

XYZ MANAGER

SCHEDULE OF GROSS INVESTMENT PERFORMANCE

FOR THE PERIOD FROM JANUARY 1, 200X THROUGH DECEMBER 31, 201X

XYZ MANAGER

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

XYZ MANAGER

NOTES TO THE SCHEDULE OF GROSS INVESTMENT PERFORMANCE

FOR THE PERIOD FROM JANUARY 1, 200X THROUGH DECEMBER 31, 201X

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of gross investment performance of XYZ Manager (the “Schedule”) represents the activity of three trading accounts, ABC Bank Account #2XX-XXXXD-12 (certain digits hidden for confidentiality reasons), DEF Broker Account #NXX-XXXX37 (certain digits hidden for confidentiality reasons), GHI Account #7XX-XXX07 (certain digits hidden for confidentiality reasons) and two designated outside investments, one of which was a private placement of warrants discussed below and the other a marketable bond purchased in a separate account (collectively the “XYZ Manager Accounts”) for the period from January 1, 200X through December 31, 201X. XYZ Manager is the owner of the XYZ Manager Accounts. The rates of return do not reflect any other trading or investment performance of XYZ Manager other than that reflected by the XYZ Manager Accounts. During the period reflected in the Schedule, XYZ Manager acted as the sole decision maker for the XYZ Manager Accounts.

The Accounts listed above were open for the periods:

1. ABC Bank Account #2XX-XXXXD-12 – November 1, 201X through March 21, 201X
2. DEF Broker Account #NXX-XXXX37 – March 1, 201X through December 31, 201X
3. GHI Account #7XX-XXX07 – January 1, 200X through December 31, 201X
4. X Co, Inc. warrants – April 2, 201X through May 3, 201X
5. Y Inc. bonds – December 1, 201X through February 7, 201X

The investment objective of the XYZ Manager Accounts were to achieve superior long run results by making concentrated investments in the securities of special situations, distressed and under-followed companies. Securities invested in included long and short positions in listed stocks, options, warrants, bonds, preferred stock, Master Limited Partnerships (“MLPs”), rights, liquidating trust certificates, Exchange Traded Funds (“ETFs”), income trusts and American Depository Receipts (“ADRs”).

Investment performance results are not financial statements. Past performance may not be indicative of future results and may differ for different time periods. Investors should also be aware that other performance calculation methods may produce different results and that comparison of investment results should consider qualitative circumstances and should be made only for portfolios with generally similar investment objectives. Investment performance results are for illustrative purposes only and are not a guarantee of future performance.

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NOTES TO THE SCHEDULE OF GROSS INVESTMENT PERFORMANCE

FOR THE PERIOD FROM JANUARY 1, 200X THROUGH DECEMBER 31, 201X

NOTE 1 - BASIS OF PRESENTATION (CONTINUED)

Transactions in securities are recorded on a trade-date basis. Securities included in the portfolio during the period from January 1, 200X through December 31, 201X were listed either on a national securities exchange or the National Association of Securities Dealers Automated Quotation System (“NASDAQ”) and are valued at their last sales price on the date of determination or, if no sales occurred on such day, at the “bid” price if held long and at the “ask” price if sold short. Interest and dividends were reinvested into the Accounts.

(Include additional disclosure if there are outliers to the performance return)

One outside investment included the purchase in the secondary market of private warrants issued by X Co., Inc., a listed security. They were purchased on April 2, 201X and valued thereafter by the value of the stock price minus the strike price until the warrants were sold in a private transaction on October 3, 201X. This single transaction produced roughly a 2,000% compounded return for the period from April 22, 201X through May 3, 201X.

NOTE 2 - CALCULATION OF RETURNS

The rates of return have been computed using the Modified Dietz Method. This method computes the rate of return by time weighting each cash flow by the amount of time it is held in the portfolio. Cash flows consist of proceeds from contributions and payments for withdrawals.

The cumulative gross rate of return is derived by geometrically linking annual gross rates of return, which are derived by geometrically linking monthly gross rates of return. The average period gross returns have been computed by annualizing the aggregate annual gross returns by the respective number of periods.

The investment performance for each period was computed on a gross basis, without regard to an advisory fee, incentive fee or income taxes. Accrued interest on bonds in the Accounts was included in calculating performance results. Accrued dividends on stocks were not included in computing performance results. Transaction costs and commissions charged were included in computing performance results. Transaction costs were at customary rates for purchases and sales and generally ranged from \$7 and \$50 per transaction. These costs can vary based on the type and position size of the security traded.

(Include comparisons to market indices only upon request and tailored by client.)

The Comparison to Market Indices summary page is presented for informational and comparison purposes for the period from January 1, 200X through December 31, 201X. Three indices were used: the S&P 500 Total Return Index, the Russell 2000 Total Return Index and the HFRI Equity Hedge Index. Their rates of return were calculated by geometrically

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FOR THE PERIOD FROM JANUARY 1, 200X THROUGH DECEMBER 31, 201X

NOTE 2 - CALCULATION OF RETURNS (CONTINUED)

linking the change in the month end index value. The Standard Deviation was calculated using monthly returns and then annualizing the result. The Sharpe Ratio was calculated by taking the average of monthly excess returns over 1-Month LIBOR and dividing that by the standard deviation of those excess returns. The Correlation to presents the correlation coefficient between the XYZ Manager Accounts and the presented market indices. Beta was calculated by using the covariance between each index's monthly returns and the XYZ Manager Accounts monthly returns and dividing by the variance of the index monthly returns.