



LICR FUND, INC.

Financial Statements

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Directors
LICR Fund, Inc.:

We have audited the accompanying financial statements of LICR Fund, Inc. (the Fund), which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 the auditors' 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, the auditor considers internal control relevant to the entity'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 entity'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 LICR Fund, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

May 11, 2015

LICR FUND, INC.**Balance Sheets**

December 31, 2014 and 2013

Assets	2014	2013
Cash and cash equivalents	\$ 414,878	131,256
Interest and dividends receivable	448,273	641,752
Other receivables (note 2(i))	72,418	86,436
Investments (notes 3, 4, and 5)	<u>1,308,185,309</u>	<u>1,304,142,687</u>
Total assets	<u>\$ 1,309,120,878</u>	<u>1,305,002,131</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,605,623	1,315,972
Administrative service fees payable to affiliate (note 6)	<u>624,170</u>	<u>540,717</u>
Total liabilities	3,229,793	1,856,689
Net assets – unrestricted	<u>1,305,891,085</u>	<u>1,303,145,442</u>
Total liabilities and net assets	<u>\$ 1,309,120,878</u>	<u>1,305,002,131</u>

See accompanying notes to financial statements.

LICR FUND, INC.

Statements of Activities

Years ended December 31, 2014 and 2013

	2014	2013
Revenue:		
Investment income:		
Interest	\$ 5,131,552	4,725,988
Dividends	1,667,187	2,612,477
Other income	4,501	363,821
Investment income	<u>6,803,240</u>	<u>7,702,286</u>
Investment gains:		
Net realized gains on investments	89,904,163	83,778,507
Net unrealized (depreciation) appreciation of investments	<u>(21,918,831)</u>	<u>94,103,156</u>
Net investment gains	<u>67,985,332</u>	<u>177,881,663</u>
Investment expenses:		
Investment management fees	(5,187,406)	(3,893,739)
Custodian fees	<u>(333,291)</u>	<u>(357,446)</u>
Investment expenses	<u>(5,520,697)</u>	<u>(4,251,185)</u>
Net investment return	69,267,875	181,332,764
Contributions	<u>51,158</u>	<u>50,955</u>
Total revenue	<u>69,319,033</u>	<u>181,383,719</u>
Expenses and transfers:		
Administrative service fees (note 6)	(2,603,536)	(2,523,523)
Other administrative expenses	(1,119,683)	(1,020,393)
Transfers to Ludwig Institute for Cancer Research Ltd (note 1)	<u>(62,850,171)</u>	<u>(65,861,741)</u>
Total expenses and transfers	<u>(66,573,390)</u>	<u>(69,405,657)</u>
Increase in net assets	2,745,643	111,978,062
Net assets – unrestricted at beginning of year	<u>1,303,145,442</u>	<u>1,191,167,380</u>
Net assets – unrestricted at end of year	<u>\$ 1,305,891,085</u>	<u>1,303,145,442</u>

See accompanying notes to financial statements.

LICR FUND, INC.

Statements of Cash Flows

Years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Increase in net assets	\$ 2,745,643	111,978,062
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Net realized gains on investments	(89,904,163)	(83,778,507)
Net unrealized depreciation (appreciation) of investments	21,918,831	(94,103,156)
Decrease in interest and dividends receivable	193,479	1,149,132
Decrease in other receivables	14,018	5,192
Increase in accounts payable and accrued expenses	1,289,651	116,067
Increase in administrative service fees payable	83,453	49,113
Net cash used in operating activities	<u>(63,659,088)</u>	<u>(64,584,097)</u>
Cash flows from investing activities:		
Proceeds from sales of investments	551,949,688	687,743,974
Purchases of investments	<u>(488,006,978)</u>	<u>(623,069,197)</u>
Net cash provided by investing activities	<u>63,942,710</u>	<u>64,674,777</u>
Net increase in cash and cash equivalents	283,622	90,680
Cash and cash equivalents at beginning of year	<u>131,256</u>	<u>40,576</u>
Cash and cash equivalents at end of year	<u>\$ 414,878</u>	<u>131,256</u>

See accompanying notes to financial statements.

LICR FUND, INC.

Notes to Financial Statements

December 31, 2014 and 2013

(1) Organization

LICR Fund, Inc. (the Fund) is a nonprofit corporation incorporated in the state of Delaware. The Fund was established solely to further the charitable and scientific purposes of the Ludwig Institute for Cancer Research Ltd (the Institute) by receiving, holding, and investing funds on behalf of the Institute. The Institute is a Swiss nonprofit stock company. The Fund is a membership corporation with no authority to issue capital stock. The members of the board of directors of the Institute are the members of the Fund and constitute the board of directors of the Fund. The Fund commenced operations upon the receipt of an unrestricted gift of \$500 million on July 31, 1990, with additional unrestricted gifts of \$24 million and \$48 million received in 1991 and 1992, respectively.

(2) Summary of Significant Accounting Policies

The significant accounting policies followed by the Fund are described below:

(a) *Basis of Presentation*

The financial statements of the Fund are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The Fund utilizes the U.S. dollar as both the functional and reporting currency.

(b) *Use of Estimates*

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. The significant estimates made in the preparation of these financial statements include the fair value of alternative investments. Actual results could differ from those estimates.

(c) *Fair Value*

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Most investments classified in Levels 2 and 3 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate fair value of the Fund's interest therein, its classification in Level 2 or 3 is based on the Fund's ability to redeem its interest at or near December 31. If the interest can be redeemed in the near term, the investment is classified as Level 2.

LICR FUND, INC.

Notes to Financial Statements

December 31, 2014 and 2013

The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

(d) *Investments*

Investments are stated at fair value. Publicly traded investments are valued at the last reported sales price on the date of valuation, as quoted on major securities exchanges. Securities that are not traded on major securities exchanges are valued based on quotations received from leading vendors. Forward foreign currency contracts are valued based on the average of closing bid and asked quotations from banks and brokers. Pooled investments are funds that are not held at the Fund's custodian bank. These funds are part of multiple investors' commingled funds, which are invested in one or more asset classes by a fund manager. These investments are valued at their closing net asset value per share on the valuation date, which is their redeemable value (note 3).

The Fund invests in limited partnerships formed for the purpose of earning returns from alternative investment strategies. Investments in limited partnerships held by the Fund are reported at net asset value as a practical expedient for fair value, which generally represent the Fund's proportionate share of the net assets of the investee partnerships as reported by them and reviewed by management for reasonableness. The underlying partnerships in which the Fund invests may hold nonmarketable securities, the fair value of which has been determined by the general partners of the respective partnerships. The Fund's proportionate share of net asset values may differ significantly from the fair values that would have been used had a ready market existed. The Fund's proportionate share of the change in values of the investee partnerships is recorded as an increase or a decrease in unrealized appreciation (depreciation) of investments in its statements of activities. Investments in mutual funds are valued at their closing net asset value per share on the valuation date, which is their redeemable value.

(e) *Foreign Currency Transactions*

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the closing middle rate of exchange at December 31.

Interest income is translated at the average rate of exchange for the month in which such income was earned. Dividend income is translated at the prevailing foreign exchange rate on the ex-dividend date.

Purchases and sales of investment securities are translated at the rate of exchange prevailing on the respective dates of such transactions.

Realized and unrealized foreign exchange gains and losses include gains and losses on foreign currency transactions and changes in the value of other assets and liabilities arising as a result of changes in exchange rates.

Transfers to the Institute are made in various currencies as requested by the Institute and are translated with average monthly conversion rates as published by the Swiss VAT administration.

LICR FUND, INC.

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(f) *Securities Transactions and Investment Income*

Securities transactions are recorded on the trade date. Realized gains and losses from securities transactions are calculated on an average-cost basis. Dividend income is recorded on the ex-dividend date, and interest income is recorded on the accrual basis.

(g) *Cash and Cash Equivalents*

Cash and cash equivalents consist of cash and money market instruments, except for those instruments held by investment managers.

(h) *Forward Foreign Currency Contracts*

The Fund enters into forward foreign currency contracts in order to hedge its exposure to changes in foreign currency exchange rates on its assets and liabilities denominated in foreign currency. A forward contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. Risks associated with such contracts include the movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. The fair value of the contract will fluctuate with changes in currency exchange rates. The gain or loss arising from the difference between the settlement value of the foreign currency purchased or sold under the contract and the fair value of such currency is included in investment gains (losses).

(i) *Taxes*

The Fund qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income taxes on its activities that contribute substantially to its tax-exempt purposes, and is a supporting organization under Section 509(a)(3) of the Internal Revenue Code.

The Fund recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Income generated from activities unrelated to the Fund's exempt purpose is subject to tax under Internal Revenue Code Section 511. The Fund did not recognize any unrelated business income tax liability for the years ended December 31, 2014 and 2013.

Withholding taxes on foreign dividends and interest have been provided for in accordance with the applicable country's tax rates. Dividend and interest income is presented net of any applicable withholding taxes. Included in other receivables is \$11,123 and \$30,783 for recoverable withholding taxes at December 31, 2014 and 2013, respectively. The recoverable withholding taxes relate to withholding tax reclaims considered to be recoverable in accordance with the withholding tax policies of certain countries.

(j) *Risks and Uncertainties*

The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and could materially affect the amounts reported in the balance sheets.

LICR FUND, INC.

Notes to Financial Statements

December 31, 2014 and 2013

(3) Investments

Investments, at fair value, held at December 31, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents:		
U.S. dollars	\$ 10,202,039	21,144,145
Foreign currencies	1,639,226	917,840
Equity investments:		
Domestic	470,142,695	474,810,267
Foreign	103,666,482	143,958,339
Fixed-income instruments:		
Government	26,011,680	23,679,164
Corporate	157,389,751	146,917,062
Alternative investments – principally, limited partnerships	537,813,796	481,842,769
Due from brokers, net (note 7)	1,133,887	10,872,694
Net unrealized gains on foreign currency contracts	185,753	407
Investments, at fair value	<u>\$ 1,308,185,309</u>	<u>1,304,142,687</u>

Invested cash and cash equivalents include cash, money market funds, and commercial paper held by the Fund's investment managers.

Equity investments include multiple diversified strategies that comprise large-cap, mid-cap, and small-cap holdings.

Included in equity investments are \$477,513,505 and \$458,580,385 of pooled investments at December 31, 2014 and 2013, respectively. The underlying securities of these investments are primarily publicly traded. Included in fixed-income investments are \$141,153,663 and \$132,799,269 of pooled investments at December 31, 2014 and 2013, respectively. The pooled investments at December 31, 2014 included above have a redemption period of three months or less, with the exception of \$33,445,250 which are subject to redemption lockup set to expire in 2015.

The Fund's alternative investments are diversified across four basic investment strategies, as follows:

Market neutral hedge funds (2014: \$102,463,192; 2013: \$103,774,565) – represent investments in a broad range of investment strategies that seek to exploit opportunities as they occur in the markets due to temporary dislocations or structural inefficiencies and include event-driven strategies, distressed debt, long/short credit, merger and other arbitrage, and value investing.

Long/short equity (2014: \$293,465,176; 2013: \$252,361,816) – primarily, investments in funds that, in turn, invest in liquid, marketable securities, attempting to realize gains through the identification of mispriced securities, involving buying long equities that are expected to increase in value and selling short equities that are expected to decrease in value.

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Private equity (2014: \$115,832,280; 2013: \$95,583,198) – consists of buyout and venture capital limited partnership and limited liability company investments. Private equity buyout typically involves the purchase of significant equity stakes in established companies with the goal of increasing value through financial, operational, and strategic changes. Venture capital typically involves providing capital and professional expertise to early stage businesses in exchange for equity ownership with the potential for significant growth and value creation.

Real estate (2014: \$26,053,148; 2013: \$30,123,190) – comprises limited partnership and limited liability company interests that focus on the purchase and development, improvement, and management of residential, commercial, and industrial real estate with value attempted to be realized through both rental income and gains from eventual property sales.

Included in net realized gains on investments are \$372,743 and \$1,035,260 of realized foreign exchange currency gains in 2014 and 2013, respectively. In addition, included in net unrealized (depreciation) appreciation of investments are \$(7,715,574) and \$(6,430,943) of unrealized foreign exchange currency losses in 2014 and 2013, respectively.

The following tables present the Fund's fair value hierarchy for those assets and liabilities measured at fair value as of December 31, 2014, and 2013, respectively. Level 3 assets comprised approximately 14% and 11% of the Fund's total investment portfolio fair value as of December 31, 2014, and 2013, respectively.

		2014			
		Fair value	Level 1	Level 2	Level 3
Financial assets:					
Investments:					
Cash and cash equivalents	\$	11,841,265	11,841,265	—	—
Equity investments		573,809,177	96,295,672	470,848,297	6,665,208
Fixed-income instruments		183,401,431	42,247,868	141,153,563	—
Alternative investments		537,813,796	—	355,874,617	181,939,179
Due from brokers, net		1,133,887	1,133,887	—	—
Net unrealized gains on foreign currency contracts (note 4)		185,753	—	185,753	—
Total	\$	<u>1,308,185,309</u>	<u>151,518,692</u>	<u>968,062,230</u>	<u>188,604,387</u>

LICR FUND, INC.

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		2013			
		Fair value	Level 1	Level 2	Level 3
Financial assets:					
Investments:					
Cash and cash equivalents	\$	22,061,985	22,061,985	—	—
Equity investments		618,768,606	160,188,221	458,580,385	—
Fixed-income instruments		170,596,226	37,796,957	132,799,269	—
Alternative investments		481,842,769	—	343,598,681	138,244,088
Due from brokers, net		10,872,694	10,872,694	—	—
Net unrealized gains on foreign currency contracts (note 4)		407	—	407	—
Total	\$	<u>1,304,142,687</u>	<u>230,919,857</u>	<u>934,978,742</u>	<u>138,244,088</u>

The following tables present reconciliation for all Level 3 assets measured at fair value as of December 31, 2014 and 2013, respectively:

		2014					
		Market neutral hedge funds	Long/short equity	Private equity	Real estate	Equity	Total
Financial assets:							
Beginning balance, January 1, 2014	\$	—	12,537,700	95,583,198	30,123,190	—	138,244,088
Realized gains		—	—	9,543,960	1,460,616	—	11,004,576
Purchases		10,000,000	16,000,000	20,868,012	1,702,270	6,000,000	54,570,282
Sales		—	—	(18,462,431)	(7,551,268)	—	(26,013,699)
Net unrealized (losses) gains		(71,161)	1,587,212	8,299,541	318,340	665,208	10,799,140
Ending balance, December 31, 2014	\$	<u>9,928,839</u>	<u>30,124,912</u>	<u>115,832,280</u>	<u>26,053,148</u>	<u>6,665,208</u>	<u>188,604,387</u>

		2013					
		Market neutral hedge funds	Long/short equity	Private equity	Real estate	Equity	Total
Financial assets:							
Beginning balance, January 1, 2013	\$	36,902,674	40,628,056	80,630,982	33,469,976	28,335,742	219,967,430
Transfer from Level 3 to Level 2 (a)		(51,464,257)	(35,910,834)	—	—	(32,842,597)	(120,217,688)
Realized (losses) gains		—	(1,927,657)	5,207,635	1,005,806	—	4,285,784
Purchases		5,000,000	5,000,000	16,811,226	1,757,414	—	28,568,640
Sales		—	(3,942,990)	(12,037,910)	(5,855,061)	—	(21,835,961)
Net unrealized gains (losses)		9,561,583	8,691,125	4,971,265	(254,945)	4,506,855	27,475,883
Ending balance, December 31, 2013	\$	<u>—</u>	<u>12,537,700</u>	<u>95,583,198</u>	<u>30,123,190</u>	<u>—</u>	<u>138,244,088</u>

- (a) Investments transferred from Level 3 to Level 2 at December 31, 2013, was due to the ability to redeem such investments within 90 days of the balance sheet date.

LICR FUND, INC.

Notes to Financial Statements

December 31, 2014 and 2013

Market neutral hedge funds, long/short equity investments, and pooled equity investments contain various quarterly, semiannual, and annual redemption restrictions with required written notice ranging from 14 to 120 days. In addition, certain of these investments are restricted by initial lockup periods. As of December 31, 2014, the following table summarizes the composition of \$873,441,873 at fair value of such investments by the various redemption provisions and lockup periods:

Redemption period	Amount
Daily	\$ 227,181,789
Monthly	112,455,955
Quarterly	436,287,867
Semiannual	20,827,438
Annual	29,969,865
Lockup (b)	46,718,959
Total	\$ 873,441,873

(b) The amounts subject to redemption lockup are set to expire in 2015 (\$33,445,250) and 2016 (\$13,273,709).

The Fund's private equity and real estate limited partnership and limited liability company interests including extensions of \$141,885,428 are generally for seven to ten-year terms. These investments also contain minimum subscription or capital commitments. Unfunded capital commitments approximated \$92,830,000 at December 31, 2014. The Fund maintains sufficient liquidity in its investment portfolio to cover such capital commitments.

(4) Forward Foreign Currency Contracts

The notional values of the forward foreign currency contracts held by the Fund, translated at the year-end exchange rates, were as follows:

	2014			
	Sales		Purchases	
	Local	U.S. dollar	Local	U.S. dollar
Australian dollar	—	\$ —	1,480,000	\$ 1,207,854
Chilean peso	1,987,200,000	3,255,932	—	—
Euro	400,000	484,199	2,340,000	2,832,566
Indian rupee	133,000,000	2,078,440	—	—
Indonesian rupiah	20,130,000,000	1,615,533	—	—
New Zealand dollar	—	—	1,970,000	1,538,009
Polish zloty	—	—	2,440,000	686,228
South Korean won	—	—	2,000,000,000	1,827,698
U.S. dollar	8,361,568	8,361,568	7,517,564	7,517,564

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	2013			
	Sales		Purchases	
	Local	U.S. dollar	Local	U.S. dollar
Australian dollar	—	\$ —	5,130,000	\$ 4,577,514
Chilean peso	1,065,200,000	2,016,686	—	—
Euro	—	—	2,690,000	3,706,632
Indian rupee	133,000,000	2,113,877	—	—
Indonesian rupiah	9,680,000,000	791,446	—	—
New Zealand dollar	—	—	1,970,000	1,619,793
Polish zloty	—	—	5,720,000	1,893,111
Pound sterling	70,944	117,502	—	—
South Korean won	2,000,000,000	1,897,462	2,000,000,000	1,897,462
U.S. dollar	13,778,306	13,778,306	7,020,360	7,020,360

These forward foreign currency contracts mature on varying dates through April 13, 2015. The net unrealized gains on forward foreign currency contracts of \$185,753 at December 31, 2014 are included in investments and represent the changes in the aggregate fair value of these instruments from the time of the Fund's investment. The ultimate gain or loss on the disposition or the execution of these contracts may differ from the amount recorded in the balance sheets at December 31, 2014 and 2013 due to subsequent changes in exchange rates or due to counterparty nonperformance. The gross unrealized gain on forward foreign currency contracts of \$281,419 and \$300,338 and gross unrealized loss of \$95,666 and \$299,931 represent the Fund's aggregate risk of counterparty nonperformance at December 31, 2014 and 2013, respectively.

(5) Foreign Currencies and Geographic Composition of Investments

Investments in foreign securities may involve considerations different from investments in domestic securities due to various factors, which may include, without limitation: limited publicly available information; nonuniform accounting standards; lower trading volumes and lower liquidity; the possible imposition of withholding, confiscatory, and other taxes; the possible adoption of foreign governmental restrictions affecting the payment of principal and interest; changes in currency exchange rates and currency exchange control regulations; expropriation; or other adverse political or economic developments.

In addition, it may be more difficult to obtain and enforce a judgment against a foreign issuer or a foreign branch of a domestic bank. Further, to the extent investments in foreign securities are denominated in currencies of foreign countries, the Fund may be affected favorably or unfavorably by changes in currency exchange rates and in exchange control regulations and may incur costs in connection with conversion between currencies.

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The geographic composition of the investments held, as measured by percentage of market value of country of risk, is presented in the tables below. Alternative investment strategies that are denominated in U.S. dollars have been categorized as United States, except where currency and geographic composition can be determined:

	2014		
	Equity managers/ alternatives	Fixed- income managers	Combined
United States	85.96%	81.80%	85.37%
Hong Kong	5.91	—	5.08
Japan	2.51	—	2.16
Brazil	2.26	1.10	2.10
Cayman Islands	2.15	—	1.85
United Kingdom	0.56	1.53	0.70
Mexico	0.01	3.33	0.48
Australia	0.08	1.68	0.30
Other	0.56	10.56	1.96
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

	2013		
	Equity managers/ alternatives	Fixed- income managers	Combined
United States	82.06%	84.19%	82.34%
Hong Kong	8.17	—	7.10
Japan	2.92	—	2.54
Brazil	2.58	1.08	2.38
Cayman Islands	1.47	—	1.28
United Kingdom	1.03	1.77	1.13
Mexico	—	3.32	0.43
Canada	0.36	—	0.31
Switzerland	0.35	—	0.31
Other	1.06	9.64	2.18
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

(6) Administrative Service Fees

The Fund has no employees. An affiliated entity, The Ludwig Group, Inc., provides management and administrative services to the Fund under an administrative services agreement.

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(7) Line of Credit

The Fund obtained a revolving line of credit of \$25,000,000 through a financial institution on May 20, 2008. The applicable interest rate of any amount drawn upon is LIBOR plus 0.75%. There is no expiration date and the agreement may be terminated by either party with written notice. At December 31, 2014, there was \$5,000,000 outstanding under this agreement, included in due from broker, net (note 3). This amount was repaid in January 2015. There were no amounts outstanding under this agreement during the year or at December 31, 2013. The line of credit is collateralized by qualifying assets with a fair value of approximately \$96,000,000 at December 31, 2014.

(8) Subsequent Events

In connection with the preparation of the financial statements, the Fund evaluated subsequent events after the balance sheet date of December 31, 2014 through May 11, 2015, which was the date the financial statements were available to be issued, and determined that there were no matters that are required to be disclosed.