# Revolution Capital Management Alpha Fund, LP

# **CERTIFIED FINANCIAL STATEMENTS**

December 31, 2011

Joseph J. Mazza Certified Public Accountant

# Revolution Capital Management Alpha Fund, L.P. 520 Zang Street, suite 209 Broomfield, CO 80021

# (One Copy) National Futures Association Chicago, Illinois 60606

## Certified Financial Statements Pursuant to Part 4 of Chapter I, Title 17 of the Code of Federal Regulations

For the Period Ended December 31, 2011

Commodity Pool Operator and General Partner

Revolution Capital Management LLC 520 Zang Street, suite 209 Broomfield, CO 80021 (720) 496-0940

Commodity Pool

Revolution Capital Management Alpha Fund L.P. A Colorado Limited Partnership 520 Zang Street, suite 209 Broomfield, CO 80021

# Revolution Capital Management Alpha Fund, L.P. 520 Zang Street, suite 209 Broomfield, CO 80021

#### **AFFIRMATION OF THE GENERAL PARTNER**

To the best of the knowledge and belief of the undersigned, the information contained in this Certified Financial Report for the period ended December 31, 2011, submitted pursuant to the requirements of the Commodity Futures Trading Commission and National Futures Association, is accurate and complete in all material respects.

Mark Chapin

Managing Member of

Revolution Capital Management LLC, the

Mark Clip

General Partner and Commodity Pool Operator for

Revolution Capital Management Alpha Fund, L.P.

### Revolution Capital Management Alpha Fund, L.P. 520 Zang Street, suite 209 Broomfield, CO 80021

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Joseph J. Mazza Certified Public Accountant 2275 79<sup>th</sup> Street Brooklyn, New York 11214

#### INDEPENDENT AUDITOR'S REPORT

To the Partners,
Revolution Capital Management Alpha Fund, L.P.

We have audited the accompanying statement of financial condition of Revolution Capital Management Alpha Fund, L.P. as of December 31, 2011, and the related statements of income, and changes in partners' capital for the year then ended. These financial statements are the responsibility of the Partnership's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements presented are free from material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. In addition, our audit was conducted in accordance with Commodity Futures Trading Commission Regulation 4.22 (c) and (d).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Revolution Capital Management Alpha Fund, L.P. as of December 31, 2011 and the results of its operations and changes in partners' capital for the year then ended in conformity with accounting principles generally accepted in the United States.

March 19, 2012

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#### STATEMENT OF FINANCIAL CONDITION

For the periods January 1, 2011 through December 31, 2011 and January 1, 2010 through December 31, 2010

ASSETS	<u>2011</u>	<u>2010</u>
Cash and Cash Equivalents at Bank	\$707,080	\$807,914
Equity in Broker Trading Accounts:		
Cash and Cash Equivalents at Broker	\$481,801	\$1,113,245
Open Trade Equity	\$0	(\$1,356)
Receivable from Affiliate	\$25	\$0
Interest Receivable	\$5	\$199
Receivable from MF Global Bankruptcy Trustee	\$661,489	\$0
Total Assets	\$1,850,400	\$1,920,002
LIABILITIES		
Accrued Commissions and Fees	\$0	\$249
Subscriptions Payable	\$0	\$2,500
Total Liabilities	\$0	\$2,749
PARTNERS' CAPITAL		
General Partner – 282.67 Units Outstanding as of December 31, 2011 and 282.67 Units Outstanding as of December 31, 2010.	\$681,982	\$709,149
Limited Partner – 484.29 Units Outstanding as of December 31, 2011 and 481.56 Units Outstanding as of December 31, 2010.	\$1,168,418	\$1,208,104
Total Partners' Capital	\$1,850,400	\$1,917,253
Total Liabilities and Partners' Capital	\$1,850,400	\$1,920,002

#### STATEMENT OF OPERATIONS

For the periods January 1, 2011 through December 31, 2011 and January 1, 2010 through December 31, 2010

REVENUE	<u>2011</u>	<u>2010</u>
Trading Gains (Losses):		
Gross Realized Trading Gains (Losses)	(\$53,958)	\$450,255
Change in Unrealized Trading Gains (Losses)	\$1,356	\$6,862
Total Trading Gains (Losses)	(\$52,602)	\$457,117
Interest Income	\$1,126	\$1,935
Total Income	(\$51,476)	\$459,052
EXPENSES		
Actual and Accrued Brokerage Commissions	\$1 <i>7</i> ,001	\$23,333
Incentive Fees	\$0	\$106,683
Total Expenses	\$1 <i>7</i> ,001	\$130,016
Net Income/(Loss)	(\$68,477)	\$329,036

STATEMENT OF CHANGES IN PARTNERS' CAPITAL

For the periods January 1, 2011 through December 31, 2011 and January 1, 2010 through December 31, 2010

#### 2011 Partners' Capital

_	General Partner	Limited Partners	Total	Total Number of Units
Beginning Balance December 31, 2010	\$709,149	\$1,208,104	\$1,917,253	764.23
Additions	\$0	\$461,005	\$461,005	193.16
Redemptions	(\$0)	(\$459,381)	(\$459,381)	(190.43)
Net Income	(\$27,167)	(\$41,310)	(\$68,477)	-
December 31, 2011 Ending Balance	\$681,982	\$1,168,418	\$1,850,400	766.96
		Net Asset	Value Per Unit:	\$2,412.64

#### 2010 Partners' Capital

	General Partner	Limited Partners	Total	Total Number of Units
Beginning Balance	\$578,228	\$1,027,306	\$1,605,534	771.40
Additions	\$106,683	\$6,000	\$112,683	46.02
Redemptions	(\$100,000)	(\$30,000)	(\$130,000)	(53.19)
Net Income	\$124,238	\$204,798	\$329,036	-
December 31, 2010 Ending Balance	\$709,149	\$1,208,104	\$1,91 <i>7</i> ,253	764.23

Net Asset Value Per Unit: \$2,508.73

See Accompanying Notes to Certified Financial Statements.

This Report is solely intended for Revolution Capital Management Alpha Fund, L.P.'s Limited Partners, National Futures Association and the Commodity Futures Trading Commission. It is not intended to be relied upon by other parties.

NOTES TO THE 2011 CERTIFIED FINANCIAL STATEMENTS

#### 1. GENERAL DESCRIPTION OF THE PARTNERSHIP

Revolution Capital Management Alpha Fund, L.P. (the "Partnership") is a limited partnership organized under the laws of the State of Colorado in October 2004 and commenced trading in January 2005.

The Partnership engages in the speculative trading in commodity interests, which include, but are not necessarily limited to, futures contracts and options on futures contracts.

Revolution Capital Management LLC is the General Partner and registered commodity pool operator for the Partnership. The General Partner is responsible for the administrative affairs of the Partnership and is responsible for making all investment decisions on behalf of the Partnership.

The Partnership is subject to the following:

- a. The regulations of the Commodity Futures Trading commission (CFTC), an agency of the U.S. Government that regulates most aspects of the commodity futures industry;
- b. The rules and requirements of National Futures Association ("NFA"), an industry self-regulatory organization; and,
- c. The requirements of commodity exchanges where the partnership executes transactions.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statements: The Partnership's financial statements are presented in accordance with generally accepted accounting principles ("GAAP") pursuant to the accrual method of accounting. Such principles require using certain estimates and assumptions, made by the Partnership's management, in determining the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates in the near term.

Revenue Recognition: Gains and losses are realized when contracts are liquidated. Unrealized gains and losses on open contracts (the difference between contract purchase price and current market price) at the date of the statement of financial condition are included in equity in broker trading accounts. Any change in unrealized gain or loss from the preceding period is reported in the statement of operations.

Commissions: Brokerage commissions include other trading fees, including NFA fees, give-up fees, exchange fees, and clearing and brokerage fees. Commissions are charged on the opening of a position and upon liquidation of a position (i.e., half-turn basis). Therefore, at the end of the reporting period, half-turn commissions are accrued on open positions.

Foreign Currencies: A portion of the Partnership's assets are deposited in foreign currencies and therefore, this portion of the Partnership's assets is subject to changes in the foreign currency

NOTES TO THE 2011 CERTIFIED FINANCIAL STATEMENTS

exchange rates. Accordingly, the gains and losses on speculative trading transacted in a foreign currency are included in the statement of operations in total revenues or losses from trading. Gains or losses from currency conversion arise when gains or losses from trading transacted in a foreign currency are converted to U.S. dollars. These gains or losses are determined by the difference between the foreign currency rate in effect at the opening of the speculative transaction in a foreign currency and the currency rate in effect at the conversion date (or the date of the Statement of Financial Condition) to U.S. dollars.

Cash Flow Statement: The Partnership has elected not to provide a statement of cash flows. Commodity Futures Trading Commission Regulations do not require the presentation of a Statement of Cash Flows.

Cash and Cash Equivalents: The Company considers all highly liquid investments with maturity dates of three months or less, when purchased, to be cash equivalents.

Accounting Standards Codification 820 – Fair Value Measurements and Disclosures (ASC 820): Under ASC 820, 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.

Commodity futures contracts are recorded on the trade-date basis. All such transactions are marked-to-market daily as discussed below. Unrealized gains and losses on open contracts reflected in the statement of financial condition represent the difference between the original contract amount and fair value (as determined by exchange settlement prices for futures contracts) as of the last business day of the year or as of the last date of the financial statements. In determining fair value, the Fund uses various valuation approaches. ASC 820 establishes a fair value hierarchy for inputs 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 be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. 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. Valuation adjustments and blockage discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

NOTES TO THE 2011 CERTIFIED FINANCIAL STATEMENTS

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

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, 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. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. 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 securities existed. Accordingly, the degree of judgment exercised by the Fund in determining fair value is greatest for securities 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, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined by the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant 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. The Fund uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

See Notes to Financial Statements #8 for the Fair Value Measurement Presentation.

#### 3. INCOME TAXES

No provision for income taxes has been made in these financial statements because each partner is individually responsible for reporting income or loss based on his respective share of the Partnership's income and expenses as reported for income tax purposes. The Partnership prepares calendar year information tax returns and reports to the partners their pro-rata allocable shares of the Partnership's income and expense items.

The General Partner and each Limited Partner share in the profits and losses of the Partnership on a monthly basis in proportion to their respective interests in the Partnership as of the beginning of each month. A Limited Partner's loss is limited to the amount of his capital contributions plus his pro-rata allocated income/(loss).

#### 4. <u>FUTURES CONTRACTS</u>

The Partnership invests in futures contracts solely for speculative purposes. Upon entering into a futures contract, the Partnership is required to pledge to the broker an amount of cash, U.S.

NOTES TO THE 2011 CERTIFIED FINANCIAL STATEMENTS

government securities, or other assets, equal to a certain percentage of the contract amount (initial margin deposit). Subsequent payments, known as "variation margin" may be made by the Partnership depending on the daily fluctuations in the fair value of the underlying commodities. Should market conditions move unexpectedly, the Partnership may not achieve the anticipated benefits of the futures contract and may realize a loss.

#### 5. GENERAL PARTNER'S FEES AND PARTNERSHIP EXPENSES

The Partnership compensates the General Partner with a monthly incentive fee equal to 25% of the Partnership's trading profits. For purposes of the calculation, trading profits is defined as the excess, if any, of the Partnership's Net Asset Value at the end of the calendar month over the Partnership's net asset value at the end of the highest previous month, adjusted for capital contributions and capital withdrawals, if any, during the current period. For the calendar year ended December 31, 2011, the General Partner did not earn an incentive fee. Incentive fees include, in part, unrealized appreciation on open positions that may never be realized by the Partnership.

The General Partner does not charge a management fee.

The Partnership's private placement offering memorandum states that the Partnership is responsible for paying miscellaneous fees which include but are not limited to, accounting, auditing, and legal expenses. These fees are estimated at 1% of assets on a yearly basis. The amount of such expenses charged to the fund will in no event exceed 2% of assets on a yearly basis. The General Partner has made a written representation whereby it irrevocably decided that it would not seek reimbursement from the Partnership for miscellaneous fees incurred during the calendar year 2011 which were advanced by the General Partner.

#### 6. <u>RELATED PARTY TRANSACTIONS</u>

The General Partner of the Partnership provides office and administrative services to the Partnership. The General Partner also acts in the capacity of the Partnership's commodity trading advisor and is compensated with an incentive fee as described in Footnote 5. to these financial statements.

The General Partner and its principals/managing members maintained the following accounts with the associated number of units and net asset values as of December 31, 2011.

Partner	Number of Units	Net Asset Value
Revolution Capital Management LLC (GP)	282.67	\$681,982
Michael Mundt	163.17	\$393,661
Mark Chapin	13.04	\$31,471
Robert Olson	29.14	\$70,297
Olson Education Fund	13.71	\$33,066

NOTES TO THE 2011 CERTIFIED FINANCIAL STATEMENTS

#### 7. DISTRIBUTIONS/ADDITIONS

An investment in the Partnership results in the purchase of Units of Limited Partnership Interests. Units are not evidenced by certificates. Limited Partner subscriptions are considered effective on the first day of the month following the date of the investment. The number of Units given to Limited Partners is determined by dividing the dollar amount of the Limited Partner's investment by the amount of the net asset value per unit at the end of the month which immediately precedes the month in which the contribution is to be effective. Additions are permitted on a monthly basis. For the year 2011, total additions/contributions made to the Partnership totaled \$461,005 and is included in the Statement of Changes in Partner's Capital.

The General Partner may, at its discretion, distribute any portion of the capital or profits of the Partnership. The General Partner has no present intention of making distributions on a regular basis. A Limited Partner has the right to redeem a portion or all of his or her interests in the Partnership on a monthly basis. The effective date of the redemption is the close of business on the last business day of the calendar month in which the General Partner receives a written Request for Redemption at least ten business days prior to the last business day of the calendar month. For the year 2011, total distributions/redemptions made by the Partnership totaled \$459,381 and is included in the Statement of Changes in Partner's Capital.

#### 8. FAIR VALUE MEASUREMENT

The Fund's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820 (See Note 2 to the Financial Statements for a discussion of the Fund's policies).

As of December 31, 2011, the Fund measures the fair value of its investments as follows:

	Decembe	er 31, 2011		
	Quoted Prices in		Significant	
	Active Markets for	Significant Other	Unobservable	
	ldentical Assets	Observable Inputs	Inputs	
Description	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
-	\$0	\$0	\$0	\$0
Total Assets	<b>\$0</b>	\$0	\$0	\$0
Liabilities:				
-	\$0	-	-	\$0
Total Liabilities	\$0	\$0	\$0	\$0

NOTES TO THE 2011 CERTIFIED FINANCIAL STATEMENTS

In the normal course of business, the Fund engages in trading derivatives by purchasing and selling futures contracts and options on futures contracts for its own account. All such trading is effectuated as speculative as opposed to hedging. Effective January 1, 2009, the Fund adopted the provisions of Accounting Standards Codification 815 – Derivatives and Hedging, which requires presentation of qualitative disclosures about objectives and strategies for using derivatives, and quantitative disclosures about fair value amounts, and gains and losses on derivatives.

#### Fair Value of Derivative Instruments

<u>Derivatives not Accounted for as</u>
<u>Hedging Instruments</u>

Statement of Financial Condition
Location

December 31, 2011 Fair Value

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#### The Effect of Derivative Instruments on the Statement of Operations

Derivatives not Accounted for as	Location of Gain of (Loss) on	For the Year Ended
Hedging Instruments	<b>Derivatives Recognized</b> in	<u>December 31, 2011</u>
	<u>lncome</u>	
Futures Contracts	Revenues: Gross Realized	
	Trading Gains (Losses)	(\$53,958)
	Revenues: Change in Unrealized	\$1,356
	Trading Gains (Losses)	

#### 9. OFF BALANCE SHEET RISK AND CONCENTRATION OF CREDIT RISK

The Partnership engages in the speculative trading of futures contracts and options on futures contracts traded on both United States and foreign exchanges (collectively, derivatives). These derivatives include both financial and non-financial contracts held as part of a diversified trading strategy. The Partnership is exposed to both market risk, the risk arising from changes in the market value of the contracts; and credit risk, the risk of failure by another party to perform according to the terms of the contract.

The purchase and sale of futures contracts and options on futures contracts requires margin deposits with futures commission merchants ("FCM"). Additional deposits may be necessary for any loss on the contract value. The Commodity Exchange Act requires an FCM to segregate all customer transactions and assets from the FCM's proprietary activities. The Partnership's cash and other property (e.g., Treasury Bills) deposited with its FCM are considered commingled with all other customer funds subject to the FCM's segregation requirements. In the event of the Partnership's FCM's insolvency, recovery may be limited to a pro-rata share of the segregated funds available. It is possible that the recovered amount could be less than the total cash and

NOTES TO THE 2011 CERTIFIED FINANCIAL STATEMENTS

other property deposited.

The General Partner has established procedures to actively monitor and minimize market and credit risk. The Limited Partners bear the risk of loss only to the extent of the market value of their respective investments and, in certain circumstances, distributions and redemptions received.

For derivatives, risks arise from changes in the market value of contracts. Theoretically, the Partnership is exposed to a market risk equal to the value of futures contracts purchased as well as the unlimited liability on such contracts sold short.

Net trading results from derivatives for the year ended December 31, 2011, (\$69,603) is reflected in the statement of operations and equals Total Trading Gains/Losses less brokerage commissions. Such trading results reflect the net gains and losses arising from the Partnership's speculative trading of futures contracts.

#### 10. SCHEDULE OF INVESTMENTS

- There were no open positions as of December 31, 2011.
- As of the period ended December 31, 2011, the Partnership's assets were invested as follows:

Cash at Banks (Northern Trust and US Bank)	***\$707,080	38.21%
Cash at Futures Commission Merchant (ADM		
Investor Services and RJ O'Brien)	\$481,801	26.04%
Interest Receivable	\$5	0.000%
Receivable from affiliate	\$25	0.001%
Receivable from MF Global Inc. Bankruptcy		
Trustee	\$661,489	35.75%

\*\*\* \$570,931 out of the \$707,080 is invested in the Northern US Government Select Money Market Fund. Money market securities are subject to market risk, the risk that future changes in market conditions may make an instrument less valuable. As the instruments are recognized at fair market value, those changes directly affect reported income. Money market securities are also subject to credit risk, the risk that the issuer of a security will be unable or unwilling to make timely payments of interest or principal, or to otherwise honor its obligations. Also, the Fund maintains deposits in excess of federally insured limits. These items are identified as a concentration of credit risk requiring disclosure, regardless of the degree of risk.

#### 11. FINANCIAL HIGHLIGHTS

The following summarizes the Partnership's financial highlights during the period beginning January 1, 2011 through December 31, 2011:

Total Return (1)	(3.81%)
Partnership's Average Net Assets (2)	\$2,065,729

#### NOTES TO THE 2011 CERTIFIED FINANCIAL STATEMENTS

- (1) The total return is calculated on a time-weighted rate of return methodology. The Partnership's monthly rates of returns are compounded to derive the total return reflected above.
- (2) Average Net Assets is calculated by adding the month end net asset values for the Partnership and dividing the total by the number of months (i.e., 12 months).

#### Expense Ratios (3)

Actual and Accrued Brokerage Commissions	0.82%
Incentive Fees	0%
Total Expenses	0.82%

(3) The Expense Ratios reflected above were calculated by dividing the individual expenses as reflected on the Partnership's Statement of Operations by the Partnership's average net assets.

#### Income Ratios

Interest Income (4)	0.05%
Realized Gains/(Losses) (4)	(2.61%)
Unrealized Gains/(Losses) (4)	0.07%
Total Income	(2.49%)

(4) The Income Ratios reflected above were calculated by dividing the individual income items as reflected on the Partnership's Statement of Operations by the Partnership's average net assets.

The income and expense ratios presented above are for illustrative purposes only and do not imply or guarantee that these ratios will be maintained at the same levels in the future. Furthermore, individual partners' income and expense ratios may vary depending on varying fee structures, the timing of when the individual partner became a partner in the Partnership and other factors affecting the individual partner's investment.

#### Net Asset Value, NAV per Unit, and Number of Units Outstanding

	As of January 1, 2011	As of December 31, 2011
Net Asset Value	\$1,91 <i>7</i> ,253	\$1,850,400
Net Asset Value Per Unit	\$2,508.73	\$2,412.64
Number of Units Outstanding	764.23	766.96

#### Per Share (Net Asset Value Per Unit) Data

Interest Income (5)	\$1.31
Realized Gains/(Losses) (5)	(\$63.00)
Unrealized Gains/(Losses) (5)	\$1.58
Actual and Accrued Brokerage Commissions (5)	\$19.85
Incentive Fees (5)	\$0

(5) The Per Share Data reflected above was calculated by dividing the individual income and expense items as reflected on the Partnership's Statement of Operations by the Partnership's average number of units outstanding (i.e. the number of units outstanding at the end of each month were added and then divided by 12).

NOTES TO THE 2011 CERTIFIED FINANCIAL STATEMENTS

#### 12. MF GLOBAL BANKRUTPCY

The Partnership maintained funds at MF Global Inc., a futures commission merchant that cleared trades for the Partnership's account. On October 31, 2011 MF Global Inc. filed for bankruptcy protection and reported to the SEC and CFTC possible deficiencies in customer segregated accounts held at the firm. As a result, the SEC and CFTC determined that a SIPC-led bankruptcy proceeding would be the safest and most prudent course of action to protect customer accounts and assets, and SIPC initiated the liquidation of MF Global Inc. under the Securities Investor Protection Act. As of October 31, 2011, the Partnership had \$1,009,769 of cash on deposit at MFG along with open trade equity on futures positions of \$33,835, which approximated 47% of These balances consisted of both US denominated cash, foreign the Partnership's assets. denominated cash, and open positions in both US and foreign denominated currency. In December 2011, the Trustee distributed \$380,704 to the Partnership based upon the US Segregated funds which were held in US dollars (i.e. not including secured funds which were denominated in foreign currencies). Subsequent to October 31, 2011, the Partnership transferred or liquidated foreign and domestic positions in the account. The Partnership filed a claim form with the MF Global Bankruptcy Trustee on January 17, 2012. The Partnership recorded a balance due of \$661,489 on the Statement of Financial Condition as "Receivable from MF Global Bankruptcy Trustee". The Partnership has restricted the MF Global funds from partners' future withdrawals only for those limited partners that existed as of November 1, 2011. The limited partners that existed on November 1, 2011 will share in the restricted funds based upon their pro-rata ownership interest as of November 1, 2011. Any future cash recoveries from the Trustee will be apportioned pro-rata only to those limited partners that existed as of November 1, 2011.

#### 13. <u>SUBSEQUENT EVENTS</u>

The Company has made a review of material subsequent events from December 31, 2011 through the date of this report and found no material subsequent events reportable during this period except that the Partnership has not yet commenced trading since the MF Global Bankruptcy as it is awaiting further distributions from the Trustee.