that may fail to settle the gross funded amount to the firm profitably (the "Collateral"). If recourse or non-recourse investments become past due or impaired, all recourse and non-recourse advances are reevaluated quarterly through the accounts receivable process. The accounts receivable team meets with borrowers quarterly to review monthly IOLTA (Interest on Lawyer Trust Account - used to separate the client's money from the regular business accounts) and operating bank statements to determine impaired assets. The fair values ("as-is" basis less disposition costs) of collateral, including but not limited to all proceeds associated with cases, and related proceedings, and all future cases and proceedings, are primarily based on the Manager's appraisal reports and the expected amount collectible from case settlements. A case can go through multiple phases of adjudication if it is appealed or is litigated and will have an effect and change its' valuation. Management reviews the appraisals and collectability of the non-recourse and recourse investments based on the reasonableness. As such, past due and impaired non-recourse and recourse investments will also be categorized as Level 3.

The fair values assigned to the Partnership's investments are based upon available information and do not necessarily represent amounts which might ultimately be realized. Due to the absence of readily determinable fair values and the inherent uncertainty of valuations, the estimated fair values for private investments may differ significantly from values that would have been used had a ready market for the securities existed, and the differences could be material.

Special Purpose Vehicles

In most circumstances the Partnership and certain affiliates and co-investors will form a Special Purpose Vehicle ("SPV") to acquire and hold an investment. These SPVs are formed to pool contributions from the Partnership and certain affiliates and co-investors to purchase an investment. The SPV through which the investment is made, including the investment itself are identified on the **[consolidated]** [**condensed]** schedule of investments. When the Partnership owns substantially all of the SPV, such that the SPV would effectively be wholly owned by the Partnership, the SPV is consolidated with the Partnership.

OR

The Partnership's investments in special purpose vehicles ("SPVs") are either offshore private investment companies or United States corporations that invest directly or indirectly through joint ventures or United States limited liability companies in private equity or debt investments, real estate or intangible property. The valuation of the Partnership's SPVs may depend on whether the SPV is required to be accounted for as an investment company under GAAP.

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

If a SPV is not accounted for as an investment company, the SPV may be valued in its entirety using an income approach or a market approach. In certain instances, a SPV may be valued based on the evaluation of the net assets of the SPV, whereby the assets and liabilities of the SPV are valued based on each underlying investment within the SPV, incorporating valuations that consider the evaluation of financing and sale transactions with third parties, expected cash flows and market-based information including comparable transactions, and performance multiples, among other factors.

SPVs are generally categorized in Level 3 of the fair value hierarchy**.** ***[Note: This paragraph does not apply to SPVs valued using NAV as a practical expedient.]***

OR

At various times, the Partnership may utilize special-purpose vehicles ("SPVs") in the investment process. The Partnership advances money to these SPVs for the specific purpose of investing in securities on behalf of the Partnership (an "SPV Investment"). When the Partnership makes an SPV Investment, the investment is held through the Partnership's interest in the respective SPV. The Partnership presents and fair values its SPV Investments in the financial statements as if they were owned directly by the Partnership and the SPVs have been disregarded for presentation purposes as a result of the following:(1) an SPV Investment is the sole activity of the SPV; (2) the Partnership's underlying ownership of the SPV is proportionate to the contributions made by the SPV members; and (3) the Partnership will receive the exact proportion of cash proceeds as the SPV Investment is monetized and distributed. The SPVs may incur a tax liability associated with distributions made by underlying portfolio investments.

Escrow Receivable

At December 31, **20XX**, **$0 (___**% of net assets) was included in escrow receivable, which was valued by the General Partner primarily using its own market assumptions and, therefore, is classified as a Level 3 investment.

The Partnership recognizes contingent consideration (Escrow receivable amounts) from the sale of liquidated investments as a financial asset measured at fair value. Contingent consideration refers to additional amounts from liquidated investments that management believes may be realized at future dates and/or as future events occur. The terms of these milestones are generally defined in the sales agreements of the liquidated investment. The amount of the actual milestone payments ultimately received by the Partnership may vary depending on whether the future milestone events occur. The fair value reflects the General Partner's best estimate of the amounts that will ultimately be collected by the Partnership. The escrow balances are anticipated to be released to the Partnership pending the occurrence of future dates or future events. Due to the uncertainty surrounding the collection of these balances, the General Partner has estimated the fair value of the escrow balances to reflect a discount of ____% of the balances held in the Partnership's various escrow accounts. At December 31, **20XX** the fair value of the Partnership's escrow receivable was $____.

Note: Add escrow receivable to the fair value hierarchy table. If deemed a Level 3 investment, include on the Level 3 Unobservable Inputs table and list major unobservable inputs. For

(Expressed in United States Dollars)

example: achievement of future milestone events, probability of default, expected release date.

The following are the classes of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 20**XX** categorized in accordance with the fair value hierarchy:

Description	Level 1	Level 2	Level 3	Total Fair Value at December 31, 20**XX**
Assets:				
Recourse and non-recourse advances	--	--	150	150

[1] Certain investments that are measured at fair value using the net asset value ("NAV") per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Purchases, issuance and transfers of Level 3 assets and liabilities for the year ended December 31, 20**XX** were as follows:

Level 3 Activity:	Loan Assignments and Participations
Transfers into Level 3	(50) [a]
Transfers out of Level 3	(50) [b]
Purchases	--
Issuances	--

(a) Transferred from Level 2 to Level 3 because of lack of observable market data due to decrease in market activity for these investments.

(b) Transferred to Level 2 from Level 3 because observable market data was available due to increased liquidity in market activity for these investments.

NOTE: IF THE PARTNERSHIP HOLDS ONLY A SINGLE TYPE/CLASS (SEE LIST ABOVE FOR EXAMPLES) OF ASSET OR LIABILITY CLASSIFIED AS LEVEL 3 IN THE FAIR VALUE HIERARCHY TABLE, A TABULAR PRESENTATION MAY NOT BE WARRANTED AND A NARRATIVE PRESENTATION OF LEVEL 3 PURCHASES, ISSUANCES AND TRANSFERS MAY BE PREFERABLE.

(Expressed in United States Dollars)

The transaction price, excluding transaction costs, is typically the Partnership's best estimate of fair value at inception. When evidence supports a change to the carrying value from the transaction price, adjustments are made to reflect expected exit values in the investment's principal market under current market conditions. Ongoing reviews by management are based on an assessment of each underlying investment from the inception date through the most recent valuation date. These assessments typically incorporate valuation techniques that consider trends in the performance and credit profile of each underlying investment, evaluation of arm's length financing, an income approach based upon a discounted cash flow analysis and sales transactions with third parties. Inputs relied upon by debt investments using the income approach include an understanding of the underlying law firm or plaintiff's compliance with debt covenants, the operating performance of the underlying law firm or plaintiff, trends in liquidity and financial leverage ratios of the underlying law firm or plaintiff from the point of the original investment to the stated valuation date, an assessment of the credit profile of the underlying law firm or plaintiff from the original investment to the stated valuation date, as well as an assessment of the underlying law firm or plaintiff's business enterprise value, liquidation value and debt repayment capacity of each subject debt investment. In addition, inputs include an assessment of potential yield adjustments for each debt investment based upon trends in the credit profile of the underlying law firm or plaintiff and trends in the interest rate environment from the date of the original investment to the stated valuation date.

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

Example Level 3 Inputs Table

	Quantitative Information about Level 3 Fair Value Measurements			
	Balance 12/31/2021	Valuation Methodology	Unobservable Inputs	Range of Inputs
Non-recourse/recourse advances	$ 63,155,095	Income approach - discounted cash flow	Probability of default	0%
			Time to maturity	12-18 months
			Interest Range	12% - 39%

NOTE 4 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

[IF THE FUND HOLDS DERIVATIVES CONSIDER THE APPLICABILITY OF DERIVATIVE DISCLOSURES FROM OUR HEDGE FUND TEMPLATE FINANCIAL STATEMENTS]

NOTE 5 – PARTNERSHIP TERMS AND RELATED PARTY TRANSACTIONS

Items to include for Related Party Transactions. Please ensure that the (1) nature of the relationship(s) involved is disclosed, (2) a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to gain an understanding of the effects of the transactions on the financial statements, (3) the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period, (4) and amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement. If the Investment Manager reimburses the Fund for virtually all its expenses, that should be added in as a disclosure.]

LOAN RECEIVABLE

During 20**XX**, the Partnership loaned a member of the Investment Manager $**[insert amount]** in order to **[insert reason for loan]**. The amount was paid in full, including interest thereon, at December 31, 20**XX**. Interest, which is charged at a rate of **[insert rate]**%, amounted to $**[insert amount]** and is included in interest income on the accompanying statement of operations.

NOTE 6 – PARTNERS' CAPITAL, COMMITMENTS AND ALLOCATIONS

Capital Commitment and Contributions

Each partner admitted to the Partnership committed a specific dollar amount to be drawn down in accordance with the terms of the Limited Partnership Agreement. Capital contributions made by a partner to the Partnership, for the purpose of acquiring portfolio investments or payment of certain Partnership expenses, reduce such partner's remaining capital commitment. As of **December 31, 20XX**, the Partnership had total capital commitments of **$_____**, of which **$____ (__%)** had been contributed, resulting in aggregate remaining capital commitments of $____.

[If applicable]
After the end of the Investment Period, the General Partner may call up to an additional **__%** of committed capital from limited partners to fund anticipated investments, expenses, and other Partnership obligations that may be required.

Allocation of Profits and Losses

The Partnership's net profit or loss is allocated to each Limited Partner in proportion to its relative capital commitment. Allocations to the General Partner for Carried Interest are performed at the end of a fiscal period.

Distributions and Carried Interest Calculations

[Customize as needed]
The General Partner is responsible for determining if a distribution will be made from proceeds received from realized investments **[customize to reflect the distribution policy per the Limited Partnership Agreement].** These distributions are made first to the Limited Partners and then to the General Partner in the following order and priority:

(1) 100% to the Limited Partners, until the cumulative amount distributed equals the amount of their contributed capital.

(2) 100% to the Limited Partners until the Limited Partners receive an 8% per annum return, compounded annually and calculated daily (the "Preferred Return") on the amount of their contributed capital.

(3) 100% to the General Partner until the General Partner has received the carried interest percentage of 25% (the "Carried Interest") of the sum of all distributions made to the Limited Partners with regards to (2) above.

(4) Thereafter, 80% to the Limited Partners and 20% to the General Partner.

At **December 31, 20XX**, the General Partner in entitled to Carried Interest of **$______** and has received **$______** of Carried Interest distributions to date.

Clawback Provision

If, after the Partnership has made its final liquidating distribution, the General Partner has received distributions of Carried Interest in excess of the amounts that should have been distributed to the General Partner as Carried Interest, the General Partner will be obligated to return to the Partnership such excess distributions, net of taxes in accordance with the clawback provision (the "Clawback Provision"), of the Limited Partnership Agreement.

Withdrawals

Limited Partners will have no right to voluntarily withdraw any capital from the Partnership. The General Partner may, upon request and in its discretion, permit a Limited Partner to withdraw all or a portion of its capital upon such terms as it may determine.

PARTNERSHIP TERMS AND RELATED PARTY TRANSACTIONS

Management fees, Offsets and Waivers

Pursuant to the Investment and Advisory Agreement between the Investment Manager and the Partnership, the Investment Manager receives a fee as compensation for services rendered in the management of the Partnership at the annual rate of **XX**% of the capital base, which initially, is the committed capital of the Partnership. The capital base on which the management fee is charged will be reduced as permanent returns of capital are distributed by the Partnership. The management fee is reduced by **XX**% of transaction and monitoring fees received by the Investment Manager from portfolio companies. The management fee is paid quarterly in advance. Pursuant to the Partnership Agreement, the General Partner may elect to waive fees in lieu of capital contributions.

During the year ended December 31, 20**XX** gross management fees of approximately **$XX** were reduced by approximately **$XX** for transaction and monitoring fees as defined in the Limited Partnership Agreement. This reduction resulted in a net management fee of **$XX** for the year ended December 31, 20**XX**. There were no management fee waivers elected for the year ended December 31, 20**XX**.

Due to affiliates/due from affiliates
The Due to affiliates balance at December 31, 20**XX** is comprised of amounts due to Limited Partners **from foreign tax refunds and distributions [tailor accordingly].**

Note: also consider disclosure for $ amount of shared expenses and allocation method (common expenses that are allocated to multiple Funds) and contributions/distributions in kind from/to related entities.

NOTE 7 - PRINCIPAL RISKS

Elaborate on types of risk in the off-balance sheet and other risks footnote (for example, use language from Fund Memorandum.

CONCENTRATION OF CREDIT RISK

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

FINANCIAL INSTRUMENTS

In the normal course of its business, the Partnership enters into various financial transactions with off-balance sheet risk where the risk of potential loss due to changes in the market (market risk), failure of the other party to the transaction to perform (credit risk) or changes in foreign exchange rates (currency risk) exceeds the related amounts recorded. These transactions give rise to varying degrees of market, credit and currency risk depending on the counterparties used, trading strategies employed and fluctuations in the values of the underlying financial instruments or currencies. The Partnership is also exposed to interest rate risk when there is an unfavorable change in the value of investments as a result of adverse movements in the market interest rates.

Investee Risk

Partnership portfolio companies are generally smaller entrepreneurial companies that may have limited business histories, product or service lines, markets, financial resources and management depth. Such companies also may not have achieved profitable operations, or positive cash flows. As a result, if such companies do not achieve profitability or positive cash flows, the Partnership may not realize its investment objectives.

Liquidity Risk

The Partnership's portfolio of investments is comprised solely of illiquid, non-publicly traded securities. Accordingly, there is the risk that the Partnership may not be able to realize its investment objectives by sale, or other disposition of portfolio investments, at prices reflective of the Partnership's current value. As a result, the Partnership may sustain losses with respect to some or all of its investments.

Foreign Securities/Emerging Market Risk

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local and regional economic, political and social conditions, which may result in greater market volatility. In addition, certain foreign securities may not be as liquid as U.S. securities. Investing in emerging markets may accentuate these risks.

Ethics and Legal Restrictions

Laws and professional regulations (including ethics regulations) in the litigation funding environment (including arbitration funding) can be complex and uncertain. Some jurisdictions in the United States and other jurisdictions may not permit the Partnership to make investments in or engage in other business and financial transactions relating to certain litigation and arbitration cases. The law and regulations in such jurisdictions may be uncertain, and accordingly, the Partnership may not have the ability or the desire to make such investments in these jurisdictions, thereby limiting the size of the potential market. The Partnership intends to assess the foregoing legal and ethical issues as appropriate on an ongoing basis. Changes in laws, regulations, or ethical rules in certain jurisdictions could further reduce or limit investment opportunities for the Partnership or could reduce the value of the Partnership's preexisting investments in such jurisdictions.

The Outcome of Claims is Uncertain

The outcome of claims entails a large degree of uncertainty, including the legal liability of the defendant, the amount of damages assessed by the trier of fact, the ability of the defendant and the defendant's insurance company to pay a settlement or judgment, the abilities of the plaintiff's counsel, the assessment of fault and causation, the legal nature of the claim and the amount of monetary damages ultimately awarded. It is also possible that a claimant may abandon or otherwise compromise its claims. Such an event may prevent the Partnership from realizing expected returns or cause the Partnership to sustain a complete loss.

Evaluation and Disclosure of Cases and Case Performance

Details of cases that the Partnership has pursued or is pursuing or intends to pursue, cannot and will not be disclosed on a named or detailed basis to Limited Partners because of confidentiality and other restrictions. To this extent, Limited Partners will not have an opportunity to evaluate the claims themselves and will be dependent upon the judgment and ability of the General Partner to assess and manage the assets of the Partnership.

Collection Risks; Uncertainty of Timing

Part of the case selection process for investment involves assessing the ability of the defendant to pay a judgment or award if the case is successful. If the defendant is unable to pay or seeks to challenge the validity of the judgment or award, the Partnership may encounter difficulties in recovery. Additionally, the nature of litigation and arbitration recoveries, including the timing and amounts recovered, are outside of the control of the Partnership and the General Partner.

Legal Professional Duties

Where the Partnership participates in a claim but does not wholly own or control it, which will usually be the case, the Partnership will not be the client of the law firm representing the owner of the claim.

Arbitration Risks

There are risks associated with investing in claims being adjudicated by means of arbitration rather than through judicial proceedings, including but not limited to those set forth in this paragraph. Although arbitration can reduce costs and the time required for dispute resolution, there is no assurance that it will do so. Arbitrators also often are not constrained to articulate the rationales for their decisions, which reduces the degree of predictability in the result.

No Guaranty

Advances made to Law Firms and Plaintiffs by the Partnership will be recourse and non-recourse advances and repayment of advances will not be guaranteed by the Law Firms and Plaintiffs. The Partnership will be dependent upon settlement proceeds obtained by the Law Firms and Plaintiffs for repayment of Investments. Cases and Investments will generally not be guaranteed by the Law Firms and Plaintiffs but will be collateralized solely by such Law Firms' and Plaintiffs' Cases.

Factors Beyond Control of the Partnership, the General Partner and the Manager

The Partnership, the General Partner and the Manager will have no ability to control or make any business decisions regarding decisions to be made by Law Firms and Plaintiffs or other decisions regarding the Cases or Investments in which they seek to litigate.

Limited Diligence

Certain of the factual statements provided by third parties and relied upon by the Manager are based upon information from various sources believed by individuals affiliated with the Manager to be reliable. Before investing in certain Law Firms and Plaintiffs, Cases, or Investments, the Manager generally intend to conduct due diligence on the applicable Law Firm Plaintiff, Case, and Investment.

Unenforceable Contracts

Certain provisions in the Partnership's financing agreements with Law Firms and Plaintiffs may be held unenforceable. The contracts which the Manager will use to document the Investments made by the Partnership will be tailored to meet requirements and legal restrictions of the jurisdictions in which the claims are purchased and/or in which the claims are pending. However, the Manager intends to include standard clauses in those contracts wherever possible.

Borrower Risks

The value of a dispute is difficult to predict, for reasons including the reasons set forth in the preceding risk factors regarding litigation and arbitration claims. A law firm may be unable to repay an advance as a result of multiple reasons, including without limitation, the departure of income-generating partners or associates, the collapse of the firm, or the failure to earn sufficient legal fees in connection with litigation to repay its obligations to the Partnership. No assurance can be provided that principal amount of any such advances will be repaid or that the collateral will be sufficient to support the advance.

NOTE 8 - GUARANTEES

In the normal course of its operations, the Partnership enters into contracts and agreements that contain indemnifications and warranties. Partnership's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Partnership that have not yet occurred. However, the Partnership has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

[If applicable:] The Partnership is a guarantor of a loan payable entered into by a related party of approximately $**XX** which matures on **[Date, Year].** If the related party defaults on its loan payments, the Partnership may be required to perform under the guarantee to the extent of unpaid loan principal and interest amounts outstanding.

NOTE 9 - FINANCIAL HIGHLIGHTS

If applicable - show the impact of voluntary fee waivers and the expense waiver gross and net of such waivers.

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

Internal Rate of return, since inception, through:	December 31, 20**XX**	December 31, 20**XX**
Internal Rate of Return	__%	__%
Less: Carried Interest	(__%)	(__%)
Internal Rate of Return, Net of Carried Interest to General Partner	__%	__%
Ratio to Average Net Assets:		
Operating expenses	__%	__%
Carried Interest	__%	__%
Total Expenses	__%	__%
Net Investment Income/(Loss), Before Carried Interest	__%	__%

The IRR, since inception, reflects the aggregate results for the Partnership. Such percentage returns on the Limited Partner's interests are after all fees and profit allocations (carried interest) and were computed based on the actual dates of the cash inflows (capital contributions), cash outflows (distributions) and the ending net assets at the end of the period (residual value) of the Limited Partner's capital account as of the measurement date.

Financial highlights are calculated for the Partnership taken as a whole. An individual investor's return and ratios may vary based on the timing of capital transactions. The ratios are computed using a weighted-average of the net assets for the year ended December 31, 20**XX**. Expenses paid indirectly are included for purposes of computing total return and are excluded for purposes of computing the ratios. The net investment income/(loss) ratio does not reflect the effects of carried interest. ***FOR PERIODS GREATER THAN OR LESS THAN ONE YEAR:*** The ratios, excluding nonrecurring expenses and carried interest have been annualized.

NOTE 10 - SUBSEQUENT EVENTS

From January 1, 20**XX** through [**insert date]**, the Partnership received additional capital commitments of $**[insert amount]**, and paid distributions of $**[insert amount]**.

[Additional disclosures are required for significant changes to the value of the Fund. (i.e. Investment values, significant redemption requests, liquidation of Fund, reorganization, etc.)]

XYZ Fund, LP

NOTES TO FINANCIAL STATEMENTS
(Expressed in United States Dollars)

FOR THE YEAR ENDED DECEMBER 31, 20XX

Example SOI

Investments, at fair value
Litigation and related claims
United States

Notes	Type	Case Description*	Interest Rate	Maturity Date	Investment Cost (1)	Notes at Fair Value	Interest Reserve (2)	% of Partners' Capital
Law Firm #01	NR	Commercial	30.0%	(3)	$ 828,250	$ 828,250	$ 22,500	0.84%
Law Firm #05 [4]	NR	Commercial, Employment, Civil Rights	20.4%	(3)	3,812,478	3,812,478	183,700	3.87%
Law Firm #07 [4]	NR	Mass Tort, Personal Injury, Product Liability	18.0%	(3)	3,540,351	3,540,351	245,250	3.59%
Law Firm #08	NR	Mass Tort, Product Liability	20.4%	(3)	670,273	670,273	8,400	0.68%
Law Firm #09	NR	Mass Tort, Commercial	18.0%	(3)	15,403,230	15,403,230	-	15.62%
Law Firm #10	NR	Personal Injury, Family Law	18.0%	(3)	40,081	40,081	-	0.04%
Law Firm #11	NR	Mass Tort, Commercial, Class Action	20.4%	(3)	313,902	313,902	-	0.32%
Law Firm #12 [4]	NR	Mass Tort, Personal Injury, Product Liability	15.6%	(3)	1,314,358	1,314,358	184,600	1.33%
Law Firm #14	NR	Family Law, Bankruptcy, Tax	21.0%	(3)	90,863	90,863	-	0.09%
Law Firm #15	NR	Personal Injury, Medical Malpractice, Commercial	27.0%	(3)	2,926,350	2,926,350	-	2.97%
Law Firm #16	NR	Commercial	39.0%	(3)	771,448	771,448	3,250	0.78%
Law Firm #17	NR	Qui Tam	27.0%	(3)	831,203	831,203	28,125	0.84%
Law Firm #18	NR	Personal Injury, Commercial, Breach of Contract	22.8%	(3)	436,986	436,986	14,250	0.44%
Law Firm #19	R	Personal Injury, Medical Malpractice, Workers Comp	20.4%	(3)	553,955	553,955	71,405	0.56%
Law Firm #20	NR	Class Action	12.0%	(3)	2,248,800	2,248,800	237,500	2.28%
Law Firm #21	R	Personal Injury	12.0%	(3)	616,620	616,620	45,000	0.63%
Law Firm #22	NR	Personal Injury	21.0%	(3)	157,185	157,185	34,125	0.16%
Law Firm #23	NR	Personal Injury	18.0%	(3)	7,409,721	7,409,721	-	7.52%
Law Firm #24	R	Personal Injury	16.9%	(3)	4,647,381	4,647,381	425,805	4.71%
Law Firm #25	NR	Personal Injury	18.0%	(3)	574,020	574,020	119,000	0.58%
Law Firm #26	R	Personal Injury	16.2%	(3)	1,522,060	1,522,060	275,738	1.54%
Law Firm #27	NR	Personal Injury	24.0%	(3)	159,880	159,880	42,000	0.16%
Law Firm #28	R	Personal Injury	28.2%	(3)	1,672,008	1,672,008	517,000	1.70%
Law Firm #29	NR	Personal Injury	20.0 & 18.0%	(3)	389,044	389,044	36,740	0.39%
Law Firm #30	R	Personal Injury	18.0%	(3)	1,031,856	1,031,856	-	1.05%
Law Firm #31	R	Personal Injury	18.0%	(3)	110,000	110,000	-	0.11%
			Law Firm Subtotal		$ 52,072,301	$ 52,072,301	$ 2,494,388	52.82%
Plaintiff #01	NR	Personal Injury, Commercial	36.0%	(3)	1,303,480	1,303,480	12,000	1.32%
Plaintiff #05	NR	Commercial	30.0%	(3)	732,000	732,000	-	0.74%
Plaintiff #06	R	Commercial	24.0%	(3)	4,578,000	4,578,000	40,000	4.64%
Plaintiff #07	R	Breach of Contract	18.0%	(3)	407,050	407,050	3,750	0.41%
Plaintiff #10	R	Breach of Contract	21.0%	(3)	2,064,294	2,064,294	233,705	2.09%
Plaintiff #11	NR	Breach of Contract	19.9%	(3)	535,746	535,746	83,664	0.54%
Plaintiff #12	R	Judgement Enforcement	23.4%	(3)	246,786	246,786	19,500	0.25%
Plaintiff #13	NR	Surgery Funding	36.0%	(3)	613,966	613,966	-	0.62%
Plaintiff #14	NR	Commercial	24.0%	(3)	525,395	525,395	-	0.53%
Plaintiff #15	R	Commercial	20.0%	(3)	612,479	612,479	93,963	0.62%
Plaintiff #16	R	Commercial	24.0%	(3)	597,924	597,924	108,000	0.61%
Plaintiff #17	NR	Commercial	36.0%	(3)	1,461,417	1,461,417	-	1.48%
Plaintiff #18	NR	Commercial	24.0%	(3)	192,384	192,384	-	0.20%
Plaintiff #19	NR	Personal Injury	18.0%	(3)	40,925	40,925	7,125	0.04%
Plaintiff #20	NR	Commercial	24.0%	(3)	146,797	146,797	26,753	0.15%
Plaintiff #21	R	Personal Injury	24.0%	(3)	147,000	147,000	-	0.15%
			Plaintiff Subtotal		$ 14,205,642	$ 14,205,642	$ 628,460	14.41%
			Total Investments		$ 66,277,943	$ 66,277,943	$ 3,122,848	67.23%

*Due to confidentiality agreements, the name of the case and participants or specific investment have been omitted.
*All investments are collateral for the Line of Credit.
[NR] Non-recourse [R] Recourse
(1) Investment Cost includes the net cash funded, origination and under-writing costs charged, accretion of Interest Reserve and accrued interest.
(2) Interest Reserve represents the amount of remaining prepayment of interest recorded at the time of the original funding. The Fund will accrete the interest resrve over an 12 - 18 month period depending on the term sheet