
SAMPLE FUND, LP

FINANCIAL STATEMENTS

DECEMBER 31, 2018

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SAMPLE FUND, LP

STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2018

Assets

Investments in securities, at fair value (cost \$1,127,650)	\$ 1,253,331
Derivative contracts, at fair value (cost \$96,585)	78,400
Due from broker	81,587
Other assets	7,251
Total assets	<u>\$ 1,420,569</u>

Liabilities and Partners' Capital (Net Asset Value)

Liabilities

Securities sold short, at fair value (proceeds \$200)	\$ 250
Derivative contracts, at fair value (proceeds \$200)	150
Accrued liabilities	9,200
Due to related party	12,275
Total liabilities	<u>21,875</u>

Partners' Capital (Net Asset Value)	<u>1,398,694</u>
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Total liabilities and partners' capital (Net Asset Value)	<u>\$ 1,420,569</u>
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The accompanying notes are an integral part of these financial statements.

SAMPLE FUND, LP

CONDENSED SCHEDULE OF INVESTMENTS DECEMBER 31, 2018

Description	Shares / Units	Fair Value	% of Net Asset Value
Investments in securities			
Common stocks			
United States			
Financials			
Wells Fargo & Co.	3,000	\$ 170,570	12.2 %
Other securities		15,991	1.1
Industrials			
FedEx Corporation	30	267,116	19.1
BIC Co.	900	194,517	13.9
Other securities		21,394	1.5
Utilities			
ABC Company	11,000	291,900	20.9
XYZ Company	29,604	83,070	5.9
Total United States (cost \$930,828)		<u>1,044,558</u>	<u>74.6</u>
Canada			
Financials			
		43,222	3.1
Industrials			
		35,333	2.5
Utilities			
		<u>23,200</u>	<u>1.7</u>
Total Canada (cost \$96,212)		<u>101,755</u>	<u>7.3</u>
Total common stocks (cost \$1,027,040)		<u>1,146,313</u>	<u>81.9</u>
Preferred stocks			
United States			
Financials (cost \$35,304)		<u>42,905</u>	<u>3.1</u>
Exchange traded funds			
United States			
Financials (cost \$15,306)		<u>27,809</u>	<u>2.0</u>
Corporate bonds			
United States			
Financials (cost \$50,000)		<u>36,304</u>	<u>2.6</u>
Total investments in securities (cost \$1,127,650)		<u>\$ 1,253,331</u>	<u>89.6 %</u>

The accompanying notes are an integral part of these financial statements.

SAMPLE FUND, LP

CONDENSED SCHEDULE OF INVESTMENTS (Continued) DECEMBER 31, 2018

Description	Shares / Units	Fair Value	% of Net Asset Value
Derivative contracts - assets			
Options purchased			
United States			
Materials		\$ 68,400	4.9 %
Warrants			
United States			
Financials		10,000	0.7
Total derivative contracts - assets (cost \$96,585)		<u>\$ 78,400</u>	<u>5.6 %</u>
Securities sold short			
Common stocks			
United States			
Financials		\$ 100	0.0 %
Consumer products		150	0.0
Total securities sold short (proceeds \$200)		<u>\$ 250</u>	<u>0.0 %</u>
Derivative contracts - liabilities			
Options written			
United States			
Energy		\$ 100	0.0 %
Consumer staples		50	0.0
Total derivative contracts - liabilities (proceeds \$200)		<u>\$ 150</u>	<u>0.0 %</u>

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SAMPLE FUND, LP

STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2018

Investment income

Dividends (net of withholding taxes of \$1,234)	\$	8,473
Interest		9,411
Total investment income		<u>17,884</u>

Expenses

Interest		1,058
Management fees		7,770
Professional fees		3,000
Other operating expenses		2,175
Total expenses		<u>14,003</u>
Net investment income		<u>3,881</u>

Realized and unrealized gain on investments

Net realized gain on investments in securities, derivative contracts and foreign currencies		30,307
Net change in unrealized appreciation on investments in securities derivative contracts and foreign currencies		231,830
Net gain on investments		<u>262,137</u>
Net income	\$	<u>266,018</u>

The accompanying notes are an integral part of these financial statements.

SAMPLE FUND, LP

STATEMENT OF CHANGES IN PARTNERS' CAPITAL (NET ASSET VALUE) YEAR ENDED DECEMBER 31, 2018

	Partners' Capital		
	General Partner	Limited Partners	Total
Balance, beginning of year	\$ -	\$ 673,714	\$ 673,714
Allocation of net income:			
Pro rata allocation	-	266,018	266,018
General Partner's incentive allocation	52,946	(52,946)	-
	<u>52,946</u>	<u>213,072</u>	<u>266,018</u>
Capital contributions	-	461,474	461,474
Capital withdrawals	<u>(2,512)</u>	<u>-</u>	<u>(2,512)</u>
Balance, end of year	<u>\$ 50,434</u>	<u>\$ 1,348,260</u>	<u>\$ 1,398,694</u>

The accompanying notes are an integral part of these financial statements.

SAMPLE FUND, LP

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

NATURE OF OPERATIONS

Sample Fund, LP (the “Fund”) is an investment fund organized on March 13, 2006 as a Delaware limited partnership. The general partner of the Fund is Sample General Partner, LP (the “General Partner”). The Fund will continue until May 1, 2036 unless terminated earlier or extended in accordance with the provisions of the limited partnership agreement.

The Fund’s investment objective is to earn above market returns and long-term appreciation. The Fund seeks to achieve its investment objective by investing principally in marketable securities of U.S. and non-U.S. companies.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

METHOD OF REPORTING

The Fund’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The General Partner has evaluated the structure, objectives and activities of the Fund and determined that the Fund meets the characteristics of an investment company and therefore applies the guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 946, Financial Services – Investment Companies.

INVESTMENTS IN SECURITIES

Securities transactions and any related gains and losses are reported on a trade date basis. Any unrealized gains or losses on open positions at the date of the financial statements would be stated on the statement of operations. The Fund records interest income in the period it is earned. Dividend income is recorded on the ex-dividend date.

DERIVATIVE CONTRACTS

The Fund records its derivative activities at fair value. Gains and losses from derivative contracts are stated on the statement of operations.

Options Purchased

When the Fund purchases an option, an amount equal to the premium paid by the Fund is recorded as an asset and is subsequently adjusted to the current fair value of the option purchased. Premiums paid for purchased options that expire unexercised are treated by the Fund on the expiration date as realized losses from investments. Premiums paid for purchased option contracts that are sold prior to expiration are offset against the proceeds of the related sale transaction, net of brokerage commissions, to determine the realized gain or loss.

SAMPLE FUND, LP

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DERIVATIVE CONTRACTS (Continued)

Warrants

When the Fund purchases exchange traded warrants, an amount equal to the premium paid by the Fund is recorded as an asset and is subsequently adjusted to fair value at the valuation date. Proceeds from sales of warrant contracts are offset against premiums paid, net of brokerage commissions, to determine the realized gain or loss.

Options Written

When the Fund writes an option, an amount equal to the premium received by the Fund is recorded as a liability and is subsequently adjusted to the current fair value of the option written. Premiums received from writing options that expire unexercised are treated by the Fund on the expiration date as realized gains from investments. Premiums received from written options contracts that are closed prior to the expiration date are offset against the cost of the related purchase transaction, net of brokerage commissions, to determine the realized gain or loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining realized gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the Fund. The Fund, as writer of an option, bears the market risk of an unfavorable change in the price of the index or security underlying the written option.

SECURITIES SOLD SHORT

The Fund may sell a security it does not own in anticipation of a decline in the fair value of that security. When the Fund sells a security short, it must borrow the security sold short and deliver it to the broker-dealer through which it made the short sale. A gain, limited to the price at which the Fund sold the security short, or a loss, unlimited in size will be recognized upon termination of the short sale. The Fund is also subject to the risk that it may be unable to reacquire a security to terminate a short position except at a price substantially in excess of the last quoted price.

DUE TO/FROM BROKER

Amounts due from brokers may be restricted to the extent that they serve as deposits for certain marketable securities.

Amounts due to brokers represent margin borrowings that are collateralized by certain marketable securities.

In the normal course of business, substantially all of the Fund's securities transactions, money balances and securities positions are transacted with the Fund's broker, ABC Securities, Inc. Accounts with ABC Securities, Inc. are cleared by XYZ Broker, Inc. At December 31, 2018, the amount due from broker reflected in the statement of financial condition is due from this broker.

SAMPLE FUND, LP

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DUE TO/FROM BROKER (Continued)

Included in the due from broker balance at December 31, 2018 is foreign currency valued at \$xxx with a cost of \$xxx.

TRANSLATION OF FOREIGN CURRENCY

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

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

INCOME TAXES

The Fund prepares calendar year informational U.S. and applicable state tax returns and reports to the partners their allocable shares of the Fund's income, expenses and trading gains or losses. No provision for income taxes has been made in the accompanying financial statements as each partner is individually responsible for reporting income or loss based on such partner's respective share of the Fund's income and expenses as reported for income tax purposes.

Management has evaluated the application of GAAP as it relates to income taxes and has determined that no reserves for uncertain tax positions were required to have been recorded. 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.

USE OF ESTIMATES

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

STATEMENT OF CASH FLOWS

The Fund has elected not to provide a statement of cash flows as permitted by ASC 230 "Statement of Cash Flows".

SAMPLE FUND, LP

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RECENT ACCOUNTING PRONOUNCEMENT

In August 2018, the FASB issued Accounting Standards Update (“ASU”) 2018-13, Fair Value Measurement (Topic 820) Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. The primary focus of ASU 2018-13 is to improve the effectiveness of the disclosure requirements for fair value measurements. The changes affect all entities that are required to include fair value measurement disclosures. The guidance is effective for fiscal years beginning after December 15, 2019. The Fund is currently evaluating the effects the adoption will have on its financial statements.

FAIR VALUE MEASUREMENTS

All investments are recorded at their estimated fair value. Fair value is 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 and in the principal or most advantageous market for that asset or liability. 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 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Fund can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs and significant to the entire fair value measurement.

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

The following is a description of the valuation methodologies used by the Fund for assets and liabilities measured at fair value.

Equity securities and derivative contracts, such as options, which are listed on a national securities exchange or reported on the NASDAQ national market, are valued based on quoted prices from the exchange. To the extent these financial instruments are actively traded, and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy.

SAMPLE FUND, LP

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

FAIR VALUE MEASUREMENTS (Continued)

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

The following table presents information about the Fund's assets measured at fair value as of December 31, 2018.

Assets (at fair value)	Level 1	Level 2	Level 3	Total
Investments in securities				
Common stocks	\$ 1,146,313	\$ -	\$ -	\$ 1,146,313
Preferred stocks	42,905	-	-	42,905
Exchange traded funds	27,809	-	-	27,809
Corporate bonds	-	36,304	-	36,304
Total investments in securities	<u>1,217,027</u>	<u>36,304</u>	<u>-</u>	<u>1,253,331</u>
Derivative contracts - assets				
Options purchased	68,400	-	-	68,400
Warrants	10,000	-	-	10,000
Total derivative contracts - assets	<u>78,400</u>	<u>-</u>	<u>-</u>	<u>78,400</u>
	<u>\$ 1,295,427</u>	<u>\$ 36,304</u>	<u>\$ -</u>	<u>\$ 1,331,731</u>

The following table presents information about the Fund's liabilities measured at fair value as of December 31, 2018.

Liabilities (at fair value)	Level 1	Level 2	Level 3	Total
Securities sold short				
Common stocks	\$ 250	\$ -	\$ -	\$ 250
Derivative contracts - liabilities				
Options written	150	-	-	150
	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400</u>

SAMPLE FUND, LP

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

DERIVATIVE CONTRACTS

Derivative contracts held or sold by the Fund are used for speculative trading purposes.

At December 31, 2018, the volume of the Fund's derivative activities based on their notional amounts and number of contracts, categorized by primary underlying risk, are as follows:

Primary Underlying Risk	Long Exposure		Short Exposure	
	Notional Amounts	Number of Contracts	Notional Amounts	Number of Contracts
Equity price				
Options contracts (a)	\$ 100,000	1,000	\$ 1,000	10
Warrants (a)	10,000	100	-	-

(a) Notional amounts presented for derivative contracts are based on the fair value of the underlying shares as if the derivative contracts were exercised at December 31, 2018.

The following table identifies the fair value amounts of derivative contracts included in the statement of financial condition as derivative contracts, categorized by primary underlying risk, at December 31, 2018. The following table also identifies the net realized and change in unrealized gain and loss amounts included in the statement of operations, categorized by primary underlying risk, for the year ended December 31, 2018:

Primary Underlying Risk	Derivative Asset Fair Value	Derivative Liability Fair Value	Realized Gain (Loss)	Change in Unrealized Gain (Loss)
Equity price				
Options contracts	\$ 68,400	\$ (150)	\$ 100	\$ 10
Warrants	10,000	-	-	-

As of December 31, 2018 the Fund's financial instruments and derivative contracts are not subject to a master netting agreement or similar arrangement.

PARTNERS' CAPITAL

CAPITAL ACCOUNT

A capital account shall be established for each partner. The initial balance of each partner's capital account shall be the amount of the initial contributions to the Fund.

PROFIT AND LOSS ALLOCATION

Partners share in the profits and losses of the Fund in the proportion in which each partner's capital account bears to all partners' capital accounts.

SAMPLE FUND, LP

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

PARTNERS' CAPITAL (Continued)

PARTNER WITHDRAWALS

A limited partner may, upon sixty (60) calendar days advance written notice to the General Partner, withdraw all or part of its capital account as of the last day of any calendar quarter, subject to the terms and restrictions of the limited partnership agreement.

INVOLUNTARY LIQUIDATION OF A LIMITED PARTNER'S INTEREST

The General Partner may, in its sole discretion, upon 15 days advance written notice to any limited partner, terminate the interest of any limited partner in the Fund, as of any month-end.

AGREEMENTS AND RELATED PARTY TRANSACTIONS

Certain limited partners are affiliated with the General Partner. The aggregate value of the affiliated limited partners' share of net asset value at December 31, 2018 is approximately \$249,000. During the year ended December 31, 2018, the Fund accepted capital contributions of \$50,000 from those related parties.

The General Partner shall receive from the Fund a quarterly management fee in arrears equal to one and a half percent of the quarter end net asset value of the Fund. The General Partner may, at its sole discretion, waive the management fee, in whole or in part, with respect to any or all limited partners. For the year ended December 31, 2018, management fees were \$7,770. As of December 31, 2018, management fees payable to the General Partner were \$4,350, which is included in accrued liabilities on the statement of financial condition.

The General Partner of the Fund serves as the trading advisor. At the end of each calendar quarter (or at the time of a withdrawal, in respect to the amount withdrawn), the General Partner will be allocated an amount equal to 25% of the amount by which the net profits of each limited partner's capital account exceeds an annualized rate of return of 6%, in excess of those profits allocated to restore any previously allocated losses as defined in the limited partnership agreement. The total incentive allocation for the year ending December 31, 2018 was \$52,946. The General Partner may, at its sole discretion, waive the incentive allocation, in whole or in part, with respect to any or all limited partners.

TRADING ACTIVITIES AND RELATED RISKS

The Fund's trading activities involve financial instruments, primarily securities and derivative contracts. These financial instruments may have market and/or credit risk in excess of the amounts recorded in the statement of financial condition.

SAMPLE FUND, LP

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

TRADING ACTIVITIES AND RELATED RISKS (Continued)

MARKET RISK

All financial instruments are subject to market risk, the risk that future changes in market conditions may make an instrument less valuable or more onerous. As the instruments are recognized at fair value, those changes directly affect reported income. Theoretically, the investments owned by the Fund directly are exposed to a market risk (loss) equal to the notional value of the financial instruments purchased and unlimited liability on certain financial instruments sold short.

Generally, financial instruments can be closed out at the discretion of the General Partner. However, if the market is not liquid, it could prevent the timely close-out of any unfavorable positions or require the Fund to hold those positions to maturity, regardless of the changes in their value or the trading advisor's investment strategies.

FOREIGN CURRENCY RISK

Foreign currency risk exists if the Fund invests directly in foreign currencies or in securities that trade in, and receive revenues in, foreign currencies, or in derivative contracts that provide exposure to foreign currencies. The Fund is subject to the risk that those currencies will decline in value relative to the base currency of the Fund.

LEVERAGE

The Fund may borrow funds in order to increase the amount of capital available for investment. While the use of certain forms of leverage, such as margin borrowings, can substantially improve the return on invested capital, such use may also increase the adverse impact to which the portfolio of the Fund may be subject. Borrowings will usually be from the Fund's brokers and will typically be secured by the Fund's securities and other assets. Under certain circumstances, the broker could liquidate assets held in the account to satisfy the Fund's obligations to the broker. Liquidation in this manner could have adverse consequences. Additionally, the amount of the Fund's borrowings and the interest rates on those borrowings, which fluctuate, could have a significant effect on the Fund's profitability.

CREDIT RISK

Credit risk arises primarily from the potential inability of counterparties to perform in accordance with the terms of a contract. The Fund's exposure to credit risk associated with counterparty nonperformance is limited to the current cost to replace all contracts in which the Fund has a gain.

CONCENTRATION OF CREDIT RISK

Concentrations of credit risk (whether on or off balance sheet) that arise from financial instruments exist for groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

SAMPLE FUND, LP

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

TRADING ACTIVITIES AND RELATED RISKS (Continued)

INSOLVENCY RISK

The Fund has a substantial portion of its assets on deposit with financial institutions. In the event of a financial institution's insolvency, recovery of Fund assets on deposit may be limited to account insurance or other protection afforded such deposits.

INDEMNIFICATIONS

In the normal course of business, the Fund enters into contracts and agreements that contain a variety of representations and warranties and which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. The Fund expects the risk of any future obligation under these indemnifications to be remote.

SUBSEQUENT EVENTS

The General Partner evaluated subsequent events through March __, 2019, the date the financial statements were available to be issued. For the period January 1, 2019 through March __, 2019, the Fund had capital contributions of approximately \$200,000 and capital withdrawals of approximately \$100,000. There were no other subsequent events to disclose.

FINANCIAL HIGHLIGHTS

Total return and ratios to average net assets are calculated for the limited partner class taken as a whole. An individual investor's return and ratios may vary from those percentages based on different management fee and incentive allocation arrangements and the timing of capital transactions. The net investment income ratio does not reflect the effects of the incentive allocation to the General Partner. Financial highlights for the year ended December 31, 2018 are as follows:

Total return:

Total return before incentive allocation	33.64 %
Incentive allocation	(6.83)%
Total return after incentive allocation	<u>26.81 %</u>

Ratios to average net assets:

Expenses before incentive allocation	1.58 %
Incentive allocation	<u>5.96 %</u>
Expenses after incentive allocation	<u>7.54 %</u>
Net investment income	<u>0.44 %</u>