



# **THIRD POINT OFFSHORE MASTER FUND L.P.**

## **UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

Period Ended June 30, 2015

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# Statements of Financial Condition

	Unaudited June 30, 2015 \$	Audited December 31, 2014 \$
<i>(Stated in United States Dollars)</i>		
<b>Assets</b>		
Cash	4,208	5,162,413
Investments in securities, at fair value (cost \$7,291,375,381, 2014: \$7,627,517,304)	7,949,703,106	8,171,347,777
Due from brokers	899,892,250	574,839,846
Securities purchased under an agreement to resell	65,451,340	133,909,947
Derivative contracts, at fair value (net upfront fees paid and cost of \$41,370,024, 2014: \$43,407,537)	122,701,547	93,285,528
Interest and dividends receivable	20,403,069	16,126,417
Other assets	138,971,415	1,787,206
<b>Total assets</b>	<b>9,197,126,935</b>	<b>8,996,459,134</b>

## Liabilities and Partners' Capital

Securities sold, not yet purchased, at fair value (proceeds \$549,453,750, 2014: \$374,505,583)	530,711,600	361,012,075
Securities sold under an agreement to repurchase	14,758,133	–
Due to brokers	327,288,854	695,920,266
Derivative contracts, at fair value (net upfront fees received and proceeds of \$3,371,440, 2014: \$20,611,666)	71,625,549	46,568,615
Subscriptions received in advance	78,667,000	–
Withdrawals payable to Limited Partner	119,025,534	148,823,909
Withdrawals payable to General Partner	–	100,000,000
Interest and dividends payable	1,973,519	3,063,815
Accrued expenses	3,188,382	2,231,797
<b>Total liabilities</b>	<b>1,147,238,571</b>	<b>1,357,620,477</b>

Commitments (See Note 6)

<b>Partners' capital</b>	<b>8,049,888,364</b>	<b>7,638,838,657</b>
<b>Total liabilities and partners' capital</b>	<b>9,197,126,935</b>	<b>8,996,459,134</b>

See accompanying notes.

# Unaudited Statements of Income

	Half-year June 30, 2015 \$	Half-year June 30, 2014 \$
(Stated in United States Dollars)		
<b>Realized and unrealized gain/(loss) on investment transactions</b>		
Net realized gain from securities, derivative contracts and foreign currency translations	406,973,421	660,629,956
Net change in unrealized gain/(loss) on securities and foreign currency translations	119,745,894	(40,075,762)
Net change in unrealized loss on derivative contracts and foreign currency translations	(10,843,628)	(91,702,261)
Net loss from currencies	(10,695,093)	(24,852,542)
<b>Net realized and unrealized gain on investment transactions</b>	<b>505,180,594</b>	<b>503,999,391</b>
<b>Investment income</b>		
Interest	41,405,141	32,036,197
Dividends, net of withholding taxes of \$7,628,632 (2014: \$6,891,927)	19,880,195	27,094,940
Stock loan fees	249,129	105,987
Other	1,809	–
<b>Total investment income</b>	<b>61,536,274</b>	<b>59,237,124</b>
<b>Expenses</b>		
Interest	9,946,822	7,275,080
Dividends on securities sold, not yet purchased	1,603,114	138,585
Stock borrow fees	625,457	400,720
Administrative and professional fees	6,058,662	4,082,782
Other	4,209,897	4,546,009
<b>Total expenses</b>	<b>22,443,952</b>	<b>16,443,176</b>
<b>Net investment income</b>	<b>39,092,322</b>	<b>42,793,948</b>
<b>Net income</b>	<b>544,272,916</b>	<b>546,793,339</b>

See accompanying notes.

# Statements of Changes in Partners' Capital

## Unaudited Half-year June 30, 2015

(Stated in United States Dollars)	Total \$	General Partner \$	Limited Partner \$
Partners' capital at beginning of period	7,638,838,657	49,866,931	7,588,971,726
Capital contributions	229,888,753	–	229,888,753
Capital withdrawals	(363,111,962)	–	(363,111,962)
Allocation of net income:			
Pro-rata allocation*	544,272,916	3,598,127	540,674,789
Incentive allocation	–	90,004,662	(90,004,662)
Net income	544,272,916	93,602,789	450,670,127
<b>Partners' capital at end of period</b>	<b>8,049,888,364</b>	<b>143,469,720</b>	<b>7,906,418,644</b>

\*See Note 5.

## Audited Year ended December 31, 2014

(Stated in United States Dollars)	Total \$	General Partner \$	Limited Partner \$
Partners' capital at beginning of year	6,442,469,490	166,042,318	6,276,427,172
Capital contributions	1,483,937,877	–	1,483,937,877
Capital withdrawals	(888,451,249)	(220,000,000)	(668,451,249)
Allocation of net income:			
Pro-rata allocation	600,882,539	13,520,357	587,362,182
Incentive allocation	–	90,304,256	(90,304,256)
Net income	600,882,539	103,824,613	497,057,926
<b>Partners' capital at end of year</b>	<b>7,638,838,657</b>	<b>49,866,931</b>	<b>7,588,971,726</b>

See accompanying notes.

# Unaudited Statements of Cash Flows

	Half-year June 30, 2015 \$	Half-year June 30, 2014 \$
(Stated in United States Dollars)		
<b>Cash flows from operating activities</b>		
Net income	544,272,916	546,793,339
Adjustments to reconcile net income to net cash provided by / used in operating activities:		
Purchases of investment securities	(4,732,886,871)	(5,647,142,590)
Proceeds from disposition of investment securities	5,367,795,776	5,411,814,884
Purchases of investment securities to cover short sales	(732,903,910)	(292,405,049)
Proceeds from short sales of investment securities	994,452,093	262,844,793
Net realized gain from securities, derivative contracts and foreign currency translations	(406,973,421)	(660,629,956)
Net change in unrealized gain/(loss) on securities and foreign currency translations	(119,745,894)	40,075,762
Net change in unrealized loss on derivative contracts and foreign currency translations	10,843,628	91,702,261
Amortization of premium and accretion of discount, net	6,403,710	(169,792)
Changes in operating assets and liabilities:		
Increase/decrease in due from brokers	(325,052,404)	659,603,243
Decrease in securities purchased under an agreement to resell	68,458,607	53,226,242
Increase in interest and dividends receivable	(4,276,652)	(4,220,739)
Increase in other assets	(137,184,209)	(2,399,150)
Increase in securities sold under agreement to repurchase	14,758,133	–
Decrease/increase in due to brokers	(368,631,412)	484,319,799
Decrease in interest and dividends payable	(1,090,296)	(713,117)
Increase/decrease in accrued expenses	956,585	(6,747,505)
<b>Net cash provided by/used in operating activities</b>	<b>179,196,379</b>	<b>935,952,425</b>
<b>Cash flows from financing activities</b>		
Capital contributions	308,555,753	154,972,035
Capital withdrawals	(492,910,337)	(1,085,529,968)
<b>Net cash used in financing activities</b>	<b>(184,354,584)</b>	<b>(930,557,933)</b>
Net decrease in cash	(5,158,205)	5,394,492
Cash at beginning of period	5,162,413	9,001,427
<b>Cash at end of period</b>	<b>4,208</b>	<b>14,395,919</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the period for interest	5,017,938	7,390,440

See accompanying notes.

# Notes to Unaudited Condensed Interim Financial Statements

Period ended June 30, 2015

## 1. Organization

Third Point Offshore Master Fund L.P. (the “Partnership”) was organized as a limited partnership under the laws of the Cayman Islands and commenced operations on January 1, 2009. The Partnership was formed to trade and invest primarily in equity and debt securities of U.S. and foreign companies. The investment objective of the Partnership is to achieve superior risk-adjusted returns by deploying capital in investments with a favorable risk/reward scenario across select asset classes, sectors, and geographies, both long and short. Third Point LLC (the “Investment Manager”) identifies these opportunities using a combination of top-down asset allocation decisions and a bottom-up, value-oriented approach to single security analysis. The Investment Manager supplements single security analysis with an approach to portfolio construction that includes sizing each investment based on upside/downside calculations, all with a view towards appropriately positioning and managing overall exposures across specific asset classes, sectors and geographies. The Partnership will continue until terminated as provided for in the Initial Exempted Limited Partnership Agreement (the “Agreement”).

The Partnership serves as the master fund in a “master-feeder” structure whereby Third Point Offshore Fund, Ltd. (the “Feeder”), a Cayman Islands exempted company, invests substantially all of its net assets in the Partnership, which conducts all investment and trading activities on behalf of the Feeder fund. The Feeder and the Partnership have the same investment objectives. At June 30, 2015, approximately 98.22% of the Partnership’s capital was owned by the Feeder.

Third Point LLC is the Investment Manager of the Partnership. The General Partner of the Partnership is Third Point Advisors II L.L.C. The Investment Manager is registered with the Securities and Exchange Commission as an Investment Adviser under the Investment Advisers Act of 1940. The Investment Manager and the General Partner are responsible for the operation and management of the Partnership.

The Partnership is an investment company and applies specialized accounting guidance as outlined in Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2013-08, *Financial Services – Investment Companies (Topic 946), Amendments to the Scope, Measurement, and Disclosure Requirements*. The Investment Manager evaluated this guidance and determined that the Partnership meets the criteria to be classified as an investment company.

International Fund Services (Ireland) Limited serves as the administrator (the “Administrator”) and transfer agent to the Partnership.

## 2. Significant Accounting Policies

The Partnership’s unaudited interim financial statements are condensed in whole, guided by U.S. generally accepted accounting principles (“U.S. GAAP”) and are expressed in United States dollars. Where applicable, certain notes to the unaudited interim financial statements are condensed to include only information relevant to Third Point Offshore Investors Limited (“ListCo”). The following is a summary of the significant accounting and reporting policies:

The Partnership is exempt from all forms of taxation in the Cayman Islands, including income, capital gains and withholding taxes. In jurisdictions other than the Cayman Islands, in some cases foreign taxes will be withheld at source on dividends and certain interest received by the Partnership. Capital gains derived by the Partnership in such jurisdictions generally will be exempt from foreign income or withholding taxes at the source.

The Partnership evaluates tax positions taken or expected to be taken in the course of preparing the Partnership’s tax returns to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Tax positions not deemed to meet a “more likely-than-not” threshold would be recorded as a tax expense in the current period. The General Partner has reviewed the Partnership’s tax positions and has concluded that no material provision for income tax is required in the Partnership’s financial statements. Such open tax years remain subject to examination by tax authorities.

# Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2015

## 2. Significant Accounting Policies (continued)

The Partnership would recognize interest and penalties, if any, related to unrecognized tax positions as income tax expense in the statement of income. During the period ended June 30, 2015, the Partnership did not incur any interest or penalties related to unrecognized tax positions.

The Partnership records security transactions and related income and expense on a trade-date basis. Realized gains and losses are determined using cost calculated on a specific identification basis. Dividends are recorded on the ex-dividend date. Income and expense are recorded on the accrual basis including interest and premiums amortized and discounts accreted.

The Partnership may enter into repurchase and reverse repurchase agreements with financial institutions in which the financial institution agrees to resell or repurchase securities and the Partnership agrees to repurchase or resell such securities at a mutually agreed price upon maturity. Interest expense and income related to repurchase and reverse repurchase agreements held during the period ended June 30, 2015 are included in interest payable and receivable in the statement of financial condition. Foreign currency loss of \$8,426,213 on repurchase and reverse repurchase agreements are included in the net loss from currencies in the statement of income. Generally, repurchase and reverse repurchase agreements that the Partnership enters into mature within 30 to 90 days.

The fair value of the Partnership's assets and liabilities, which qualify as financial instruments, approximates the carrying amounts presented in the statement of financial condition.

The preparation of unaudited condensed interim financial statements requires management to make estimates and assumptions that affect the amounts and disclosures in the financial statements and accompanying notes. Actual results could differ from those estimates.

The Investment Manager has a formal valuation policy that sets forth the pricing methodology for investments to be implemented in fair valuing each security in the Partnership's portfolio. The valuation policy is updated and approved at least on an annual basis by the valuation committee (the "Committee"). The Committee is comprised of officers and employees who are senior business management personnel. The Committee meets on a monthly basis. The Committee's role is to review and verify the propriety and consistency of the valuation methodology to determine fair value of investments. The Committee also reviews any due diligence performed and approves any changes to current or potential external pricing vendors.

Securities listed on a national securities exchange or quoted on NASDAQ are valued at their last sales price as of the last business day of the period. Listed securities with no reported sales on such date and over-the-counter ("OTC") securities are valued at their last closing bid price if held long by the Partnership and last closing ask price if held short by the Partnership. Approximately \$1.86 billion, or approximately 23% of the Partnership's investment in securities and derivative assets, and approximately \$5.6 million, or approximately 1% of securities sold but not yet purchased and derivative liabilities, are valued based on dealer quotes or other quoted market prices for similar securities.

Private securities are not registered for public sale and are carried at an estimated fair value at the end of the period, as determined by the Investment Manager. Valuation techniques used by the Investment Manager in determining fair value may include market approach, last transaction analysis, liquidation analysis and/or using discounted cash flow models where the significant inputs could include but are not limited to additional rounds of equity financing, financial metrics such as revenues multiples or price-earnings ratio, discount rates and other factors. In addition, the Investment Manager may employ third party valuation firms to conduct separate valuations of such private securities. The third party valuation firms provide the Investment Manager with a written report documenting their recommended valuation as of the determination date for the specified investments.



## 2. Significant Accounting Policies (continued)

Due to the inherent uncertainty of valuation for these investments, the estimate of fair value for its interest in these investments may differ from the values that would have been used had a ready market existed for the investment, and the difference could be material. At June 30, 2015, the Partnership had approximately \$199 million of investments fair valued by the Investment Manager, representing approximately 2% of investments in securities and derivatives, of which approximately 86% were valued by a third party valuation firm. The resulting unrealized gains and losses are reflected in the statement of income.

The Partnership's derivatives are recorded at fair value. The Partnership values exchange-traded derivative contracts at their last sales price on the exchange where it is primarily traded. OTC derivatives, which include swap, option, swaption, and forward currency contracts, are valued at independent values provided by third party sources when available; otherwise, fair values are obtained from counterparty quotes that are based on pricing models that consider the time value of money, volatility, and the current market and contractual prices of the underlying financial instruments.

The Company's holdings in asset-backed securities ("ABS") for the periods presented are substantially invested in residential mortgage-backed securities ("RMBS"). As of June 30, 2015, the greatest concentration of the Company's U.S. RMBS was in subprime RMBS positions, which collectively constituted approximately 49% of the Company's asset-backed securities holdings. In addition, as of June 30, 2015, approximately 27% of the Company's asset-backed positions were invested in mezzanine portions of the re-securitized real estate mortgage investment conduits ("re-REMIC") structure of Alternative A-paper ("Alt-A") and prime securities. Non-U.S. RMBS positions constituted approximately 7% of the Company's ABS holdings, with a majority in Europe, as of June 30, 2015. The balance of the Company's investment in ABS as of June 30, 2015 was held in U.S. Alt-A positions, commercial mortgage-backed securities, collateralized debt obligations and student loan ABS. As of June 30, 2015, all of the Company's ABS holdings were private-label issued, non-investment grade securities, and none of these securities were guaranteed by government sponsored entities. As a result of its investment in these types of ABS, the Company's investment portfolio is exposed to the credit risk of underlying borrowers, which may not be able to make timely payments on loans or which may default on their loans. All of these classes of ABS are sensitive to changes in interest rates and any resulting change in the rate at which borrowers sell their properties (in the case of mortgage-backed securities), refinance, or otherwise pre-pay their loans. In addition, investors may be exposed to significant market and liquidity risks. In managing the Fund's portfolio, the investment manager may from time to time utilize asset backed credit derivatives as well as interest rate swaps to offset the risk of loss related to its ABS portfolio.

Investment funds are valued at fair value. Fair values are generally determined utilizing the net asset value ("NAV") provided by, or on behalf of, the underlying investment managers of each investment fund, which is net of management and incentive fees or allocations charged by the investment fund and is in accordance with the "practical expedient", as defined by the Accounting Standards Update ("ASU") 2009-12, *Investments in Certain Entities that Calculate Net Asset Value per Share*. NAVs received by, or on behalf of, the underlying investment managers are based on the fair value of the investment funds' underlying investments in accordance with policies established by each investment fund, as described in each of their financial statements and offering memorandum. The strategies of the underlying investment funds include global emerging markets, middle market buyout and growth equity investments. The Investment Manager generally has limited access, if any, to specific information regarding the underlying investment managers' portfolios and relies on NAVs provided by or on behalf of the underlying managers. The management agreements of non-related party investment funds provide for compensation to the underlying managers in the form of management and performance fees. The Partnership's investments in investment funds are non-redeemable and distributions are made by the investment funds as underlying investments are monetized.

# Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2015

## 2. Significant Accounting Policies (continued)

Assets and liabilities denominated in foreign currencies are translated at the closing rates of exchange at June 30, 2015. Transactions during the year are translated at the rate of exchange prevailing on the date of the transaction. Foreign currency transaction and translation gains and losses are included in the statement of income. The Partnership does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments, dividends and interest from the fluctuations arising from changes in fair values of securities and derivatives held. Periodic payments received or paid on swap agreements are recorded as realized gain or loss on investment transactions. Such fluctuations are included within the realized and unrealized gain/(loss) on investment transactions in the statement of income.

Fair value is defined as the price that the Partnership would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The disclosure requirements also establish a framework for measuring fair value, and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. The three-tier hierarchy of inputs is summarized below:

- Level 1 – Quoted prices available in active markets/exchanges for identical investments as of the reporting date. The types of assets and liabilities that are classified at this level generally include equity securities, futures and option contracts listed in active markets.
- Level 2 – Pricing inputs other than observable inputs including but not limited to prices quoted for similar assets or liabilities in active markets/exchanges or prices quoted for identical or similar assets or liabilities in markets that are not active, and fair value is determined through the use of models or other valuation methodologies. The types of assets and liabilities that are classified at this level generally include equity securities traded on non-active exchanges, corporate, sovereign, asset-backed and bank debt securities, forward contracts and certain derivatives.
- Level 3 – Pricing inputs are unobservable due to little, if any, market activity and data. The inputs into determination of fair value require significant management judgment and estimation. The types of assets and liabilities that are classified at this level generally include certain corporate and bank debt, asset-backed securities, private investments, limited partnerships, investment companies, trade claims and certain derivatives.

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable.

Situations may arise when market quotations or valuations provided by external pricing vendors are available but the fair value may not represent current market conditions. In those cases, the Investment Manager may substitute valuations provided by external pricing vendors with multiple broker-dealer quotations.

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of 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 considers factors specific to the investment.

## 2. Significant Accounting Policies (continued)

The key inputs for corporate, government and sovereign bonds valuation are coupon frequency, coupon rate and underlying bond spread. The key inputs for asset-backed securities are yield, probability of default, loss severity and prepayment.

Key inputs for OTC valuation vary based on the type of underlying on which the contract was written. Please see below discussion by OTC type:

- The key inputs for most OTC option contracts include notional, strike price, maturity, payout structure, current foreign exchange forward and spot rates, current market price of underlying and volatility of underlying.
- The key inputs for most forward contracts include notional, maturity, forward rate, spot rate, various interest rate curves and discount factor.
- The key inputs for swap valuation will vary based on the type of underlying on which the contract was written. Generally, the key inputs for most swap contracts include notional, swap period, fixed rate, credit or interest rate curves, current market or spot price of the underlying and the volatility of the underlying.

# Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2015

## 2. Significant Accounting Policies (continued)

The following is a summary of the inputs utilized in valuing the Partnership's assets and liabilities carried at fair value as of June 30, 2015:

### Fair Value Measurements at June 30, 2015

	Quoted prices in active markets (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	Total \$
<b>Assets</b>				
Equity Securities	4,301,458,728	190,930,903	–	4,492,389,631
Asset-Backed Securities	–	1,829,538,492	7,763,572	1,837,302,064
Sovereign Debt	–	453,794,047	77,400	453,871,447
Affiliated Investment Funds	92,765,260	32,172,785	38,529,144	163,467,189
Corporate Bonds	–	616,833,164	25,223,504	642,056,668
Private Preferred Equity Securities	–	–	170,743,569	170,743,569
Private Common Equity Securities	–	7,325,863	7,762,662	15,088,525
Trade Claims	–	36,891,338	–	36,891,338
Options	52,659,178	27,147,598	–	79,806,776
Investment Funds	–	–	24,725,634	24,725,634
Bank Debts	–	–	27,067,120	27,067,120
Rights and Warrants	6,100,900	166,823	25,422	6,293,145
<b>Derivative Contracts<sup>(1)</sup></b>				
Contracts for Differences – Long Contracts	–	19,457,655	–	19,457,655
Contracts for Differences – Short Contracts	–	7,502,832	–	7,502,832
Credit Default Swaps – Protection Purchased	–	49,179,058	–	49,179,058
Credit Default Swaps – Protection Sold	–	1,015,159	–	1,015,159
Foreign Currency Forward Contracts	–	10,332,993	–	10,332,993
Foreign Currency Options – Purchased	–	2,034,190	–	2,034,190
Interest Rate Swaps	–	1,951,271	–	1,951,271
Interest Rate Swaptions	–	5,605,822	–	5,605,822
Total Return Swaps – Long Contracts	–	22,254,317	–	22,254,317
Total Return Swaps – Short Contracts	–	433,309	–	433,309
Treasury Futures – Short Contracts	2,934,941	–	–	2,934,941
<b>Total Assets</b>	<b>4,455,919,007</b>	<b>3,314,567,619</b>	<b>301,918,027</b>	<b>8,072,404,653</b>

## 2. Significant Accounting Policies (continued)

	Quoted prices in active markets (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	Total \$
<b>Liabilities</b>				
Equity Securities	322,958,844	–	–	322,958,844
Sovereign Debt	–	63,797,090	–	63,797,090
Corporate Bonds	–	63,213,396	–	63,213,396
Options	42,935,763	37,706,580	–	80,642,343
Trade Claims	–	99,927	–	99,927
<b>Derivative Contracts<sup>(1)</sup></b>	–	–	–	–
Bond Futures – Short Contracts	2,566,375	–	–	2,566,375
Contracts for Differences – Long Contracts	–	4,732,270	–	4,732,270
Contracts for Differences – Short Contracts	–	1,570,606	–	1,570,606
Credit Default Swaps – Protection Purchased	–	11,879,027	–	11,879,027
Credit Default Swaps – Protection Sold	–	2,434,703	3,718,914	6,153,617
Foreign Currency Forward Contracts	–	2,203,894	–	2,203,894
Interest Rate Swaptions	–	2,392,280	–	2,392,280
Total Return Swaps – Long Contracts	–	34,337,667	420,104	34,757,771
Total Return Swaps – Short Contracts	–	2,980,380	–	2,980,380
Treasury Futures – Short Contracts	2,389,329	–	–	2,389,329
<b>Total Liabilities</b>	<b>370,850,311</b>	<b>227,347,820</b>	<b>4,139,018</b>	<b>602,337,149</b>

(1) Derivative instruments are shown gross of any offsetting permitted under U.S. GAAP.

# Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2015

## 2. Significant Accounting Policies (continued)

The following table is a reconciliation of assets and liabilities the Partnership held during the period ended June 30, 2015 at fair value using significant unobservable inputs (Level 3):

### Fair Value Measurements using Significant Unobservable Inputs (Level 3)

	Balance at January 1, 2015 \$	Transfers into Level 3 \$	Transfers out of Level 3 \$	Purchases \$	Sales \$	Realized and unrealized gains (losses)* \$	Balance at June 30, 2015 \$
<b>Assets</b>							
Affiliated Investment Funds	39,767,392	–	–	4,534,856	(1,670,713)	(4,102,391)	38,529,144
Asset-Backed Securities	21,021,592	1,687,686	(18,287,031)	–	(4,467,428)	7,808,753	7,763,572
Bank Debts	–	–	–	27,912,968	–	(845,848)	27,067,120
Corporate Bonds	21,480,200	–	–	9,661,163	(690,299)	(5,227,560)	25,223,504
Investment Funds	28,787,626	–	–	6,530	(5,064,318)	995,796	24,725,634
Private Common Equity Securities	9,805,802	–	–	–	–	(2,043,140)	7,762,662
Private Preferred Equity Securities	146,518,131	–	–	61,963,713	(26,102,763)	(11,635,512)	170,743,569
Rights and Warrants	–	–	–	–	–	25,422	25,422
Sovereign Debt	–	78,260	–	–	–	(860)	77,400
<b>Total Assets</b>	<b>267,380,743</b>	<b>1,765,946</b>	<b>(18,287,031)</b>	<b>104,079,230</b>	<b>(37,995,521)</b>	<b>(15,025,340)</b>	<b>301,918,027</b>
<b>Liabilities</b>							
Total Return Swaps – Long Contracts	8,237	–	–	–	–	(428,341)	(420,104)
Credit Default Swaps – Protection Sold	(4,150,708)	–	–	–	121,874	309,920	(3,718,914)
<b>Total Liabilities</b>	<b>(4,142,471)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>121,874</b>	<b>(118,421)</b>	<b>(4,139,018)</b>
<b>Total change in unrealized depreciation of fair valued assets using significant unobservable inputs (Level 3) still held at June 30, 2015*</b>							<b>(2,179,040)</b>

\*Total change in realized and unrealized gain/(loss) recorded on Level 3 financial instruments are included in net realized and unrealized gains on investment transactions in the statement of income.

For assets and liabilities that were transferred into Level 3 during the period, gains/(losses) are presented as if the assets or liabilities had been transferred into Level 3 at the beginning of the period; similarly, for assets and liabilities that were transferred out of Level 3 during the period, gains/(losses) are presented as if the assets or liabilities had been transferred out at the beginning of the period. During the period ended June 30, 2015, assets were transferred into Level 3 due to lack of observable inputs while assets were transferred out due to additional observable inputs.

Assets and liabilities of the Partnership fair valued using significantly unobservable inputs (Level 3) include investments fair valued by the Investment Manager, previously discussed in Note 2, but are not limited to such investments.

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

The following table summarizes information about the significant unobservable inputs used in determining the fair value of the Level 3 assets held by the Partnership. Level 3 investments not presented in the table below generally do not have any unobservable inputs to disclose, as they are valued primarily using dealer quotes, at cost or net asset value for investment in investment funds.

	Fair Value \$	Valuation Techniques	Unobservable Input	Range
Private Equity Investments, Rights and Warrants and Total Return Swap	172,877,111	Discounted Cash Flow	Discount	10-35%
			Duration	1-13 years
			Probability	1-80%
			Volatility	15-70%
		Market Approach	Multiples	5-23x
		Latest Financing*	N/A*	
Corporate Debt	20,477,731	Discounted Cash Flow	Yield	9.18-21.80%
			Duration	3-4 years
			Credit Spreads	1886-2086
			Volatility	25-35%
			Discount	8.59-25%
Asset Backed Security	5,730,731	Probability Weighted	Probability	85%
			Discount	14%

\*Based on an observable input, therefore, not detailed in this table.

**3. Administration Fee**

The Partnership has entered into an administrative services agreement with the Administrator. In accordance with the terms of this agreement, the Administrator provides certain specified fund accounting and administration, trade support and transfer agent services. For the period ended June 30, 2015, the Administrator received a fee of \$2,706,662.

**4. Due from/to Brokers**

The Partnership holds substantially all of its investments through its prime brokers (Goldman Sachs, JPMorgan, Citi, UBS, Barclays, Morgan Stanley and Credit Suisse) pursuant to various agreements between the Partnership and each prime broker. The brokerage arrangements differ from broker to broker, but generally cash and investments in securities balances are available as collateral against securities sold, not yet purchased and derivative positions, if required.

Margin debt balances were collateralized by cash held by the broker and certain of the Partnership's securities. Margin interest was paid either at the daily broker call rate or based on LIBOR.

Due from/to brokers include cash balances maintained with the Partnership's prime brokers, receivables and payables from unsettled trades and proceeds from securities sold, not yet purchased. In addition, due from/to brokers includes cash collateral received and posted from OTC and repurchase agreement counterparties. At June 30, 2015, the Partnership's due from/to brokers includes a total non-U.S. currency balance of \$41,530,014.

**5. Allocation of Net Income or Net Loss**

In accordance with the provisions of the Agreement, net income or net loss of the Partnership is allocated to the general capital account of the Feeder and General Partner in proportion to their respective general capital accounts.



# Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2015

## 5. Allocation of Net Income or Net Loss (continued)

Net income or net loss is allocated each fiscal period, as defined in the Agreement, or at other times during the fiscal year when capital contributions and withdrawals are made by the Feeder or General Partner. The Feeder's percentage ownership of the Partnership will increase when the General Partner withdraws capital or decrease when the General Partner contributes additional capital. Therefore, the allocation of net income and net loss may vary, between the Feeder and the General Partner, based upon the timing of capital transactions throughout the period.

The Partnership may invest, directly or indirectly, in equity securities in initial public offerings deemed "new issues" under Rule 5130 of the Financial Industry Regulatory Authority ("FINRA") Consolidated Rulebook. "New issues" are defined as any initial public offering of an equity, regardless of whether such security is trading at a premium in the secondary market. FINRA members generally may not sell "new issues" to an account, in which certain persons or entities designated as restricted persons have beneficial interest. Gains and losses from "new issues" are allocated primarily to the Feeder and up to 10% can be allocated to the General Partner.

The General Partner receives an incentive allocation equal to 20% of the net profit allocated to each shareholder invested in each series of Class A, B, C, D, E, F and H shares of the Feeder and 25% of the net profit allocated to each shareholder invested in each series of class J of the Feeder, as defined in the Agreement (the "Full Incentive Allocation"). If a shareholder invested in the Feeder has a net loss during any fiscal year and, during subsequent years, there is a net profit attributable to such shareholder, the shareholder must recover an amount equal to 2.5 times the amount of the net loss chargeable in the prior years before the General Partner is entitled to the Full Incentive Allocation. Until this occurs, the shareholder invested in the Feeder will be subject to a reduced incentive allocation equal to half of the Full Incentive Allocation. The General Partner, in its sole discretion, may elect to reduce, waive or calculate differently the Full Incentive Allocation of the Feeder and its underlying investors that are partners, members, employees, affiliates or other related investors of the Investment Manager or the General Partner. For the period from January 1, 2015 through June 30, 2015, the incentive allocation accrued is \$90,004,662. This amount has provisionally allocated to the General Partner, however, the amount will not be fully realized until the end of the fiscal year, and is subject to change.

## 6. Related Party Transactions

The Investment Manager does not charge the Partnership a management fee. Management fees are charged to the Feeder. No additional fees are charged to the Partnership by the Investment Manager or its affiliates for related entities discussed below.

The Partnership has entered into a limited partnership agreement, as a limited partner, with TP Lux Holdco LP ("Cayman HoldCo"), an affiliate of the Investment Manager. Cayman HoldCo was organized as a limited partnership under the laws of the Cayman Islands and will invest and hold debt and equity interests in TP Lux HoldCo S.a.r.l, a Luxembourg private limited liability company ("LuxCo"), also an affiliate of the Investment Manager. LuxCo was established under the laws of the Grand-Duchy of Luxembourg and its principle objective is to act as a collective investment vehicle through which purchases of certain European debt and equity investments will be pooled. Certain debt and equity instruments will be purchased by LuxCo and will be financed through the issuance of the debt and equity instruments purchased by Cayman HoldCo. At June 30, 2015, the fair value of the investment in Cayman HoldCo was of \$32,172,785. The Partnership's pro rata interest in the investments of LuxCo and the related income and expense are reflected accordingly on the accompanying statement of financial condition, and the statement of income. The valuation policy with respect to these investments is the same as the Partnership's valuation policy as described in Note 2. The Partnership invests in Cayman HoldCo alongside other affiliated entities.



## 6. Related Party Transactions (continued)

At June 30, 2015, the Partnership held three affiliated special purpose vehicles (the “SPVs”), which is a company organized for the purpose of achieving certain tax, regulatory or administrative efficiencies. The Partnership’s pro rata interest in the underlying assets and liabilities of the SPVs and the related income and expense are reflected accordingly on the accompanying statement of financial condition, and the statement of income. As of June 30, 2015, the total fair value of the SPVs was \$18,999,459. The valuation policy with respect to investments held by the SPVs is the same as the Partnership’s valuation policy as described in Note 2. The Partnership invests in the SPVs alongside other affiliated entities.

Third Point Loan LLC (“Loan LLC”) and Third Point Ventures LLC (“Ventures LLC”), (collectively the “Nominees”), serve as nominees of the Partnership and other affiliated investment management clients of the Investment Manager for certain investments. The Nominees have appointed the Investment Manager as their true and lawful agent and attorney. At June 30, 2015, Loan LLC held \$266,566,434 and Ventures LLC held \$14,552,678 of the Partnership’s investments which are included in investments in securities in the statement of financial condition. The Partnership’s pro rata interest in the underlying investments registered in the name of the Nominees and the related income and expense are reflected accordingly in the accompanying statement of financial condition, and the statement of income. The valuation policy with respect to investments held by the Nominees is the same as the Partnership’s valuation policy as described in Note 2.

At June 30, 2015, the Partnership held shares of Third Point Offshore Investors Limited (“ListCo”), a London Stock Exchange listed entity that is managed by the Investment Manager. As part of ListCo’s share buy-back program, the Partnership has the ability to purchase shares in the after-market or as part of other corporate actions. At June 30, 2015, the Partnership owned 5,279,753 U.S. Dollar Shares of ListCo with a total market value of \$92,765,260 and an unrealized gain of \$48,802,756 related to the share buy-back program. All gains or losses and implied financing costs are allocated entirely to ListCo’s shares in the Feeder.

The Partnership is a limited partner in Third Point Hellenic Recovery U.S. Feeder Fund, L.P. (the “Hellenic Fund”), which is an affiliate of the Investment Manager. The Hellenic Fund was formed as a limited partnership under the laws of the Cayman Islands and invests in and holds debt and equity interests. The interest in the Hellenic Fund is highly illiquid due to the nature of underlying investments. The Partnership committed \$71,603,000 to the Hellenic Fund, of which \$4,534,857 was called and \$1,670,737 was distributed during the period ended June 30, 2015. As of June 30, 2015, the Partnership’s remaining unfunded commitment to the Hellenic Fund was \$21,604,068. As of June 30, 2015, the estimated fair value of the investment in the Hellenic Fund was \$38,529,146. The valuation policy with respect to this investment in a limited partnership is further described in Note 2.

## 7. Financial Instruments with Off-Balance Sheet Risk or Concentrations of Credit Risk

In the normal course of its business, the Partnership trades various financial instruments and engages in various investment activities with off-balance sheet risk. These financial instruments include securities sold, not yet purchased, forwards, futures, options, swaptions, swaps and contracts for differences. Generally, these financial instruments represent future commitments to purchase or sell other financial instruments at specific terms at specified future dates. Each of these financial instruments contains varying degrees of off-balance sheet risk whereby changes in the fair values of the securities underlying the financial instruments or fluctuations in interest rates and index values may exceed the amounts recognized in the statement of financial condition.

Securities sold, not yet purchased are recorded as liabilities in the statement of financial condition and have market risk to the extent that the Partnership, in satisfying its obligations, may have to purchase securities at a higher value than that recorded in the statement of financial condition. The Partnership’s investments in securities and amounts due from brokers are partially restricted until the Partnership satisfies the obligation to deliver securities sold, not yet purchased.

# Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2015

## 7. Financial Instruments with Off-Balance Sheet Risk or Concentrations of Credit Risk (continued)

Forward and future contracts are a commitment to purchase or sell financial instruments, currencies or commodities at a future date at a negotiated rate. Forward and future contracts expose the Partnership to market risks to the extent that adverse changes occur to the underlying financial instruments such as currency rates or equity index fluctuations.

Option contracts give the purchaser the right but not the obligation to purchase or sell to the option writer financial instruments, or currencies within a defined time period for a specified price. The premium received by the Partnership upon writing an option contract is recorded as a liability, marked to market on a daily basis and is included in securities sold, not yet purchased in the statement of financial condition. In writing an option, the Partnership bears the market risk of an unfavorable change in the financial instrument underlying the written option. Exercise of an option written by the Partnership could result in the Partnership selling or buying a financial instrument at a price different from the current fair value.

In the normal course of trading activities, the Partnership trades and holds certain fair value derivative contracts, such as written options, which constitute guarantees. The maximum payout for written put options is limited to the number of contracts written and the related strike prices and the maximum payout for written call options is contingent upon the market price of the underlying security at the date of a payout event. At June 30, 2015, the portfolio had a maximum payout amount of approximately \$3.9 billion relating to written put option contracts with expiration ranging from 1 month to 3 months from the statement of financial condition date. The maximum payout amount could be offset by the subsequent sale, if any, of assets obtained via the settlement of a payout event. The fair value of these written put options as of June 30, 2015 is \$65,913,792 and is included in securities sold, not yet purchased and derivative contracts in the statement of financial condition.

Swaption contracts give the Partnership the right, but not the obligation, to enter into a specified interest-rate swap within a specified period of time. The Partnership's market and counterparty credit risk is limited to the premium paid to enter into the swaption contract and fair value.

Total return swaps and total return basket swaps, contracts for differences, index swaps, and interest rate swaps that involve the exchange of cash flows between the Partnership and counterparties based on the change in market value of a particular equity, index, or interest rate on a specified notional holding. The use of these contracts exposes the Partnership to market risks equivalent to actually holding securities of the notional value but typically involve little capital commitment relative to the exposure achieved. The gains or losses of the Partnership may therefore be magnified on the capital commitment.

Credit default swaps protect the buyer against the loss of principal on one or more underlying bonds, loans, or mortgages in the event the issuer suffers a credit event. Typical credit events include failure to pay or restructuring of obligations, bankruptcy, dissolution or insolvency of the underlying issuer. The buyer of the protection pays an initial and/or a periodic premium to the seller and receives protection for the period of the contract. If there is not a credit event, as defined in the contract, the buyer receives no payments from the seller. If there is a credit event, the buyer receives a payment from the seller of protection as calculated by the contract between the two parties.

The Partnership may also enter into index and/or basket credit default swaps where the credit derivative may reference a basket of single-name credit default swaps or a broad-based index. Generally, in the event of a default on one of the underlying names, the buyer will receive a pro-rata portion of the total notional amount of the credit default index or basket contract from the seller. When the Partnership purchases single-name, index and basket credit default swaps, the Partnership is exposed to counterparty nonperformance.

Upon selling credit default swap protection, the Partnership may expose itself to the risk of loss from related credit events specified in the contract. Credit spreads of the underlying together with the period of expiration is indicative of the likelihood of a credit event under the credit default swap contract and the

**7. Financial Instruments with Off-Balance Sheet Risk or Concentrations of Credit Risk (continued)**

Partnership's risk of loss. Higher credit spreads and shorter expiration dates are indicative of a higher likelihood of a credit event resulting in the Partnership's payment to the buyer of protection. Lower credit spreads and longer expiration dates would indicate the opposite and lowers the likelihood the Partnership needs to pay the buyer of protection. At June 30, 2015, there was no cash collateral received specifically related to written credit default swaps as collateral is based on the net exposure associated with all derivative instruments subject to applicable netting agreements with counterparties and may not be specific to any individual derivative contract. The following table sets forth certain information related to the Partnership's written credit derivatives as of June 30, 2015:

Credit Spreads on underlying (basis points)	Maximum Payout/Notional Amount (by period of expiration)			Fair Value of Written Credit Derivatives <sup>(2)</sup>		
	0-5 years \$	5 years or Greater Expiring Through 2047 \$	Total Written Credit Default Swaps <sup>(1)</sup> \$	Asset \$	Liability \$	Net Asset/ (Liability) \$
Single name (0-250)	–	11,178,888	11,178,888	–	5,474,572	(5,474,572)
Single name (251-570)	10,899,047	7,128,842	18,027,889	1,015,159	679,045	336,114
	10,899,047	18,307,730	29,206,777	1,015,159	6,153,617	(5,138,458)

(1) As of June 30, 2015, the Company did not hold any offsetting buy protection credit derivatives with the same underlying reference obligation.

(2) Fair value amounts of derivative contracts are shown on a gross basis prior to cash collateral or counterparty netting.

In addition to off-balance sheet risks related to specific financial instruments, the Partnership may be subject to concentration of credit risk with particular counterparties. Substantially all securities transactions of the Partnership are cleared by several major securities firms. The Partnership had substantially all such individual counterparty concentration with these brokers or their affiliates as of June 30, 2015. However, the Partnership reduces its credit risk with counterparties by entering into master netting agreements.

The Partnership's maximum exposure to credit risk associated with counterparty nonperformance on derivative contracts is limited to the net unrealized gains by counterparty inherent in such contracts which are recognized in the statement of financial condition. At June 30, 2015, the Partnership's maximum counterparty credit risk exposure was \$47,853,910.

**8. Derivative Contracts**

The Partnership enters into derivative contracts to manage credit risk, interest rate risk, currency exchange risk, and other exposure risks. The Partnership uses derivatives in connection with its risk-management activities to hedge certain risks and to gain exposure to certain investments. The utilization of derivative contracts also allows for an efficient means in which to trade certain asset classes. The derivatives that the Partnership invests in are primarily, swaps, forwards, options, swaptions and contracts for differences. Typically, derivatives serve as a component of the Partnership's investment strategy and are utilized primarily to structure the portfolio, or individual investments, to economically match the investment objective of the Partnership. Fair values of derivatives are determined by using quoted market prices and counterparty quotes when available; otherwise fair values are based on pricing models that consider the time value of money, volatility, and the current market and contractual prices of underlying financial instruments.

# Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2015

## 8. Derivative Contracts (continued)

The following table identifies the volume and fair value amounts of derivative instruments included in derivative contracts on the statement of financial condition, categorized by primary underlying risk, as of June 30, 2015. Balances are presented on a gross basis, prior to the application of the impact of counterparty netting.

	Listing currency (1)	Fair Value \$	Notional Amounts (2) \$
<b>Derivative Assets by Primary Underlying Risk</b>			
<b>Commodity Price</b>			
Options contracts – Purchased	USD	49,800	41,500,000
<b>Credit</b>			
Credit Default Swaps – Protection Purchased	USD	49,179,058	403,409,687
Credit Default Swaps – Protection Sold	USD	1,015,159	7,128,842
<b>Equity Price</b>			
Contracts for Differences – Long Contracts	EUR/USD	19,457,655	231,586,405
Contracts for Differences – Short Contracts	AUD/CHF/EUR/GBP/JPY	7,502,832	76,937,779
Total Return Swaps – Long Contracts	BRL/JPY/USD	22,254,317	412,462,126
Total Return Swaps – Short Contracts	USD	433,309	34,482,807
Options contracts – Purchased	CHF/EUR/JPY/USD	21,364,610	746,823,898
<b>Foreign Currency Exchange Rates</b>			
Foreign Currency Forward Contracts	BRL/CAD/EUR/GBP	10,332,993	736,516,582
Foreign Currency Options – Purchased	CNH/SAR	2,034,190	873,321,946
<b>Index</b>			
Options contracts – Purchased	EUR/HKD/JPY/USD	58,392,366	2,470,599,614
<b>Interest Rates</b>			
Interest Rate Swaps	USD	1,951,271	60,498,750
Interest Rate Swaptions	JPY/USD	5,605,822	280,045,489
Treasury Futures – Short Contracts	USD	2,934,941	219,265,664
<b>Total Derivative Assets</b>		<b>202,508,323</b>	<b>6,594,579,589</b>
<b>Derivative Liabilities by Primary Underlying Risk</b>			
<b>Credit</b>			
Credit Default Swaps – Protection Purchased	USD	11,879,027	225,433,040
Credit Default Swaps – Protection Sold	USD	6,153,617	22,077,935
<b>Equity Price</b>			
Contracts for Differences – Long Contracts	EUR/GBP/USD	4,732,270	17,345,393
Contracts for Differences – Short Contracts	USD	1,570,606	150,612,293
Total Return Swaps – Long Contracts	BRL/USD	34,757,771	1,319,058,168
Total Return Swaps – Short Contracts	JPY	2,980,380	19,851,531
Options contracts – Sold	EUR/USD	36,096,597	1,221,959,227
<b>Foreign Currency Exchange Rates</b>			
Foreign Currency Forward Contracts	GBP/JPY/SAR	2,203,894	269,680,497
<b>Index</b>			
Options contracts – Sold	EUR/HKD/JPY/USD	44,545,746	4,705,721,917
<b>Interest Rates</b>			
Bond Futures – Short Contracts	JPY	2,566,375	491,442,014
Interest Rate Swaptions	JPY/USD	2,392,280	431,657,157
Treasury Futures – Short Contracts	USD	2,389,329	301,891,699
<b>Total Derivative Liabilities</b>		<b>152,267,892</b>	<b>9,176,730,871</b>

(1) AUD = Australian Dollar, BRL = Brazilian Real, CAD = Canadian Dollar, CHF = Swiss Franc, CNH = Chinese Yuan, EUR = Euro, GBP = British Pound, JPY = Japanese Yen, SAR = Saudi Arabian Riyal, USD = US Dollar

(2) The absolute notional exposure represents the Company's derivative activity as of June 30, 2015, which is representative of the volume of derivatives held during the period.

**8. Derivative Contracts (continued)**

The following table sets forth by major risk type the Partnership realized and unrealized gains/(losses) related to trading activities for the period ended June 30, 2015. These realized and unrealized gains/(losses) are included in the statement of income.

	Realized Gain/(Loss) \$	Unrealized Gain/(Loss) \$
<b>Primary Underlying Risk</b>		
<b>Commodity Price</b>		
Commodity Future Options – Purchased	(1,270,000)	1,263,650
Commodity Future Options – Sold	1,207,450	(1,194,740)
Commodity Futures – Short Contracts	(882,754)	623,204
Options contracts – Purchased	(1,530,426)	(356,900)
Options contracts – Sold	–	–
<b>Credit</b>		
Credit Default Swaps – Protection Purchased	(4,722,139)	4,101,510
Credit Default Swaps – Protection Sold	7,539,757	(6,280,823)
<b>Equity Price</b>		
Contracts for Differences – Long Contracts	(614,381)	17,987,380
Contracts for Differences – Short Contracts	(9,385,778)	5,716,681
Total Return Swaps – Long Contracts	11,005,894	(10,072,907)
Total Return Swaps – Short Contracts	(229,370)	(2,697,104)
Options contracts – Purchased	(7,547,276)	(15,837,876)
Options contracts – Sold	5,161,750	(144,333)
<b>Index</b>		
Index Futures – Long Contracts	4,212,003	–
Options contracts – Purchased	(150,366,524)	14,211,432
Options contracts – Sold	143,322,970	(2,715,278)
<b>Interest Rates</b>		
Bond Futures – Short Contracts	(1,327)	(2,566,375)
Interest Rate Swaps	–	1,951,271
Interest Rate Swaptions	(2,029,392)	2,046,956
Treasury Futures – Short Contracts	(140,003)	1,797,377
<b>Foreign Currency Exchange Rates</b>		
Foreign Currency Forward Contracts	76,627,405	(10,047,380)
Foreign Currency Options – Purchased	5,006,466	(14,035,640)
Foreign Currency Options – Sold	3,846,417	563,312
<b>Total</b>	<b>\$ 79,210,742</b>	<b>\$(15,686,583)</b>

The Partnership's derivative contracts are generally subject to the International Swaps and Derivatives Association ("ISDA") Master Agreements or other similar agreements which contain provisions setting forth events of default and/or termination events ("credit-risk-related contingent features"), including but

# Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2015

## 8. Derivative Contracts (continued)

not limited to provisions setting forth maximum permissible declines in the Partnership's net asset value. Upon the occurrence of a termination event with respect to an ISDA Agreement, the Partnership's counterparty could elect to terminate the derivative contracts governed by such agreement, resulting in the realization of any net gains or losses with respect to such derivative contracts and the return of collateral held by such party. During the period ended June 30, 2015, no termination events were triggered under the ISDA Master Agreements. As of June 30, 2015, the aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a net liability position is \$14,077,999 for which the Partnership has posted \$333,743,466 collateral in the normal course of business. If the credit-risk-related contingent features underlying these instruments had been triggered as of June 30, 2015 and the Partnership had to settle these instruments immediately, no additional amounts would be required to be posted by the Partnership since the aggregate fair value of the required collateral posted exceeded the settlement amounts of open derivative contracts or in the case of cross margining relationships, the assets in the Partnership's prime brokerage accounts are sufficient to offset derivative liabilities.

The Partnership obtains/provides collateral from/to various counterparties for OTC derivative contracts in accordance with bilateral collateral agreements. The Partnership posted collateral in the form of cash (approximately \$333.7 million) to certain counterparties to cover collateral requirements for open OTC derivatives. Similarly, the Fund held collateral (approximately \$8.7 million) in the form of cash from certain counterparties as of June 30, 2015.

The Partnership's derivatives do not qualify as hedges for financial reporting purposes and are recorded in the statement of financial condition on a gross basis and not offset against any collateral pledged or received. Pursuant to the ISDA master agreements, securities lending agreements and other counterparty agreements, the Partnership and its counterparties typically have the ability to net certain payments owed to each other in specified circumstances. In addition, in the event a party to one of the ISDA master agreements, securities lending agreements or other derivatives agreements defaults, or a transaction is otherwise subject to termination, the non-defaulting party generally has the right to set off against payments owed to the defaulting party or collateral held by the non-defaulting party.

**8. Derivative Contracts (continued)**

The Partnership has elected not to offset derivative assets against liabilities subject to master netting agreements nor does it offset collateral amounts received or pledged against the fair values of the related derivative instruments. Accordingly, the Partnership presents all derivative and collateral amounts in the statement of financial condition on a gross basis. As of June 30, 2015, the gross and net amounts of derivative instruments and the cash collateral applicable to derivative instruments were as follows:

Financial Assets, Derivative Assets and Collateral received by Counterparty:

**Gross Amounts not Offset in the Statement of Financial Condition**

Counterparty	Gross Amounts of Assets Presented in the Consolidated Balance Sheet <sup>(1)</sup> \$	Financial Instruments \$	Cash Collateral Received \$	Net Amount \$
Counterparty 1	7,567,383	7,567,383	–	–
Counterparty 2	6,590,532	5,932,616	–	657,916
Counterparty 3	50,108,304	24,891,360	–	25,216,944
Counterparty 4	19,112,153	6,280,838	–	12,831,315
Counterparty 5	14,731,926	14,731,926	–	–
Counterparty 6	25,285,171	17,730,404	7,322,930	231,837
Counterparty 7	1,332,647	1,099,581	–	233,066
Counterparty 8	12,734,617	6,678,993	–	6,055,624
Counterparty 9	7,481,253	7,481,253	–	–
Counterparty 10	2,570,687	2,570,687	–	–
Counterparty 14	2,334,472	289,089	1,349,740	695,643
<b>Total</b>	<b>149,849,145</b>	<b>95,254,130</b>	<b>8,672,670</b>	<b>45,922,345</b>
<b>Repurchase Agreements/Loaned Securities</b>				
Counterparty 3	41,426,872	–	40,036,819	1,390,053
Counterparty 4	65,450,175	64,908,663	–	541,512
<b>Total</b>	<b>106,877,047</b>	<b>64,908,663</b>	<b>40,036,819</b>	<b>1,931,565</b>



# Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2015

## 8. Derivative Contracts (continued)

Financial Liabilities, Derivative Liabilities and Collateral pledged by Counterparty:

### Gross Amounts not Offset in the Statement of Financial Condition

Counterparty	Gross Amounts of Liabilities Presented in the Consolidated Balance Sheet <sup>(2)</sup> \$	Financial Instruments \$	Cash Collateral Pledged \$	Net Amount \$
Counterparty 1	10,940,920	7,567,383	3,373,537	—
Counterparty 2	5,932,616	5,932,616	—	—
Counterparty 3	24,891,360	24,891,360	—	—
Counterparty 4	6,280,838	6,280,838	—	—
Counterparty 5	17,963,987	14,731,926	3,232,061	—
Counterparty 6	17,730,404	17,730,404	—	—
Counterparty 7	1,099,581	1,099,581	—	—
Counterparty 8	6,678,993	6,678,993	—	—
Counterparty 9	11,821,722	7,481,253	4,340,469	—
Counterparty 10	5,282,515	2,570,687	2,711,828	—
Counterparty 12	420,104	—	—	420,104
Counterparty 14	289,089	289,089	—	—
<b>Total</b>	<b>109,332,129</b>	<b>95,254,130</b>	<b>13,657,895</b>	<b>420,104</b>

### Repurchase Agreements

Counterparty 4	14,758,284	14,758,284	—	—
<b>Total</b>	<b>14,758,284</b>	<b>14,758,284</b>	<b>—</b>	<b>—</b>

(1) The Gross Amounts of Assets Presented in the Consolidated Balance Sheet presented above includes the fair value of Derivative Contract assets as well as gross OTC option contract assets of \$27.15 million included in Other Investments in the Consolidated Balance Sheet.

(2) The Gross Amounts of Liabilities Presented in the Consolidated Balance Sheet presented above includes the fair value of Derivative Contract assets as well as gross OTC option contract assets of \$37.71 million included in Securities Sold, not yet Purchased in the Consolidated Balance Sheet.

## 9. Indemnifications

In the normal course of business, the Partnership enters into contracts that contain a variety of indemnifications and warranties. The Partnership's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Partnership that have not yet occurred. However, the Partnership has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote. Thus, no amounts have been accrued related to such indemnifications. The Partnership also indemnifies the General Partner, the Investment Manager and employees from and against any loss or expense, including, without limitation any judgment, settlement, legal fees and other costs. Any expenses related to this indemnification would be reflected in administrative and professional fees in the statement of income.



**10. Financial Highlights**

The following represents the ratios to average Feeder capital and total return information for the period ended June 30, 2015:

<b>Ratios to average limited partners' capital:</b>	
Total expenses	0.29%
Incentive allocation	1.15%
Total expenses and incentive allocation	1.44%
Net investment income	0.50%

The ratios above are calculated for the Feeder taken as a whole. The computation of such ratios based on the amount of expenses, incentive allocation, and net investment income assessed to each shareholder's investment in the Feeder may vary from these ratios. The net investment income ratio does not reflect the effect of any incentive allocation.

Total return before incentive allocation	7.12%
Incentive allocation	(1.19%)
Total return after incentive allocation	5.93%

Total return is calculated for the Feeder's investment in the Partnership. Each shareholder's return on their investment in the Feeder may vary from these returns.

**11. Subsequent Events**

Subsequent to June 30, 2015, the Partnership received approximately \$89.4 million in capital contributions, of which 78,667,000 was received in advance, and recorded capital withdrawal requests of approximately \$116.6 million for the quarter ended September 30, 2015. Subsequent events were evaluated by the Partnership's management until August 25, 2015, which is the date the financial statements were available to be issued.

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