

<b>Form 5500</b>  Department of the Treasury Internal Revenue Service  Department of Labor Employee Benefits Security Administration  Pension Benefit Guaranty Corporation	<b>Annual Return/Report of Employee Benefit Plan</b>  This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).  <p style="text-align: center;">▶ <b>Complete all entries in accordance with the instructions to the Form 5500.</b></p>	OMB Nos. 1210-0110 1210-0089  <b>2012</b>  <b>This Form is Open to Public Inspection</b>
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<b>Part I</b>	<b>Annual Report Identification Information</b>
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>	
<b>A</b> This return/report is for:	<input type="checkbox"/> a multiemployer plan; <input type="checkbox"/> a multiple-employer plan; or <input type="checkbox"/> a single-employer plan; <input checked="" type="checkbox"/> a DFE (specify) <u>E</u>
<b>B</b> This return/report is:	<input type="checkbox"/> the first return/report; <input type="checkbox"/> the final return/report; <input checked="" type="checkbox"/> an amended return/report; <input type="checkbox"/> a short plan year return/report (less than 12 months).
<b>C</b> If the plan is a collectively-bargained plan, check here. . . . .	<input type="checkbox"/>
<b>D</b> Check box if filing under:	<input type="checkbox"/> Form 5558; <input type="checkbox"/> automatic extension; <input type="checkbox"/> the DFVC program; <input type="checkbox"/> special extension (enter description)

<b>Part II</b>	<b>Basic Plan Information</b> —enter all requested information		
<b>1a</b> Name of plan <u>CIF SMAURORA FUND LTD</u>	<b>1b</b> Three-digit plan number (PN) ▶	<u>005</u>	
	<b>1c</b> Effective date of plan	<u>01/01/2012</u>	
<b>2a</b> Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)  <u>AURORA INVESTMENT MANAGEMENT LLC</u>  <u>300 NORTH LASALLE STREET</u> <u>52ND FLOOR</u> <u>CHICAGO, IL 60654</u>	<b>2b</b> Employer Identification Number (EIN) <u>36-4040234</u>	<b>2c</b> Sponsor's telephone number <u>312-762-6700</u>	<b>2d</b> Business code (see instructions) <u>523900</u>

**Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.**

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

<b>SIGN HERE</b>	<b>Signature of plan administrator</b>	<b>Date</b>	Enter name of individual signing as plan administrator
<b>SIGN HERE</b>	<b>Signature of employer/plan sponsor</b>	<b>Date</b>	Enter name of individual signing as employer or plan sponsor
<b>SIGN HERE</b>	<u>Filed with authorized/valid electronic signature.</u>	<u>10/03/2014</u>	<u>JOSEPH SULLIVAN</u>
	<b>Signature of DFE</b>	<b>Date</b>	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

<b>3a</b> Plan administrator's name and address <input type="checkbox"/> Same as Plan Sponsor Name <input type="checkbox"/> Same as Plan Sponsor Address  AURORA INVESTMENT MANAGEMENT LLC 300 NORTH LASALLE STREET 52ND FLOOR CHICAGO, IL 60654		<b>3b</b> Administrator's EIN 36-4040234 <b>3c</b> Administrator's telephone number 312-762-6700
<b>4</b> If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: <b>a</b> Sponsor's name		<b>4b</b> EIN  <b>4c</b> PN
<b>5</b> Total number of participants at the beginning of the plan year		<b>5</b>
<b>6</b> Number of participants as of the end of the plan year (welfare plans complete only lines <b>6a</b> , <b>6b</b> , <b>6c</b> , and <b>6d</b> ).  <b>a</b> Active participants..... <b>b</b> Retired or separated participants receiving benefits..... <b>c</b> Other retired or separated participants entitled to future benefits..... <b>d</b> Subtotal. Add lines <b>6a</b> , <b>6b</b> , and <b>6c</b> ..... <b>e</b> Deceased participants whose beneficiaries are receiving or are entitled to receive benefits..... <b>f</b> Total. Add lines <b>6d</b> and <b>6e</b> ..... <b>g</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)..... <b>h</b> Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....		<b>6a</b>  <b>6b</b>  <b>6c</b>  <b>6d</b>  <b>6e</b>  <b>6f</b>  <b>6g</b>  <b>6h</b>
<b>7</b> Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) .....		<b>7</b>
<b>8a</b> If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:  <b>b</b> If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
<b>9a</b> Plan funding arrangement (check all that apply) <b>(1)</b> <input type="checkbox"/> Insurance <b>(2)</b> <input type="checkbox"/> Code section 412(e)(3) insurance contracts <b>(3)</b> <input checked="" type="checkbox"/> Trust <b>(4)</b> <input type="checkbox"/> General assets of the sponsor	<b>9b</b> Plan benefit arrangement (check all that apply) <b>(1)</b> <input type="checkbox"/> Insurance <b>(2)</b> <input type="checkbox"/> Code section 412(e)(3) insurance contracts <b>(3)</b> <input checked="" type="checkbox"/> Trust <b>(4)</b> <input type="checkbox"/> General assets of the sponsor	
<b>10</b> Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
<b>a Pension Schedules</b> <b>(1)</b> <input type="checkbox"/> <b>R</b> (Retirement Plan Information) <b>(2)</b> <input type="checkbox"/> <b>MB</b> (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary <b>(3)</b> <input type="checkbox"/> <b>SB</b> (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	<b>b General Schedules</b> <b>(1)</b> <input checked="" type="checkbox"/> <b>H</b> (Financial Information) <b>(2)</b> <input type="checkbox"/> <b>I</b> (Financial Information – Small Plan) <b>(3)</b> <input type="checkbox"/> <b>A</b> (Insurance Information) <b>(4)</b> <input type="checkbox"/> <b>C</b> (Service Provider Information) <b>(5)</b> <input checked="" type="checkbox"/> <b>D</b> (DFE/Participating Plan Information) <b>(6)</b> <input type="checkbox"/> <b>G</b> (Financial Transaction Schedules)	



**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
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code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)

**Part II Information on Participating Plans (to be completed by DFEs)**

(Complete as many entries as needed to report all participating plans)

**a** Plan name [DETAILS AVAILABLE UPON REQUEST](#)

<b>b</b> Name of plan sponsor	<b>c</b> EIN-PN
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**a** Plan name

<b>b</b> Name of plan sponsor	<b>c</b> EIN-PN
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**a** Plan name

<b>b</b> Name of plan sponsor	<b>c</b> EIN-PN
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<b>b</b> Name of plan sponsor	<b>c</b> EIN-PN
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<b>b</b> Name of plan sponsor	<b>c</b> EIN-PN
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**a** Plan name

<b>b</b> Name of plan sponsor	<b>c</b> EIN-PN
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<b>SCHEDULE H</b> <b>(Form 5500)</b>  <small>Department of the Treasury Internal Revenue Service</small>  <small>Department of Labor Employee Benefits Security Administration</small>  <small>Pension Benefit Guaranty Corporation</small>	<b>Financial Information</b>  This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).  <b>► File as an attachment to Form 5500.</b>	<small>OMB No. 1210-0110</small>  <b>2012</b>  <b>This Form is Open to Public Inspection</b>
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>		
<b>A</b> Name of plan <u>CIF SMAURORA FUND LTD</u>		<b>B</b> Three-digit plan number (PN) <u>005</u>
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 <u>AURORA INVESTMENT MANAGEMENT LLC</u>		<b>D</b> Employer Identification Number (EIN) <u>36-4040234</u>

Part I Asset and Liability Statement			
<b>1</b> Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. <b>Round off amounts to the nearest dollar.</b> MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
<b>a</b> Total noninterest-bearing cash .....	<b>1a</b>		
<b>b</b> Receivables (less allowance for doubtful accounts):			
<b>(1)</b> Employer contributions .....	<b>1b(1)</b>		
<b>(2)</b> Participant contributions .....	<b>1b(2)</b>		
<b>(3)</b> Other.....	<b>1b(3)</b>		7226691
<b>c</b> General investments:			
<b>(1)</b> Interest-bearing cash (include money market accounts & certificates of deposit) .....	<b>1c(1)</b>		744920
<b>(2)</b> U.S. Government securities.....	<b>1c(2)</b>		
<b>(3)</b> Corporate debt instruments (other than employer securities):			
<b>(A)</b> Preferred .....	<b>1c(3)(A)</b>		
<b>(B)</b> All other.....	<b>1c(3)(B)</b>		
<b>(4)</b> Corporate stocks (other than employer securities):			
<b>(A)</b> Preferred .....	<b>1c(4)(A)</b>		
<b>(B)</b> Common .....	<b>1c(4)(B)</b>		104219637
<b>(5)</b> Partnership/joint venture interests .....	<b>1c(5)</b>		
<b>(6)</b> Real estate (other than employer real property) .....	<b>1c(6)</b>		
<b>(7)</b> Loans (other than to participants) .....	<b>1c(7)</b>		
<b>(8)</b> Participant loans .....	<b>1c(8)</b>		
<b>(9)</b> Value of interest in common/collective trusts.....	<b>1c(9)</b>		
<b>(10)</b> Value of interest in pooled separate accounts.....	<b>1c(10)</b>		
<b>(11)</b> Value of interest in master trust investment accounts .....	<b>1c(11)</b>		
<b>(12)</b> Value of interest in 103-12 investment entities .....	<b>1c(12)</b>		
<b>(13)</b> Value of interest in registered investment companies (e.g., mutual funds).....	<b>1c(13)</b>		
<b>(14)</b> Value of funds held in insurance company general account (unallocated contracts).....	<b>1c(14)</b>		
<b>(15)</b> Other .....	<b>1c(15)</b>		5831604

<b>1d</b> Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities .....	<b>1d(1)</b>		
(2) Employer real property .....	<b>1d(2)</b>		
<b>e</b> Buildings and other property used in plan operation .....	<b>1e</b>		
<b>f</b> Total assets (add all amounts in lines 1a through 1e) .....	<b>1f</b>	0	118022852

**Liabilities**

<b>g</b> Benefit claims payable .....	<b>1g</b>		
<b>h</b> Operating payables .....	<b>1h</b>		282052
<b>i</b> Acquisition indebtedness .....	<b>1i</b>		
<b>j</b> Other liabilities .....	<b>1j</b>		7901514
<b>k</b> Total liabilities (add all amounts in lines 1g through 1j) .....	<b>1k</b>	0	8183566

**Net Assets**

<b>l</b> Net assets (subtract line 1k from line 1f) .....	<b>1l</b>	0	109839286
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**Part II Income and Expense Statement**

**2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

**Income**

		(a) Amount	(b) Total
<b>a Contributions:</b>			
(1) Received or receivable in cash from: <b>(A)</b> Employers .....	<b>2a(1)(A)</b>		
<b>(B)</b> Participants .....	<b>2a(1)(B)</b>		
<b>(C)</b> Others (including rollovers) .....	<b>2a(1)(C)</b>		
(2) Noncash contributions .....	<b>2a(2)</b>		
(3) Total contributions. Add lines <b>2a(1)(A)</b> , <b>(B)</b> , <b>(C)</b> , and line <b>2a(2)</b> .....	<b>2a(3)</b>		0
<b>b Earnings on investments:</b>			
(1) Interest:			
<b>(A)</b> Interest-bearing cash (including money market accounts and certificates of deposit) .....	<b>2b(1)(A)</b>		
<b>(B)</b> U.S. Government securities .....	<b>2b(1)(B)</b>		
<b>(C)</b> Corporate debt instruments .....	<b>2b(1)(C)</b>		
<b>(D)</b> Loans (other than to participants) .....	<b>2b(1)(D)</b>		
<b>(E)</b> Participant loans .....	<b>2b(1)(E)</b>		
<b>(F)</b> Other .....	<b>2b(1)(F)</b>		
<b>(G)</b> Total interest. Add lines <b>2b(1)(A)</b> through <b>(F)</b> .....	<b>2b(1)(G)</b>		0
(2) Dividends: <b>(A)</b> Preferred stock .....	<b>2b(2)(A)</b>		
<b>(B)</b> Common stock .....	<b>2b(2)(B)</b>		
<b>(C)</b> Registered investment company shares (e.g. mutual funds) .....	<b>2b(2)(C)</b>		
<b>(D)</b> Total dividends. Add lines <b>2b(2)(A)</b> , <b>(B)</b> , and <b>(C)</b> .....	<b>2b(2)(D)</b>		0
(3) Rents .....	<b>2b(3)</b>		
(4) Net gain (loss) on sale of assets: <b>(A)</b> Aggregate proceeds .....	<b>2b(4)(A)</b>	20995369	
<b>(B)</b> Aggregate carrying amount (see instructions) .....	<b>2b(4)(B)</b>	21878873	
<b>(C)</b> Subtract line <b>2b(4)(B)</b> from line <b>2b(4)(A)</b> and enter result .....	<b>2b(4)(C)</b>		-883504
(5) Unrealized appreciation (depreciation) of assets: <b>(A)</b> Real estate .....	<b>2b(5)(A)</b>		
<b>(B)</b> Other .....	<b>2b(5)(B)</b>	7507510	
<b>(C)</b> Total unrealized appreciation of assets. Add lines <b>2b(5)(A)</b> and <b>(B)</b> .....	<b>2b(5)(C)</b>		7507510

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts .....	<b>2b(6)</b>		
(7) Net investment gain (loss) from pooled separate accounts .....	<b>2b(7)</b>		
(8) Net investment gain (loss) from master trust investment accounts .....	<b>2b(8)</b>		
(9) Net investment gain (loss) from 103-12 investment entities .....	<b>2b(9)</b>		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	<b>2b(10)</b>		
<b>c</b> Other income.....	<b>2c</b>		
<b>d</b> Total income. Add all <b>income</b> amounts in column (b) and enter total.....	<b>2d</b>		6624006

**Expenses**

<b>e</b> Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers .....	<b>2e(1)</b>		
(2) To insurance carriers for the provision of benefits .....	<b>2e(2)</b>		
(3) Other .....	<b>2e(3)</b>		
(4) Total benefit payments. Add lines <b>2e(1)</b> through <b>(3)</b> .....	<b>2e(4)</b>		0
<b>f</b> Corrective distributions (see instructions) .....	<b>2f</b>		
<b>g</b> Certain deemed distributions of participant loans (see instructions).....	<b>2g</b>		
<b>h</b> Interest expense.....	<b>2h</b>		41718
<b>i</b> Administrative expenses: (1) Professional fees .....	<b>2i(1)</b>	211459	
(2) Contract administrator fees .....	<b>2i(2)</b>	53177	
(3) Investment advisory and management fees .....	<b>2i(3)</b>	808172	
(4) Other .....	<b>2i(4)</b>	670194	
(5) Total administrative expenses. Add lines <b>2i(1)</b> through <b>(4)</b> .....	<b>2i(5)</b>		1743002
<b>j</b> Total expenses. Add all <b>expense</b> amounts in column (b) and enter total.....	<b>2j</b>		1784720

**Net Income and Reconciliation**

<b>k</b> Net income (loss). Subtract line <b>2j</b> from line <b>2d</b> .....	<b>2k</b>		4839286
<b>l</b> Transfers of assets:			
(1) To this plan.....	<b>2l(1)</b>		105000000
(2) From this plan .....	<b>2l(2)</b>		

**Part III Accountant's Opinion**

**3** Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

**a** The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

**b** Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☐ Yes ☒ No

**c** Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: PRICEWATERHOUSECOOPERS LLC

(2) EIN: 13-4008324

**d** The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

**Part IV Compliance Questions**

**4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

**a** Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

**b** Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
<b>4a</b>			
<b>4b</b>		X	



	Yes	No	Amount
<b>c</b> Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) .....		X	
<b>d</b> Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
<b>e</b> Was this plan covered by a fidelity bond?.....			
<b>f</b> Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? .....			
<b>g</b> Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? .....			
<b>h</b> Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? .....			
<b>i</b> Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
<b>j</b> Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....			
<b>k</b> Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....			
<b>l</b> Has the plan failed to provide any benefit when due under the plan? .....			
<b>m</b> If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....			
<b>n</b> If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. ....			

**5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?  
 If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☐ No Amount:

**5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

**5b(1)** Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

## Part V Trust Information (optional)

**6a** Name of trust

**6b** Trust's EIN

**CIF SMAURORA FUND LTD.**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM**  
**1 JANUARY 2012 (COMMENCEMENT OF OPERATIONS)**  
**TO 31 DECEMBER 2012**

**AUDITED FINANCIAL STATEMENTS**

**For the period from 1 January 2012 (commencement of operations) to 31 December 2012**

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
COMPANY INFORMATION	3
REPORT OF INDEPENDENT AUDITORS	4
STATEMENT OF FINANCIAL POSITION	5
CONDENSED SCHEDULE OF INVESTMENTS	6
STATEMENT OF OPERATIONS	7
STATEMENT OF CHANGES IN NET ASSETS	8
STATEMENT OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10-19

## **CIF SMAURORA FUND LTD.**

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### **COMPANY INFORMATION**

DIRECTORS	Mr. Scott Montpas Mr. Ronan Daly (Independent Director) Mr. Clarendon Hugh (Hal) Masters (Independent Director)
REGISTERED OFFICE	CIF SMAurora Fund Ltd. c/o Citco Trustees (Cayman) Limited 89 Nexus Way, 2 <sup>nd</sup> Floor Camana Bay P.O. Box 31106 Grand Cayman, Cayman Islands KY1-1205
INVESTMENT MANAGER	Aurora Investment Management L.L.C. 300 North LaSalle Street, 52 <sup>nd</sup> Floor Chicago, Illinois 60654
ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT	Citco Fund Services (Cayman Islands) Limited 89 Nexus Way, 2 <sup>nd</sup> Floor Camana Bay P.O. Box 31106 Grand Cayman, Cayman Islands KY1-1205
LEGAL ADVISORS	Walkers Walker House, 87 Mary Street George Town, Grand Cayman Cayman Islands
CUSTODIAN	J.P. Morgan Trust Company (Cayman), Limited CIBC Financial Centre 11 Dr. Roy's Drive George Town, Grand Cayman Cayman Islands
INDEPENDENT AUDITORS	PricewaterhouseCoopers Strathvale House P.O. Box 258, GT George Town, Grand Cayman KY1-1104 Cayman Islands



## **Independent Auditor's Report**

To the Shareholders of CIF SMAurora Fund Ltd

We have audited the accompanying financial statements of CIF SMAurora Fund Ltd (the "Fund"), which comprise the statement of financial position, including the condensed schedule of investments, as of December 31, 2012, and the related statements of operations, of changes in net assets, and of cash flows for the period from January 1, 2012 (commencement of operations) to December 31, 2012.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CIF SMAurora Fund Ltd at December 31, 2012, and the results of its operations, changes in its net assets, and its cash flows for the period from January 1, 2012 (commencement of operations) to December 31, 2012 in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "PricewaterhouseCoopers".

March 27, 2013

**CIF SMAURORA FUND LTD.****STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2012**

	US\$
<b>Assets</b>	
Cash	744,920
Investments in private investment funds, at fair value (Cost: US\$96,712,877)	104,219,637
Receivables from private investment funds	7,199,961
Contributions paid in advance to private investment funds	5,825,000
Margin receivable	26,730
Unrealized appreciation on derivative contracts	750
Other assets	5,854
<b>Total Assets</b>	<b>118,022,852</b>
<b>Liabilities</b>	
Borrowings under line of credit	7,901,514
Fees payable to investment manager	217,540
Interest expense payable	4,781
Accrued expenses and other payables	59,731
<b>Total Liabilities</b>	<b>8,183,566</b>
<b>Net Assets</b>	<b>109,839,286</b>
<b><u>Net asset value and shares in issue per share series as at 31 December 2012</u></b>	
Shares outstanding	105,000.00
NAV	US\$1,046.09

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

**CIF SMAURORA FUND LTD.**

**CONDENSED SCHEDULE OF INVESTMENTS**  
**As at 31 December 2012**

	<b>Cost US\$</b>	<b>Fair Value US\$</b>	<b>% of Net Assets</b>
<b>Private Investment Funds</b>			
<b>British Virgin Islands*</b>			
Event-Driven**	1,575,000	1,869,921	1.70 %
Long/Short Credit Thoroughbred Offshore Fund Ltd.	5,198,911	6,340,657	5.77 %
Long/Short Equities**	6,220,490	6,434,345	5.85 %
<b>Total British Virgin Islands</b>	<b>12,994,401</b>	<b>14,644,923</b>	<b>13.32 %</b>
<b>Cayman Islands*</b>			
Event-Driven**	8,925,000	9,681,226	8.81 %
Long/Short Credit Redwood Offshore Fund Ltd.	4,900,000	5,913,000	5.38 %
Other Long/Short Credit**	11,287,823	12,767,273	11.62 %
Long/Short Equities**	16,532,629	18,066,863	16.44 %
Macro**	22,646,057	23,594,303	21.49 %
Opportunistic**	10,495,332	11,433,459	10.41 %
Portfolio Hedge**	8,931,635	8,118,590	7.39 %
<b>Total Cayman Islands</b>	<b>83,718,476</b>	<b>89,574,714</b>	<b>81.54 %</b>
Total investments in private investment funds	96,712,877	104,219,637	94.86 %
<b>Derivative Contracts - Assets</b>			
S&P 500 Index futures contracts	—	750	— %
<b>Total Derivative Contracts - Assets</b>	<b>—</b>	<b>750</b>	<b>— %</b>

*\*Represents domicile of underlying private investment funds.*

*\*\*No individual investment is greater than 5% of net assets.*

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

**CIF SMAURORA FUND LTD.****STATEMENT OF OPERATIONS****For the period from 1 January 2012 (commencement of operations) to 31 December 2012**

	US\$
<b>Gain/(loss) from investments and derivative contracts</b>	
Net realized loss on investments	(3,657)
Net realized loss on derivative contracts	(879,847)
Net change in unrealized appreciation on investments	7,506,760
Net change in unrealized appreciation on derivative contracts	750
	<hr/>
<b>Total realized and unrealized gain from investments and derivative contracts</b>	<b>6,624,006</b>
	<hr/>
<b>Operating expenses</b>	
Management fees	(808,172)
Performance fees	(537,699)
Professional fees	(211,459)
Commitment fees	(71,998)
Administration fees	(53,177)
Interest expense	(41,718)
Custodian fees	(28,318)
Directors' fees	(20,184)
Other operating expenses	(11,995)
	<hr/>
<b>Total operating expenses</b>	<b>(1,784,720)</b>
	<hr/>
<b>Net investment loss</b>	<b>(1,784,720)</b>
	<hr/>
<b>Net increase in net assets from operations</b>	<b>4,839,286</b>
	<hr/>

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



**CIF SMAURORA FUND LTD.**

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**STATEMENT OF CHANGES IN NET ASSETS**

**For the period from 1 January 2012 (commencement of operations) to 31 December 2012**

	US\$
Net Assets	
1 January 2012 (commencement of operations)	—
Subscriptions	105,000,000
Net increase in net assets from operations	<u>4,839,286</u>
<b>Net Assets</b>	
<b>31 December 2012</b>	<u><u>109,839,286</u></u>

Shares outstanding at	
1 January 2012 (commencement of operations)	—
Shares issued	<u>105,000</u>
<b>Shares outstanding at</b>	
<b>31 December 2012</b>	<u><u>105,000</u></u>

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

**CIF SMAURORA FUND LTD.****STATEMENT OF CASH FLOWS****For the period from 1 January 2012 (commencement of operations) to 31 December 2012**

	US\$
<b>Cash flows from operating activities:</b>	
Net increase in net assets from operations	4,839,286
Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities:	
Purchase of investments	(116,862,116)
Sale of investments	20,014,006
Net realized loss on investments	3,656
Net realized loss on derivative contracts	131,577
Net change in unrealized appreciation on investments	(7,506,760)
Net change in unrealized appreciation on derivative contracts	(750)
Increase in receivables from private investment funds	(7,199,961)
Increase in contributions paid in advance to private investment funds	(5,825,000)
Increase in margin receivable	(26,730)
Increase in other assets	(5,854)
Increase in fees payable to investment manager	217,540
Increase in interest expense payable	4,781
Increase in accrued expenses and other payables	59,731
	<hr/>
<b>Net cash used in operating activities</b>	<b>(112,156,594)</b>
	<hr/>
<b>Cash flows from financing activities:</b>	
Net increase in borrowings under line of credit	7,901,514
Proceeds from subscription of shares	105,000,000
	<hr/>
<b>Net cash provided by financing activities</b>	<b>112,901,514</b>
	<hr/>
Net increase in cash	744,920
Beginning cash	<hr/> —
<b>Ending cash</b>	<b><hr/>744,920<hr/></b>
 <b>Supplemental disclosure of cash flow information</b>	
Interest paid	36,937

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

**NOTES TO FINANCIAL STATEMENTS**

**For the period from 1 January 2012 (commencement of operations) to 31 December 2012**

**1. Description of Business**

CIF SMAurora Fund Ltd. (the “Fund”) was incorporated as an exempted company on 3 August 2011 under the laws of the Cayman Islands and commenced operations on 1 January 2012. The Fund maintains its registered office in the Cayman Islands.

The Fund is organized to invest and trade directly and indirectly in securities and other financial instruments through advisory accounts and investments in private investment funds. The Fund’s investment objective is to generate consistent long-term capital appreciation with low volatility and little correlation with the equity and bond markets through a portfolio having a diversified risk profile.

The Fund is operated by its Board of Directors. The Fund’s Board of Directors consists of three directors: Mr. Scott Montpas, Mr. Ronan Daly and Mr. Clarendon Hugh (Hal) Masters. Mr. Scott Montpas is the General Counsel and Chief Compliance Officer of Aurora Investment Management L.L.C. (the “Investment Manager”), the investment manager of the Fund. Additional Directors may be appointed from time to time.

**2. Significant Accounting Policies**

The financial statements are expressed, and the accounting records are maintained, in U.S. Dollars (“US\$”) and have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The preparation of these financial statements requires the Fund’s management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The Fund has an administration agreement with Citco Fund Services (Cayman Islands) Limited (the “Administrator”). The Administrator performs certain day-to-day administrative tasks on behalf of the Fund. These tasks include maintaining the Fund’s books and records, processing investor transactions, and calculating fees and investors’ share capital. In accordance with the Fund’s Confidential Information Memorandum (“Offering Memorandum”), the Administrator values the Fund’s investments in private investment funds at fair value, which is generally an amount equal to the sum of the capital accounts or net asset value of the private investment funds determined from unaudited financial data supplied by the administrators of the underlying private investment funds. Observable prices for these investments are not quoted in an active market. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The Investment Manager has assessed the net asset value of each private investment fund in accordance with authoritative guidance on fair value measurements and disclosures under U.S. GAAP. See Note 4 for further discussion.

Investment transactions are accounted for on a trade date basis. The cost of investments is determined using the first in, first out method. All realized and unrealized gains and losses are included in the Statement of Operations.

Cash is held at JPMorgan Chase Bank, N.A.

Income and expenses are accounted for on an accrual basis.

When the Fund purchases put or call options, an amount equal to the premium paid is recorded as an asset and is subsequently valued at the closing price on the last business day of the period. Premiums paid for purchasing put or call options which have expired or were unexercised are recognized on the expiration date as realized losses in the Statement of Operations. If an option is exercised, the premium paid is included with the cost of the transaction to determine whether the Fund has realized a gain or loss on the related investment transaction in the Statement of Operations. When the Fund enters into a closing transaction, the Fund will realize a gain or loss in the Statement of Operations depending upon whether the amount from the closing transaction is greater or less than the premium paid. The realized and unrealized losses for such options are included in the Statement of Operations. There were no options outstanding at 31 December 2012.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**For the period from 1 January 2012 (commencement of operations) to 31 December 2012**

**2. Significant Accounting Policies (Continued)**

Futures contracts are recorded on the trade date and are valued at the closing price on the last business day of the year. Upon entering into a futures contract, the Fund is required to deposit with the broker an amount of cash or liquid securities equal to a specified percentage of the contract amount. Subsequent payments are made or received by the Fund, depending on the fluctuation of the value of the contract, and this balance is reflected as margin receivable or payable on the Statement of Financial Position. The difference between the original contract amount and the market value of the open futures position is reflected as unrealized appreciation/depreciation on derivative contracts on the Statement of Financial Position and as change in unrealized appreciation/depreciation on derivative contracts in the Statement of Operations. When the contract is closed or expired, a realized gain or loss is recognized equal to the difference between the value of the contract on the closing date and the original contract amount, and is included in net realized gain/(loss) on derivative contracts in the Statement of Operations.

Contributions paid in advance to private investment funds represent investments in private investment funds effective 1 January 2013. Contributions paid in advance to private investment funds do not participate in the earnings of the underlying private investment funds until such interests are issued.

There were no shareholder subscriptions received in advance at 31 December 2012.

There were no shareholder redemptions at 31 December 2012.

**3. Investments in Private Investment Funds**

At 31 December 2012, the majority of the Fund's assets were allocated to various private investment funds. The Investment Manager may reallocate assets among the Fund's investments at any time. The Fund receives annual audited financial statements from each of the private investment funds.

The private investment funds execute many investment strategies, including several types of arbitrage, event driven and directional strategies (e.g., long/short equities, relative value, long/short credit, volatility trading and capital structure arbitrage). At times, private investment funds focused on implementing a particular strategy may make an opportunistic trade representing a different trading approach. For example, in seeking to identify a relatively mispriced pair of assets, a private investment fund may conclude that an asset is sufficiently over or underpriced to merit taking an outright directional position. Each investment strategy involves specific risks which are summarized in the Offering Memorandum.

Private investment funds are continually developing new, and adapting and refining existing, strategies. There is no material limitation on the strategies that the private investment funds may apply and no assurance as to which types of strategies may be applied at any one time. In addition, there is no limitation on the investment instruments in which a private investment fund may invest. New investment instruments are continually developing and investment in such instruments may involve material and as yet unanticipated risks.

The private investment funds may use leverage by purchasing instruments with the use of borrowed funds, by trading derivatives or through other means. To the extent the private investment funds choose to utilize leverage, they increase the opportunity for a higher return on investment and they increase the risk of loss.

**NOTES TO FINANCIAL STATEMENTS (Continued)****For the period from 1 January 2012 (commencement of operations) to 31 December 2012****3. Investments in Private Investment Funds (Continued)**

The Fund has the ability to liquidate its investments periodically, ranging from monthly to every three years, depending on the provisions of the respective private investment fund's governing agreement. Contribution requirements may also vary based on each private investment fund's governing agreement. Investment advisers of the private investment funds generally receive fees for their services. These fees include management fees based upon the value of the Fund's investment, as well as performance fees or allocations based upon new net trading profits earned by the Fund. These fees are deducted directly from the Fund's investment balance in accordance with the terms of each respective private investment fund's governing agreement.

The management fees charged by the private investment funds range from 0.75% to 2% annually of net assets, and performance fees or allocations charged by private investment funds range from 0% to 30% of new net trading profits, as defined in each private investment fund's governing agreement. Certain private investment funds may have expense reimbursement arrangements rather than or in addition to management fees, which are deducted directly from the Fund's investment balance.

The following table summarizes the Fund's investments in private investment funds that represent 5% or more of its shareholder's net assets at 31 December 2012:

	<b>% of Net Assets</b>	<b>Fair Value US\$</b>	<b>Unrealized Gain/(Loss) US\$</b>	<b>Liquidity</b>
Redwood Offshore Fund Ltd.	5.38%	5,913,000	1,013,000	Biennial
Thoroughbred Offshore Fund Ltd.	5.77%	6,340,657	1,141,746	Annual

**4. Fair Value Measurements**

In accordance with the authoritative guidance on fair value measurements and disclosures under U.S. GAAP, the Fund discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under fair value measurements are as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date;
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active; and
- Level 3 Inputs that are unobservable.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The Fund's Board of Directors is responsible for the valuation process and has delegated the oversight of the monthly valuation process to the Valuation Committee. The Valuation Committee, pursuant to the valuation policies and procedures adopted by the Board of Directors, is responsible for making fair value determinations, evaluating the effectiveness of the Fund's valuation policies, and reporting to the Board of Directors.

The Fund generally invests in private investment funds whose reported net asset value ("NAV") generally serves as the basis for the investor's periodic subscription and redemption activity pursuant to the terms of the private investment fund's governing documents. The reported NAV serves as both the entry price (for subscriptions) and, depending on the facts and circumstances, the exit price (for redemptions). Depending on the redemption options available, it may be possible that the reported NAV represents fair value based on observable data such as ongoing redemption and/or subscription activity. The Investment Manager generally uses the reported NAV of the private

**NOTES TO FINANCIAL STATEMENTS (Continued)****For the period from 1 January 2012 (commencement of operations) to 31 December 2012****4. Fair Value Measurements (Continued)**

investment fund reported by the administrator of the underlying private investment fund as the primary input to its valuation.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Investment Manager's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and the Investment Manager considers factors specific to the financial instrument.

All of the Fund's private investment funds have been classified within Level 2 or Level 3, and the Fund does not hold any private investment funds that could be classified as Level 1, as observable prices for investments in those funds are typically not quoted prices in an active market.

The ability to redeem the Fund's investment, determined by investment lot, within one year of the Statement of Financial Position date is considered indicative of a Level 2 observable input and classified as Level 2 within the fair value hierarchy. Investment lot liquidity terms that permit redemption within 12 months for a redemption fee of 5% or less are included as Level 2.

In the aggregate, the Investment Manager has determined that the Fund may realize approximately (a) 77.2% of its net asset value within 12 months and (b) 22.2% of its net asset value from the underlying private investment funds beyond 12 months according to the private investment funds' contractual redemption terms. Approximately 0.6% of its net asset value is comprised of designated investments with no fixed redemption terms.

Liquidity of individual private investment funds vary based on various factors and may include gates or side pockets imposed by the private investment fund. In the case of the imposition of a gate or existence of a side pocket, the Investment Manager's ability to validate or verify the NAV through redemptions is impaired and the interest is generally classified as Level 3. The Fund holds side pockets and expects to continue to hold side pockets as per the terms of the private investment funds' offering memoranda. There were no gates imposed by private investment funds as of 31 December 2012.

Of the private investment funds representing Level 3 investments, 100% were valued at the unaudited NAV determined by the administrators of the underlying investments.

There were no unfunded commitments to private investment funds as of 31 December 2012.

The following table presents the investments in private investments funds and unrealized appreciation/(depreciation) on derivative contracts carried on the Statement of Financial Position by level within the valuation hierarchy as of 31 December 2012.

	Fair Value as at 31 December 2012			
	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>Investments in Securities</b>				
Investments in private investment funds	—	79,178,185	25,041,452	104,219,637
<b>Derivative Contracts - Assets</b>				
S&P Index futures contracts	750	—	—	750
<b>Total derivative contracts - assets</b>	750	—	—	750
<b>Total</b>	750	79,178,185	25,041,452	104,220,387
	0.00 %	75.97 %	24.03 %	100.00 %

See Condensed Schedule of Investments for further disclosure of strategy and domicile information.

**NOTES TO FINANCIAL STATEMENTS (Continued)****For the period from 1 January 2012 (commencement of operations) to 31 December 2012****4. Fair Value Measurements (Continued)**

The following table lists investments by major category.

<b>Major Category</b>	<b>Fair Value US\$</b>	<b>Redemption Frequency*</b>	<b>Redemption Notice*</b>
Event Driven	11,551,147	Quarterly to Annual	90-95 days
Long/Short Credit	25,020,930	Quarterly to Biennial	30-90 days
Long/Short Equities	24,501,208	Monthly to Annual	30-180 days
Macro	23,594,303	Monthly to Triennial	10-95 days
Opportunistic	11,433,459	Monthly to Annual	30-90 days
Portfolio Hedge	8,118,590	Monthly to Annual	15-60 days
<b>Total</b>	<b>104,219,637</b>		

\*Redemption frequency and redemption notice periods exclude designated investments, which have no fixed redemption terms.

Event-Driven strategies generally include investments in securities of firms involved in identifiable corporate actions, such as mergers, acquisitions, restructuring, spin-offs, shareholder activism, or other special situations which alter a company's financial structure or operating strategy. Long/Short Credit strategies generally take both long and short positions in credit related instruments, such as corporate bonds, bank loans, trade claims, emerging market debt and credit derivatives. Long/Short Equities strategies generally involve taking both long and short positions in equity securities that are deemed to be under or overvalued. Macro strategies generally involve discretionary or systematic, directional or relative value trading in currencies, commodities, fixed income investments and equities. Opportunistic strategies generally involve portfolio managers exercising discretion in allocating capital among several types of arbitrage, event driven and directional strategies. Portfolio Hedge strategies generally seek to profit from declining security prices through short positions in the equity or debt (or similar functioning derivatives) of companies with unfavorable prospects. The major categories are described further in the Offering Memorandum.

The following table presents changes in investments in private investment funds classified within Level 3 for the period from 1 January 2012 (commencement of operations) to 31 December 2012.

	<b>Investments in private investment funds US\$</b>
<b>Balance at 1 January 2012 (commencement of operations)</b>	–
Net transfers into Level 3	629,657
Subscriptions	22,523,724
Redemptions	(997,877)
Gain/(loss)	
Realized	147,787
Unrealized	2,738,161
<b>Balance at 31 December 2012</b>	<b>25,041,452</b>

All net realized and unrealized gain (loss) in the table above are reflected in the accompanying Statement of Operations. The change in net unrealized gain included in the Statement of Operations attributed to Level 3 investments held in private investment funds as of 31 December 2012 was US\$2,738,161.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**For the period from 1 January 2012 (commencement of operations) to 31 December 2012**

**4. Fair Value Measurements (Continued)**

For the period from 1 January 2012 (commencement of operations) to 31 December 2012, the net transfers out of or into Level 3 represent transfers between Level 2 and Level 3. There were no transfers of private investment funds from Level 3 into Level 2, and US\$629,657 of private investment funds were transferred from Level 2 into Level 3. These transfers occurred as a result of the Fund's ongoing assessment of the liquidity terms of the Fund's private investment funds by lot and of the net transfers into designated investments by the Fund's private investment funds. All transfers are recorded at beginning of period fair values.

**5. Derivative Contracts**

In the normal course of business, the Fund invests in derivative contracts. The derivative contracts that the Fund trades are futures and options contracts. These instruments are subject to various risks similar to non-derivative instruments, including market, liquidity, counterparty and off-balance sheet risks. The Fund manages these risks for its derivative contracts and non-derivative investments on an aggregate basis.

Market risk represents the risk of adverse movements in markets for the derivatives or the underlying asset or index to which the derivative relates. The Fund purchases derivatives to hedge exposure to underlying assets, rather than to speculate on market movements. An adverse movement in the market prices of the derivatives will be offset, in part or in whole, by the opposite movement in the underlying asset or index if the hedges perform on a correlated basis as intended. Thus, the Fund is typically neutral with respect to market risk as it relates to derivatives, however there is a risk that the expected correlation differs to actual and the Fund could lose money.

Purchased option contracts give the Fund the right, but not the obligation, to buy or sell within a limited time a financial instrument at a contracted price. For certain option contracts, settlement will be made in cash based on differentials between specified indices. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date. The Fund may use equity index put options and futures contracts to seek to reduce the Fund's exposure to general stock market movements. The Fund purchases S&P 500 equity index put options or futures contracts to supplement the Fund's allocations to underlying funds that engage in the Portfolio Hedge strategy and to attempt to hedge against overall equity market risk. With respect to options, the Fund purchases only put options on equity indices, which limits the Fund's exposure to market risk to the amount of the premium paid for the options. With respect to futures, the Fund purchases and sells futures contracts on an exchange and has the ability to liquidate the contracts quickly under normal market conditions, which allows it to mitigate market risk.

Liquidity risk represents the possibility that the Fund may not be able to rapidly adjust the size of a position in times of high volatility and financial stress at a reasonable price. The Fund restricts its exposure to liquidity risk by trading only in major foreign currencies or futures and options markets that the Investment Manager considers readily realizable.

Counterparty risk is the risk that a counterparty will fail to perform the contractual obligations under the contract. Counterparty risk is minimized as the Fund's counterparties are the exchanges where such futures and options are traded.

Off-balance sheet risk refers to situations where the maximum potential loss on a particular investment is greater than the value of the asset or liability reflected on the Statement of Financial Position. Notional amounts are the underlying reference amounts which the fair value of the derivatives traded by the Fund are based. While notional amounts do not represent the current fair value and are not necessarily indicative of the future cash flows of the Fund's derivatives, the underlying price changes in relation to the variables specified by the notional amounts affect the fair value of these derivative financial instruments.

For the period from 1 January 2012 (commencement of operations) to 31 December 2012, the average number of futures contracts outstanding was 49 lots per month. The average number of option contracts outstanding was 15 lots per month.



**NOTES TO FINANCIAL STATEMENTS (Continued)****For the period from 1 January 2012 (commencement of operations) to 31 December 2012****5. Derivative Contracts (Continued)****Impact of Derivatives on the Statement of Financial Position**

The following table identifies the fair value and notional amounts of derivative instruments included in the Statement of Financial Position within unrealized appreciation/(depreciation) on derivative contracts at 31 December 2012. Balances are presented on a gross basis prior to the application of the impact of counterparty and collateral netting.

	<b>Notional Amount - Assets</b>	<b>Notional Amount - Liabilities</b>	<b>Derivative Assets</b>	<b>Derivative Liabilities</b>
S&P 500 Index futures contracts	\$ 852,060	\$ –	\$ 750	\$ –
<b>Total</b>	<b>\$ 852,060</b>	<b>\$ –</b>	<b>\$ 750</b>	<b>\$ –</b>

**Impact of Derivatives on the Statement of Operations**

The following table identifies the net gain/(loss) amounts included in the Statement of Operations within realized and unrealized gain/(loss) on derivative contracts for the period from 1 January 2012 (commencement of operations) to 31 December 2012:

	<b>Amount of Net Realized Gain/(Loss)</b>	<b>Amount of Net Change in Unrealized Gain/(Loss)</b>
S&P 500 Index futures contracts	\$ (748,270)	\$ 750
S&P 500 Index put options	(131,577)	–
<b>Total loss</b>	<b>\$ (879,847)</b>	<b>\$ 750</b>

**6. Share Capital**

The Fund has an authorized share capital of US\$50,000 consisting of 5,000,000 shares, (the “Shares”), par value US\$0.01 each, which may be issued as separate classes as the Board of Directors so determines.

As of and for the period ended 31 December 2012, one investor owned 100% of outstanding shares.

The Shares are entitled to receive any dividends which may be declared by the Directors; however, the Fund does not anticipate declaring or paying any such dividends. Each Share will participate ratably with all other outstanding Shares in the Fund’s assets and earnings, will have the redemption rights discussed below and generally is entitled to one vote. Shares are offered on the first business day of each calendar month (the “Dealing Day”) in the discretion of the Directors. On their initial Dealing Day, Shares will be issued at US\$1,000 per Share and thereafter at the then current net asset value per Share. Upon the shareholder’s written consent, Shares of any new class or series may be issued at the then current net asset value per Share or at US\$1,000 per Share as determined by the Fund in consultation with the shareholder. Performance fees may be determined separately for each class or series of Shares outstanding.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**For the period from 1 January 2012 (commencement of operations) to 31 December 2012**

**7. Taxation**

Under current laws of the Cayman Islands, there are no income, estate, corporation, capital gains or other Cayman Islands taxes payable by the Fund. As a result, no provision for taxes has been made in the financial statements.

The Fund follows the authoritative guidance on accounting for and disclosure of uncertainty in tax positions, which require the Investment Manager to determine whether a tax position of the Fund is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The Investment Manager has evaluated tax positions for the year 2012 and has determined that there was no effect on the financial statements.

**8. Fees**

The Investment Manager earns a monthly management fee equal to one-twelfth of 0.75% (0.75% per annum) of the month-end asset value, after reduction for all other fees and expenses for the month (other than the current month's management and performance fees or ongoing selling commissions, if any). Management fees payable at period end were US\$73,172.

The Investment Manager is paid 10% of any new profits, as defined in the Offering Memorandum. Performance fees are accrued monthly for each series of Shares and paid on a quarterly basis. Performance fees payable at period end were US\$144,368.

The Administrator performs certain day-to-day administrative tasks on behalf of the Fund. These tasks include maintaining the Fund's books and records, processing shareholder transactions, and calculating fees and net asset values. For the period from January 1, 2012 through June 30, 2012, the Administrator received a monthly administration fee at an annual rate of 0.07% for net assets under administration less than US\$500 million, 0.06% for net assets under administration between US\$500 million and US\$2 billion and 0.05% for net assets under administration in excess of US\$2 billion, subject to a minimum fee of US\$48,000 per annum. For purposes of calculating the Administrator's fees for this period, the Fund's net assets under administration are combined with the net assets of other accounts managed by the Investment Manager that also use the Administrator. Effective July 1, 2012, the Administrator receives a monthly administration fee at an annual flat rate of 0.04% of the Fund's net assets. Administration fees payable at period end were US\$7,222.

Directors' fees are allocated evenly to the two independent Directors. Mr. Scott Montpas, being an officer of the Investment Manager, is not paid a fee. Directors fees payable at period end were US\$7,566.

**9. Allocation of Income and Loss**

In general, profits and losses, before management fees and performance fees, as applicable are allocated in proportion to the respective share holding values at the beginning of each month, adjusted for any capital subscriptions or redemptions. Subscriptions and redemptions are governed by the Offering Memorandum. Subscriptions are generally accepted on a monthly basis. The Fund's ability to satisfy redemption requests is largely contingent upon its ability to redeem assets from private investment funds. Redemptions could generally be made as of the end of any calendar quarter upon 95 days' prior written notice to the Administrator.

**10. Related Parties**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. There were no transactions with related parties other than those in the normal course of business. The Investment Manager and the Board of Directors are deemed to be related to the Fund. Fees incurred with related parties during the period are disclosed in the Statement of Operations. Amounts payable to related parties at 31 December 2012 are disclosed in Note 8.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**For the period from 1 January 2012 (commencement of operations) to 31 December 2012**

**11. Contingencies**

In the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as any such exposure would result from future claims that may be, but have not yet been, made against the Fund based on events which have not yet occurred. However, based on experience, the Fund believes the risk of loss from these arrangements to be remote.

**12. Custody of Assets**

The Fund has a custodial agreement with J.P. Morgan Trust Company (Cayman) Limited (the "Custodian"). Services rendered by the Custodian principally include receipt, disbursement and safekeeping of all money and receipt of all property held for the Fund's accounts.

**13. Line of Credit Arrangements**

The Fund maintains a committed, secured line of credit with Credit Suisse International. The facility has the following terms: (a) interest rate of three-month LIBOR plus 1.75%, (b) commitment fee of 0.75% per annum, and (c) a committed amount of US\$15,000,000. The Custodian holds cash and the investments in private investment funds of the Fund under a general lien as collateral for the line of credit. As of 31 December 2012, the Fund had a line outstanding of US\$7,901,514, and three-month LIBOR plus 1.75% was equal to 2.06%.

There is no guarantee that the Fund's borrowing or other arrangements for obtaining leverage will continue to be available or available on terms and conditions acceptable to the Fund. Unfavorable economic conditions could also increase funding costs, limit access to the capital markets or result in a decision by lenders not to extend credit to the Fund.

**14. Financial Highlights**

Per unit realized and unrealized gain and net investment income/(loss) has been determined on the basis of the weighted average number of units outstanding during the period. The ratios were not annualized for the share class with a period of less than one year. The ratios do not reflect the Fund's proportionate share of income and expenses of the underlying private investment funds.

**Per Share Operating Performance**

NAV 1 January 2012 (commencement of operations)	\$ 1,000.00
Net investment loss	(17.00)
Net realized and unrealized gain	63.09
NAV 31 December 2012	<u>\$ 1,046.09</u>

**Ratios to average net assets**

Total expenses before performance fee	(1.16)%
Performance fee	(0.50)%
Total expenses after performance fee	<u>(1.66)%</u>
Net investment loss	<u>(1.66)%</u>
Total return before performance fee	5.12%
Performance fee	(0.51)%
Total return after performance fee	<u>4.61%</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**For the period from 1 January 2012 (commencement of operations) to 31 December 2012**

**15. New Accounting Pronouncements**

In December 2011, the FASB issued Accounting Standards Update (“ASU”) No. 2011-11 (“ASU No. 2011-11”) to enhance disclosures about financial instruments and derivative instruments that are subject to offsetting (“netting”) on the Statement of Financial Condition. This information will enable users of the entity’s financial statements to evaluate the effect or potential effect of netting arrangements on the entity’s financial position. ASU No. 2011-11 is effective prospectively during interim or annual periods beginning on or after January 1, 2013. At this time, the Investment Manager is evaluating the implications of this guidance and the impact it will have on the financial statements and footnote disclosures, if any.

**16. Subsequent Events**

Subsequent events have been evaluated for events that occurred after the balance sheet date through 27 March 2013, the date the financial statements are available for issuance. No events have occurred between 31 December 2012 and 27 March 2013 that require disclosure in or adjustment to the financial statements.

Please see the attached Accountant's Opinion for the Schedule of Assets Held.