

**ROW CURRENCY FUND, LLC**  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2013

A CLAIM OF EXEMPTION FROM CERTAIN REGULATORY REQUIREMENTS HAS BEEN FILED WITH THE COMMODITY FUTURES TRADING COMMISSION PURSUANT TO REGULATION 4.7 BY THE COMMODITY POOL OPERATOR OF ROW CURRENCY FUND, LLC

# ROW CURRENCY FUND, LLC

## CONTENTS

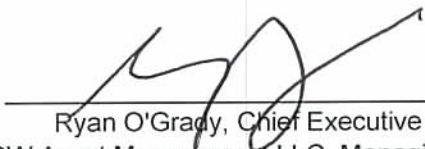
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<b>Affirmation of the Commodity Pool Operator</b>	<b>1</b>
<b>Independent Auditors' Report</b>	<b>2</b>
<b>Financial Statements</b>	
Statement of Financial Condition	3
Statement of Operations	4
Statement of Changes in Members' Equity	5
Statement of Cash Flows	6
Condensed Schedule of Investments	7
Notes to Financial Statements	8-14

ROW CURRENCY FUND, LLC

AFFIRMATION OF THE COMMODITY POOL OPERATOR

To the best of the knowledge and belief of the undersigned, the information contained in the annual report for the year ended December 31, 2013 is accurate and complete.

  
\_\_\_\_\_  
Ryan O'Grady, Chief Executive Officer  
ROW Asset Management LLC, Managing Member of  
ROW Currency Fund, LLC

Commodity Pool Operator:  
ROW Asset Management LLC  
450 Newport Center Drive, Suite 420  
Newport Beach, CA 92660  
(949) 478-8300

Commodity Pool:

ROW CURRENCY FUND, LLC

## INDEPENDENT AUDITORS' REPORT

To ROW Currency Fund, LLC

We have audited the accompanying financial statements of ROW Currency Fund, LLC (the "Fund"), which comprise the statement of financial condition, including the condensed schedule of investments, as of December 31, 2013, and the related statements of operations, changes in members' equity and cash flows for the year 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 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these 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 the auditors' judgment, including the assessment of 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 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 ROW Currency Fund, LLC as of December 31, 2013, and the results of its operations, changes in its members' equity and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Beverly Hills, California  
March 27, 2014

# ROW CURRENCY FUND, LLC

## STATEMENT OF FINANCIAL CONDITION

**December 31, 2013**

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### **Assets**

Derivative contracts, at fair value	\$	1,109,795
Cash		4,566,186
Cash collateral held at broker		5,696,321
Organization costs (net of accumulated amortization of \$90,550)		<u>52,849</u>
	\$	<u>11,425,151</u>

### **Liabilities and members' equity**

#### Liabilities

Derivative contracts, at fair value	\$	804,696
Management fee payable		614
Accrued expenses and other liabilities		<u>122,139</u>
Total liabilities		927,449

Members' equity		<u>10,497,702</u>
	\$	<u>11,425,151</u>

# ROW CURRENCY FUND, LLC

## STATEMENT OF OPERATIONS

**Year Ended December 31, 2013**

<b>Investment income</b>	
Interest	\$ 7,832
<b>Expenses</b>	
Administrative fee	29,500
Management fee	3,192
Amortization of organization costs	28,827
Professional fees and other	42,340
Total expenses	103,859
Professional fees borne by the Managing Member	(13,791)
Net expenses	90,068
<b>Net investment loss</b>	(82,236)
<b>Realized and unrealized gain on investments</b>	
Net realized gain on derivatives and foreign currency transactions	126,071
Net change in unrealized appreciation on derivatives and foreign currency transactions	279,315
<b>Net gain from derivative contracts and foreign currency transactions</b>	405,386
<b>Net income</b>	323,150
<b>Less performance reallocation to Managing Member</b>	1,317
<b>Net income available for pro rata distribution to all members</b>	\$ 321,833

# ROW CURRENCY FUND, LLC

## STATEMENT OF CHANGES IN MEMBERS' EQUITY

Year Ended December 31, 2013

	Managing Member	Members	Total
<b>Members' equity</b> , beginning of year	\$ 196,577	\$ 9,778,241	\$ 9,974,818
<b>Equity contributions</b>	600,000	1,305,000	1,905,000
<b>Equity withdrawals</b>	(300,000)	(1,405,266)	(1,705,266)
<b>Allocation of net income</b>			
Pro rata allocation	7,796	315,354	323,150
Reallocation to Managing Member	1,317	(1,317)	-
	<u>9,113</u>	<u>314,037</u>	<u>323,150</u>
<b>Members' equity</b> , end of year	<u>\$ 505,690</u>	<u>\$ 9,992,012</u>	<u>\$ 10,497,702</u>

# ROW CURRENCY FUND, LLC

## STATEMENT OF CASH FLOWS

**Year Ended December 31, 2013**

**Cash flows from operating activities**

Net income	\$ 323,150
Adjustments to reconcile net income to net cash used in operating activities:	
Net gain from derivative contracts and foreign currency transactions	(405,386)
Amortization of organization costs	28,827
Changes in operating assets and liabilities:	
Purchases of investments in derivative contracts	(1,518,265,251)
Proceeds from sales of investments in derivative contracts	1,518,391,322
Cash collateral held at broker	(132,645)
Management fee payable	(233)
Due to related parties	(11,000)
Accrued expenses and other liabilities	(23,261)

**Net cash used in operating activities** (94,477)

**Cash flows from financing activities**

Equity contributions	1,905,000
Equity withdrawals	(1,705,266)

**Net cash provided by financing activities** 199,734

**Net change in cash** 105,257

**Cash, beginning of year** 4,460,929

**Cash, end of year** \$ 4,566,186



# ROW CURRENCY FUND, LLC

## CONDENSED SCHEDULE OF INVESTMENTS

December 31, 2013

	Expiration Dates	Number of Contracts	Percentage of Members' Equity	Fair Value
<b>Derivative contracts - assets, at fair value</b>				
<b>Forward contracts</b>				
Currency contracts	March 2014	26	<u>10.6 %</u>	<u>\$ 1,109,795</u>
<b>Derivative contracts - liabilities, at fair value</b>				
<b>Forward contracts</b>				
Currency contracts	March 2014	27	<u>7.7 %</u>	<u>\$ 804,696</u>

# ROW CURRENCY FUND, LLC

## NOTES TO FINANCIAL STATEMENTS

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### 1. Nature of operations and summary of significant accounting policies

#### *Nature of Operations*

ROW Currency Fund, LLC (the "Fund"), a Delaware investment limited liability company was formed on July 19, 2010, and commenced operations on November 1, 2010. The Fund was organized for the purpose of trading and investing in derivative contracts. The Fund is managed by ROW Asset Management, LLC (the "Managing Member" and the "Investment Manager"). Refer to the Fund's offering memorandum for more information.

#### *Basis of Presentation*

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as detailed in the Financial Accounting Standards Board's Accounting Standards Codification.

These financial statements were approved by management and available for issuance on March 27, 2014. Subsequent events have been evaluated through this date.

#### *Fair Value - Definition and Hierarchy*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Fund uses various valuation approaches. A fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs are to be used when available. The fair value hierarchy is categorized into three levels based on the inputs as follows:

*Level 1* - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

*Level 2* - Valuation based on inputs, other than quoted prices included in Level 1, that are observable either directly or indirectly.

*Level 3* - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value is a market-based measure, based on assumptions of prices and inputs considered from the perspective of a market participant that are current as of the measurement date, rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Fund's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

# ROW CURRENCY FUND, LLC

## NOTES TO FINANCIAL STATEMENTS

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### 1. Nature of operations and summary of significant accounting policies (continued)

#### *Fair Value - Definition and Hierarchy (continued)*

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Fund in determining fair value is greatest for investments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

#### *Fair Value – Valuation Techniques and Inputs*

##### Derivative Contracts

The Fund records its derivative activities at fair value. Gains and losses from derivative contracts are included in net gain from derivative contracts and foreign currency transactions in the statement of operations.

##### *Forward contracts*

Forward contracts are traded on the OTC market. The fair value of forward contracts are valued using observable inputs, such as currency exchange rates or commodity prices, applied to notional amounts stated in the applicable contracts. Forward contracts are generally categorized in Level 2 of the fair value hierarchy.

##### *Translation of Foreign Currency*

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

The Fund does not isolate that portion of the results of operations arising from the effect of changes in foreign exchange rates on investments from fluctuations arising from changes in market prices of investments held. Such fluctuations are included in net gain on derivative contracts and foreign currency transactions in the statement of operations.

##### *Investment Transactions and Related Investment Income*

Investment transactions are accounted for on a trade-date basis. Interest is recognized on the accrual basis.

# ROW CURRENCY FUND, LLC

## NOTES TO FINANCIAL STATEMENTS

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### 1. Nature of operations and summary of significant accounting policies (continued)

#### *Offsetting of Amounts Related to Certain Contracts*

The Fund has elected not to offset fair value amounts recognized for cash collateral receivables and payables against fair value amounts recognized for derivative positions executed with the same counterparty under the same master netting arrangement. At December 31, 2013, the Fund had offset cash collateral receivables of \$5,696,321 with derivative counterparties under the same master netting arrangement.

#### *Income Taxes*

The Fund does not record a provision for U.S. federal, state, or local income taxes because the partners report their share of the Fund's income or loss on their income tax returns. However, certain U.S. dividend income and interest income may be subject to a maximum 30% withholding tax for those limited partners that are foreign entities or foreign individuals. Further, certain non-United States dividend income may be subject to a tax at prevailing treaty or standard withholding rates with the applicable country or local jurisdiction. The Fund files an income tax return in the U.S. federal jurisdiction, and may file income tax returns in various U.S. states and foreign jurisdictions. Generally, the Fund is subject to income tax examinations by major taxing authorities during the three year period prior to the period covered by these financial statements.

The Fund is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority, based on the technical merits of the position. The tax benefit recognized is measured as the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant taxing authorities. Based on its analysis, the Fund has determined that it has not incurred any liability for unrecognized tax benefits as of December 31, 2013. The Fund does not expect that its assessment regarding unrecognized tax benefits will materially change over the next twelve months. However, the Fund's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions, compliance with U.S. federal, U.S. state and foreign tax laws, and changes in the administrative practices and precedents of the relevant taxing authorities.

#### *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires the Fund's management to make estimates and assumptions that affect the amounts disclosed in the financial statements. Actual results could differ from those estimates.

#### *Organization Costs*

Organization costs are stated net of accumulated amortization. Management has elected to capitalize organization costs of approximately \$143,000 and amortize them on a straight-line method over 60 months. Management believes this method to be more equitable to the limited partners than the method prescribed under GAAP, which requires organization costs to be expensed as incurred, resulting in the original partners bearing all such costs.

# ROW CURRENCY FUND, LLC

## NOTES TO FINANCIAL STATEMENTS

### 2. Fair value measurements

The Fund's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy as described in the Fund's significant accounting policies in Note 1. The following table presents information about the Fund's assets and liabilities measured at fair value as of December 31, 2013 (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets (at fair value)</b>				
<b>Derivative contracts</b>				
Forward contracts	\$ -	\$ 1,110	\$ -	\$ 1,110
<b>Liabilities (at fair value)</b>				
<b>Derivative contracts</b>				
Forward contracts	\$ -	\$ 805	\$ -	\$ 805

### 3. Due from broker

In the normal course of business, substantially all of the Fund's securities transactions, money balances, and security positions are transacted with the Fund's broker, UBS AG. The Fund is subject to credit risk to the extent any broker with whom it conducts business is unable to fulfill contractual obligations on its behalf. The Fund's management monitors the financial condition of such brokers and does not anticipate any losses from these counterparties.

### 4. Concentration of credit risk

In the normal course of business, the Fund maintains its cash balances in financial institutions, which at times may exceed federally insured limits. The Fund is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties.

### 5. Derivative contracts

In the normal course of business, the Fund utilizes derivative contracts in connection with its proprietary trading activities. Investments in derivative contracts are subject to additional risks that can result in a loss of all or part of an investment. The Fund's derivative activities and exposure to derivative contracts are classified by the following primary underlying risks: foreign currency exchange rate. In addition to its primary underlying risks, the Fund is also subject to additional counterparty risk due to inability of its counterparties to meet the terms of their contracts.

# ROW CURRENCY FUND, LLC

## NOTES TO FINANCIAL STATEMENTS

### 5. Derivative contracts (continued)

#### *Forward Contracts*

The Fund enters into forward contracts to hedge itself against foreign currency exchange rate risk for its foreign currency denominated assets and liabilities due to adverse foreign currency fluctuations against the U.S. dollar, and to manage the price risk associated with its commodity portfolio positions.

Forward currency and commodity transactions are contracts or agreements for delayed delivery of specific currencies and commodities in which the seller agrees to make delivery at a specified future date of specified currencies and commodities. Risks associated with forward currency and commodity contracts are the inability of counterparties to meet the terms of their respective contracts and movements in fair value and exchange rates.

#### *Volume of Derivative Activities*

At December 31, 2013, the volume of the Fund's derivative activities based on their notional amounts and number of contracts, categorized by primary underlying risk, are as follows:

*(notional amounts in thousands)*

Primary underlying risk	Long exposure		Short exposure	
	Notional amounts	Number of contracts	Notional amounts	Number of contracts
<b>Foreign currency exchange rate</b>				
Forward contracts	\$ 3,718	26	\$ 10,358	27

#### *Impact of Derivatives on the Statement of Financial Condition and Statement of Operations*

The following table identifies the fair value amounts of derivative instruments included in the statement of financial condition as derivative contracts, categorized by primary underlying risk, at December 31, 2013. Balances are presented on a gross basis, prior to the application of the impact of counterparty and collateral netting.

The Fund is required to disclose the impact of offsetting assets and liabilities represented in the statement of financial condition to enable users of the financial statements to evaluate the effect or potential effect of netting arrangements on its financial position for recognized assets and liabilities. These recognized assets and liabilities are derivative instruments that are either subject to an enforceable master netting arrangement or similar agreement or meet the following right of setoff criteria: The amounts owed by the Fund to another party are determinable, the Fund has the right to set off the amounts owed with the amounts owed by the other party, the Fund intends to set off, and the Fund's right of setoff is enforceable at law.

As of December 31, 2013, the Fund holds financial instruments and derivative instruments that are eligible for offset in the Statement of Financial Condition and are subject to a master netting arrangement. The master netting arrangement allows the counterparty to net applicable collateral held on behalf of the Fund against applicable liabilities or payment obligations of the Fund to the counterparty. These arrangements also allow the counterparty to net any of its applicable liabilities or payment obligations they have to the Fund against any collateral sent to the Fund. In the following table, gross amounts of recognized derivative assets and liabilities are adjusted on an aggregate basis to take into consideration the effects of master netting arrangements and have been adjusted by the application of cash collateral receivables with its counterparties..

# ROW CURRENCY FUND, LLC

## NOTES TO FINANCIAL STATEMENTS

### 5. Derivative contracts (continued)

#### *Impact of Derivatives on the Statement of Financial Condition and Statement of Operations (continued)*

The following table also identifies the net gain and loss amounts included in the statement of operations as net gain from derivative contracts and foreign currency transactions, categorized by primary underlying risk, for the year ended December 31, 2013:

*(in thousands)*

<u>Primary underlying risk</u>	<u>Derivative assets</u>	<u>Derivative liabilities</u>	<u>Amount of gain (loss)</u>
<b>Foreign currency exchange rate</b>			
Forward contracts	\$ 1,110	\$ 805	\$ 405

### 6. Members' equity

In accordance with the limited liability company agreement (the "Agreement"), profits and losses of the Fund are allocated to members according to their respective interests in the Fund. Subject to certain limitations, generally 20% of the net profits allocated to the limited partners are reallocated to the Managing Member.

Members have redemption rights which contain certain restrictions with respect to rights of withdrawal from the Fund as specified in the Agreement.

### 7. Related party transactions

The Fund pays the Managing Member a management fee, calculated and payable monthly in advance, equal to 1.0% per annum of the Fund's net asset value determined as of the beginning of each month.

Certain members are affiliated with the Managing Member. The aggregate value of the affiliated members' equity at December 31, 2013 is approximately \$9,548,000.

Certain members have special management fee arrangements, performance arrangements, or redemption rights as provided for in the Agreement.

The Managing Member has agreed to bear certain of the Fund's operating expenses. For the year ended December 31, 2013, professional fees borne by the Managing Member were \$13,791.

### 8. Administrative fee

Fund Administration, Inc. (the "Administrator") serves as the Fund's administrator and performs certain administrative and clerical services on behalf of the Fund.

# ROW CURRENCY FUND, LLC

## NOTES TO FINANCIAL STATEMENTS

### 9. Financial highlights

Financial highlights for the year ended December 31, 2013 are as follows:

Total return	
Total return before reallocation to Managing Member	3.1 %
Reallocation to Managing Member	-
Total return after reallocation to Managing Member	<u>3.1 %</u>
Ratio to average members' equity	
Expenses (including interest and dividends)	1.0 %
Professional fees borne by the Managing Member	<u>(0.1)</u>
Net expenses	0.9
Reallocation to Managing Member	-
Expenses and reallocation to Managing Member	<u>0.9 %</u>
Net investment loss	<u>(0.8) %</u>

Financial highlights are calculated for the members' class taken as a whole. An individual members' return and ratios may vary based on different allocations and/or management fee arrangements, and the timing of capital transactions. The net investment loss ratio does not reflect the reallocation to the Managing Member.