WISCONSIN DEPARTMENT OF
ADMINISTRATION

SCOTT WALKER
GOVERNOR
SCOTT A. NEITZEL
SECRETARY
Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842

November 8, 2016

Mr. Patrick E. Fuller
Assembly Chief Clerk
17 W. Main Street, Room 401
Madison, WI 53707

Mr. Jeff Renk
Senate Chief Clerk
Room B20 Southeast
State Capitol

Dear Chief Clerks:

Pursuant to Section 16.295(7)(b), Wisconsin Statues, please find attached the annual report for the Badger Fund of Funds I ("Fund"). This annual report has been prepared by Sun Mountain Kegonsa, LLC, as Investment Manager for the Fund, and provides a summary of activities as of June 30, 2016. The Department and Sun Mountain Kegonsa, LLC, entered into the Limited Partnership Agreement for the Fund on June 3, 2015.

The attached report shows that the Badger Fund of Funds I has achieved a number of milestones and has other ongoing positive activities, including the following:

- Held its final closing on June 3, 2016;
- Secured $11 million of private matching capital from investors, which more than doubled the amount required from private investors;
- Two fund managers have completed the Fund's due diligence process, received a commitment from the Fund, and are currently raising private capital. These funds are the "Idea Fund of La Crosse" and the "Winnebago Seed Fund"
- A third fund manager is currently completing the due diligence process, and is preparing offering documents for a third commitment from the Fund

Please contact me at (608) 267-0374 or david.erdman@wisconsin.gov with any questions regarding the attached annual report.

Sincerely,

David R. Erdman
Capital Finance Director

Badger
Fund of Funds

October 28, 2016

Dear Limited Partners:

Badger Fund of Funds I Annual Report for the period ended on June 30, 2016

In accordance with Section 7(c)(iv) – Report to Partners, of the Limited Partnership Agreement of the Badger Fund of Funds I, L.P. (the "Badger Fund" or the "Fund"), and pursuant to provisions in Section 16.285 (7), Wisconsin Statutes, Sun Mountain Kegonsa, LLC ("SMK" or the "General Partner") is required to provide audited financial statements with an opinion from an independent accounting firm of certified public accountants. Enclosed you will find these statements as audited by the BDO office in Madison, WI.

The Badger Fund held its final closing on June 3, 2016. Capital commitments to the Fund total $36 million, with $25 million from the State of Wisconsin and $11 million from private investors. As of the fiscal year ended June 30, 2016, no capital had been drawn by the Fund.

Below please find an update on the Fund's fundraising, operations, investment activity and investment due diligence work to date.

Final Close of the Badger Fund

The Badger Fund held its final closing on June 3, 2016, consistent with the date established by the Limited Partnership Agreement of the Fund. ACT 41 legislation required the Fund to raise at least $5 million in private capital in order to release the $25 million commitment from the State of Wisconsin. The Fund raised $11 million in private capital, more than doubling the fundraising amount required from private investors. These private investors include both individual and institutional investors from the State of Wisconsin as well as several investors from outside of the State. The private investors in the Fund represent diverse geographies across the State, including Dane County, Milwaukee County, Northern Wisconsin, Western Wisconsin and the Fox Valley.

Investment Activity

Throughout 2015 and 2016, the Badger Fund actively worked with a number of potential fund managers from across the State of Wisconsin. To date SMK has conducted due diligence on six potential fund managers. Two of the fund managers that completed the Badger Fund due diligence process and received a commitment from the Badger Fund have completed formal offering documents and are currently raising private capital. The Badger Fund commitments were made contingent on the fund managers' ability to raise private capital. The funds which have received commitments from the Badger Fund and finalized their offering documents are the Idea Fund of La Crosse and the Winnebago Seed Fund.

Idea Fund of La Crosse

The Idea Fund is based in La Crosse, with an investment focus on Western Wisconsin. The Idea Fund will be managed by Jonathon Horne, a La Crosse native with professional experience in the

101 Nob Hill Road, Suite 100
Madison, Wisconsin 53713
info@BadgerFundofFunds.com
www.BadgerFundofFunds.com

financial services industry. Mr. Horne holds a Bachelor of Arts from Lawrence University and an MBA/JD for the University of Wisconsin, Madison. Most recently, Mr. Horne spent several years working in investment banking for J.P. Morgan in New York.

The La Crosse area is home to entrepreneurial companies like Logistics Health and JAMF Software as well as numerous university and college institutions. Additionally, large healthcare institutions such as the Marshfield Clinic and Gundersen Lutheran have a substantial presence in the region. The combination of strong local business leader support, history of successful new companies, and base of higher educational institutions offers a promising environment for entrepreneurial activity.

Winnebago Seed Fund

The Winnebago Seed Fund is based in Neenah, with an investment focus on the Fox Valley region. The Winnebago Seed Fund will be managed by David Trotter, a Fox Valley native with investment management experience in Wisconsin. David Trotter is a Registered Investment Advisor and is a Chartered Financial Analyst (CFA) and Chartered Alternative Investment Analyst (CAIA) charterholder. Mr. Trotter holds a Bachelor of Science in Finance from Marquette University's Applied Investment Management Program. Most recently, Mr. Trotter spent several years as a portfolio manager in Neenah, Wisconsin, managing over $350 million in client assets.

The Fox Valley area has a growing startup community. The Winnebago Seed Fund intends to provide the first institutional capital for new startup companies. Historical investment in the area has not been focused on seed stage opportunities. The Badger Fund is optimistic about the potential of the Winnebago Seed Fund's market positioning as a source of initial investment capital for promising startup opportunities.

A third fund has completed the Badger Fund due diligence process and received a contingent commitment. However this fund is still in the process of composing formal offering documents. In addition, the Badger Fund continues to evaluate potential fund managers as described in the Fund's proposal to the State.

Ecosystem Activities

Entrepreneurialism and the presence of a robust startup community is an important component of sustainable economic growth. The Badger Fund was established to generate competitive financial returns, however ACT 41 was also intended to support the growth of the Wisconsin ecosystem. The Badger Fund team is encouraged by the response from the entrepreneurial community and broader Wisconsin business community to the Fund.

The Badger Fund team attended and participated in numerous Wisconsin ecosystem events during 2015 and 2016. Notable ecosystem events attended include the 2015 Early Stage Symposium, 2016 Entrepreneur's Conference and 2016 Forward Fest. Additionally, the Badger Fund team participated in ongoing Wisconsin Technology Council gatherings. As part of Forward Fest, the Badger Fund sponsored and hosted an event to highlight the fund managers that have been working with the Badger Fund. The community reception of this event was encouraging and provided a venue for interaction between established members of the Wisconsin business community and the fund managers engaged by the Badger Fund.

Line of Credit

Subsequent to fiscal year end, the Badger Fund issued the first capital call to Limited Partners. A portion of the proceeds from the first capital call were used to pay off the line of credit as of June 30, 2016. Looking forward, SMK intends to issue capital calls on a semi-annual basis, with the next capital call expected near the end of 2016. As previously communicated, the Badger Fund will utilize the line of credit such that capital calls are used to fund portfolio fund capital draws and expenses of the Badger Fund in arrears.

Portfolio Reporting Requirements

Since the Badger Fund has only made commitments and not made any portfolio investments as of June 30, 2016, there are no items to report for the categories shown below in the Fund's Limited Partnership Agreement and the Wisconsin Statues:

- Portfolio fund information, including name and location of fund, amount invested, fees paid, financial performance such as IRR, and other required information;

- Underlying business information, including name and location of business, description of the business, portfolio funds invested in the business, employment information, and other required information.

Please find below the name and physical address of the two funds that have received commitments from the Badger Fund and completed formal offering documents:

Idea Fund of La Crosse
102 Jay Street, Suite 400
La Crosse, Wisconsin

Winnebago Seed Fund
124 W. Wisconsin Avenue, Suite 240F
Neenah, Wisconsin

101 Nob Hill Road, Suite 100
Madison, Wisconsin 53713
info@BadgerFundofFunds.com
www.BadgerFundofFunds.com

In summary, for the fiscal year ended June 30, 2016, the Badger Fund made significant progress in terms of fundraising and investment activity. Key events included the final closing of the Fund and the first fund commitments to new fund managers. The Badger Fund is proud of the progress to date and the quality of the initial fund managers to receive a commitment from the Fund. The Badger Fund team remains optimistic about the quality of the current and prospective fund managers as well as the potential impact of the Fund on the Wisconsin ecosystem. If you have any questions or wish to discuss any aspect of this report, please do not hesitate to contact either myself or Ken Johnson.

Best Regards,

Brian Birk

Brian Birk
President
Sun Mountain Kegonsa, LLC
Investment Manager for the Badger Fund of Funds

Kenneth U. Johnson
Partner
Sun Mountain Kegonsa, LLC
Investment Manager for the Badger Fund of Funds

101 Nob Hill Road, Suite 100
Madison, Wisconsin 53713
info@BadgerFundofFunds.com
www.BadgerFundofFunds.com

Badger Fund of Funds I, L.P.

(a Delaware limited partnership)

Audited Financial Statements

From June 3, 2015 (date of inception) to June 30, 2016

Tel: 608-831-8500
Fax: 608-831-8519
www.bdo.com

999 Fourier Drive, Suite 301
Madison, WI 53717

Independent Auditor's Report

To the General Partner
Badger Fund of Funds I, L.P.
Madison, Wisconsin

We have audited the accompanying financial statements of Badger Fund of Funds I, L.P., which comprise the statement of assets, liabilities and partners' capital as of June 30, 2016, and the related statements of operations, changes in partners' capital, and cash flows for the period from June 3, 2015 (date of inception) to June 30, 2016, and the related notes to the financial statements.

The General Partner's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Badger Fund of Funds I, L.P. as of June 30, 2016, and the results of its operations, the changes in its partners' capital and its cash flows for the period from June 3, 2015 (date of inception) to June 30, 2016, in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

October 26, 2016

Badger Fund of Funds I, L.P.
(A Delaware Limited Partnership)

Statement of Assets, Liabilities and Partners' Capital

June 30, 2016

Assets:

Cash	$	2,613
Line of credit issuance costs		26,332
Amortization - line of credit issuance costs		(17,651)
Net line of credit issuance costs		8,681
Total assets		11,294

Liabilities and Partners' Capital:

Liabilities

Line of credit (Note 6)		512,059
Due to Sun Mountain Capital, L.L.C.		168,893
Accrued expenses		21,706
Accrued interest payable		1,824
Total liabilities		704,482
Net deficit	$	(693,188)

Partners' Capital

Cumulative syndication costs	$	(106,892)
Cumulative investment performance:		
Net loss from investment operations		(586,296)
Total partners' capital	$	(693,188)

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

Badger Fund of Funds I, L.P.
(A Delaware Limited Partnership)

Statement of Operations

Period from June 3, 2015 (date of inception) to June 30, 2016

Investment operations:	
Income:	$ -
Total income	-
Expenses:	
Management fee	382,233
Professional fees	65,486
Organizational expenses	63,409
Due diligence and monitoring	41,134
Amortization of line of credit issuance costs	17,651
Line of credit interest expense	11,622
Insurance	4,761
Total expenses	586,296
Net loss from investment operations	(586,296)
Unrealized appreciation / (depreciation) of portfolio investments:	
Balance at beginning of period	-
Balance at end of period	-
Change in unrealized appreciation / (depreciation)	-
Net realized gain / (loss) on portfolio investments	-
Net decrease in partners' capital resulting from operations	$ (586,296)

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

Badger Fund of Funds I, L.P.
(A Delaware Limited Partnership)

Statement of Changes in Partners' Capital

Period from June 3, 2015 (date of inception) to June 30, 2016

	Limited Partners	General Partner	Total
Partners' capital at June 3, 2015	$ -	$ -	$ -
Capital contributions	-	-	-
Partner distributions	-	-	-
Syndication Costs	(105,407)	(1,485)	(106,892)
Management fees	(382,233)	-	(382,233)
Net decrease in partners' capital resulting from operations, excluding management fees	(201,229)	(2,834)	(204,063)
Partners' capital at June 30, 2016	$ (688,869)	$ (4,319)	$ (693,188)

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

Badger Fund of Funds I, L.P.
(A Delaware Limited Partnership)
Statement of Cash Flows

Period from June 3, 2015 (date of inception) to June 30, 2016

Cash flows used in operating activities:	
Net decrease in partners' capital resulting from operations	$ (586,296)
Line of credit issuance costs amortization	
Adjustments to reconcile net decrease in partners' capital from operations to net cash used in operating activities:	
Increase in due to Sun Mountain Capital, L.L.C.	168,893
Increase in accrued expenses	21,706
Increase in accrued interest	1,824
Net cash used in operating activities	(393,873)
Cash flows provided by financing activities:	
Line of credit draws	512,059
Syndication costs incurred	(106,892)
Line of credit issuance costs	(26,332)
Net cash provided by financing activities	378,835
Net increase in cash	(15,038)
Cash at beginning of the period	-
Cash at end of the period	$ (15,038)

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

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

Nature of Operations

Badger Fund of Funds I, L.P. (the "Partnership") is a Delaware limited partnership formed on April 27, 2015. The General Partner of the Partnership is Sun Mountain Kegonsa L.L.C. ("General Partner"). The primary purpose of the Partnership is to make Portfolio Investments in accordance with the Limited Partnership Agreement (the "Agreement") dated June 3, 2015, and Section 16.295 of the Wisconsin Statutes. Any capitalized terms used but not defined herein have the meanings assigned to them in the Agreement.

Each fiscal year of the Partnership will commence on July 1 and end on June 30, or in the case of the first and last fiscal years, a fraction thereof commencing on the Closing Date or ending on the date on which the Partnership is terminated. The Partnership will continue for ten years from the Closing Date or Subsequent Closing Date, unless extended or terminated earlier pursuant to the terms of the Agreement. The General Partner may extend the Partnership for up to two successive one year periods if prior notice of such extension is given to the Limited Partners.

Basis of Presentation

The Partnership has determined it is an investment company in accordance with *Financial Accounting Standards Board (FASB) ASC Topic 946, Financial Services – Investment Companies*. During the period ended June 30, 2016, the Partnership made no investments in Collective Investment Vehicles and as such, a Schedule of Investments is not presented within these financial statements.

These financial statements represent the financial position, results of operations, statement of changes in partners' capital and cash flows of the Partnership. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as detailed in the Financial Accounting Standards Board's Accounting Standards Codification.

Fair Value - Definition and Hierarchy

In accordance with ASC 820, Fair Value Measurement, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, a fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs are to be used when available. 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 Partnership. Unobservable inputs reflect the Partnership's assumptions 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 Partnership has the ability to access. Valuation adjustments are not applied to Level 1 investments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these investments 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.

1. Nature of operations and summary of significant accounting policies, continued:

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

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

Level 3 investments may include partnership interests and other privately issued securities. When observable prices are not available, the General Partner uses one or more valuation techniques for which sufficient and reliable data is available. The selection of appropriate valuation techniques may be affected by the availability of relevant inputs as well as the relative reliability of the inputs. In some cases, one valuation technique may provide the best indication of fair value while in other circumstances, multiple valuation techniques may be appropriate. The results of the application of the various techniques may not be equally representative of fair value, due to factors such as assumptions made in the valuation. In some situations, the General Partner may determine it appropriate to evaluate and weigh the results, as appropriate, to develop a range of possible values, with the fair value based on the General Partner's assessment of the most representative point within the range.

The General Partner will determine the valuations of the Partnership’s Level 3 investments quarterly. Assumptions used by the General Partner due to the lack of observable inputs may significantly impact the resulting fair value measurements and therefore, the Partnership’s results of operations.

Collective Investment Vehicles (CIV)

Accounting Standards Update (ASU) 2015-07, issued in May 2015, amended ASC 820 by eliminating the requirement to categorize within the fair value hierarchy for which fair value is measured using the net asset value per share practical expedient (the “NAV practical expedient”). Investments in CIV will be valued at their respective NAV practical expedient, utilizing the net asset valuations provided by the CIV, without adjustment, when the net asset valuations of the investments are calculated in a manner consistent with GAAP for investment companies. The Partnership will apply the practical expedient to its investments in the CIV on an investment-by-investment basis, and consistently with the Partnership’s entire position in a particular investment, unless it is probable that the Partnership will sell a portion of an investment at an amount different from the net asset valuation. If it is probable that the Partnership will sell an investment at an amount different from the net asset valuation or in other situations where the practical expedient is not available, the Partnership considers other factors in addition to the net asset valuation, such as features of the investment, including subscription and redemption rights, expected discounted cash flows, transactions in the secondary market, bids received from potential buyers, and overall market conditions in its determination of fair value.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Partnership’s management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

1. Nature of operations and summary of significant accounting policies, continued:

Income and Expense Recognition

Interest income is recognized on the accrual basis as earned. Expenses are accrued as incurred.

Income Taxes

The Partnership does not record a provision for U.S. federal, state, or local income taxes because the Partners report their share of the Partnership's income or loss on their income tax returns. In accordance with GAAP, the Partnership is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority, based on the technical merits of the position. The tax benefit or liability recognized is measured as the largest amount of benefit or liability that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant taxing authority. Based on its analysis, the Partnership has determined that it has not incurred any unrecognized tax benefits or liabilities as of June 30, 2016. The Partnership does not expect that its assessment regarding unrecognized tax benefits or liabilities will materially change over the next twelve months. However, the Partnership's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions, compliance with U.S. federal and state tax laws, and changes in the administrative practices and precedents of the relevant taxing authorities.

Realized Gains or Losses and Change in Net Unrealized Appreciation or Depreciation of Investments

Realized gains or losses on investments are measured by the difference between distributions and the cost basis of the investment using the specific identification method. Distributions received from CIV will be recorded as a reduction of such CIV's cost basis. Then, once the cost basis of the Partnership's investment in the CIV has been reduced to zero, all future proceeds received from the CIV will be recorded as a realized gain. As a result of the varying level of information disclosed to the Partnership by CIV regarding their distributions, the Partnership's cost basis as calculated for book purposes may differ from the Partnership's cost basis as calculated for tax purposes. Realized gain or loss on investments is included in partners' capital and is recorded without regard to unrealized appreciation or depreciation previously recognized. For the period from June 3, 2015 (date of inception) through June 30, 2016, the Partnership had no realized gains or losses on investments.

Change in net unrealized appreciation or depreciation of investments primarily reflects the change in portfolio investment values during the reporting period, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized. Unrealized appreciation or depreciation of investments is included in partners' capital.

Organization and Syndication Costs

Organizational costs are expenses attributable to the organization of the Partnership and the marketing and offering of interests therein, including without limitation any related legal and accounting fees and expenses, travel expenses and filing fees. Syndication costs are expenses attributable to the sale of interests and obtaining capital. Organizational costs are charged to expense when incurred and syndication costs are deducted from partners' capital.

2. Fair value measurements:

The Partnership's assets recorded at fair value have been categorized as described in the Partnership's significant accounting policies in Note 1. All investments of the Partnership are Level 3 investments or are not included in the fair value hierarchy because they are valued using the NAV practical expedient. Both observable and unobservable inputs may be used to determine the fair value of investments that the Partnership has classified within the Level 3 category. As a result, the unrealized gains and losses for the assets within the Level 3 category may include changes in fair value that were attributable to both observable and unobservable inputs. As of and for the period ended June 30, 2016, the Partnership had no Level 3 investments or investments using the NAV practical expedient. As of and for the period ended June 30, 2016, the Partnership had made commitments to two CIV for up to $9.0 million, which is subject to change and contingent upon each CIV's committed capital upon closing, expected in fiscal year 2017.

3. Concentration of credit risk:

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

4. Committed capital:

The total committed capital to the Partnership at June 30, 2016, is $36.0 million, none of which has been drawn. The Commitment Period ends June 3, 2017, as defined in the Agreement. The General Partner may call commitments to enable the Partnership to make investments committed by it, to pay fees and expenses, or provide reserves. No limited partner is required to fund an amount in excess of its uncalled commitment.

5. Allocations and Distribution of Profits and Losses:

Profits and losses will be allocated among the Partners in a manner such that, the Capital Account of each Partner, immediately after making such allocation, is as nearly as possible equal to the distributions that would be made if the Partnership were dissolved, its affairs wound up, its assets sold for cash equal to their Carrying Value, its liabilities were satisfied, and the net assets of the Partnership were distributed. With respect to distributions, they are made as follows: (1) 100% to the Limited Partners and General Partner until they have received distributions in an amount equal to their capital contributions to date, and (2) thereafter, 90% to the Limited Partners and 10% (the "Carried Interest") to the General Partner, subject to a clawback provision.

6. Bank Line of Credit

The Partnership has a $1,000,000 line of credit which is secured by all capital contributions, capital contribution proceeds, capital calls and all other proceeds and rights to payment from the Partners in the Partnership. Borrowings under this arrangement bear interest at the Wall Street Journal Prime Rate plus 0.50%. There is also an unused commitment facility fee of 0.15% paid on the difference between the line of credit and actual borrowings. As of June 30, 2016, the Partnership was paying interest of 4.00% on its outstanding borrowings. From June 3, 2015 (date of inception) to June 30, 2016, the average borrowings and interest rate on the outstanding borrowings under the line of credit were $419,022 and 3.96%, respectively. The June 30, 2016 balance of $512,059 was the maximum borrowing during this reporting period.

6. Bank Line of Credit, continued:

The Partnership capitalized $26,322 of issuance costs related to the line of credit as presented on the Statement of Assets, Liabilities and Partners' Capital. In accordance with guidance provided by the FASB's Emerging Issues Task Force, the Partnership is amortizing such issuance costs ratably over the term of the line of credit, which expires on October 28, 2016. For the period ended June 30, 2016, the accumulated amortization was $17,651.

7. Management Fee:

The General Partner entered into an agreement with Sun Mountain Capital, L.L.C. (SMC) to provide management and administrative services on behalf of the General Partner in connection with the Partnership. SMC provides management services to the Partnership for a fee that is due at the beginning of each quarter. For each quarter during the first four years of the Partnership (beginning June 3, 2015), the Management Fee is based on the capital commitment of the Limited Partners of the Partnership multiplied by 0.25%. Beginning on the fourth anniversary of the Partnership's existence, a Monitoring Charge will be paid to SMC quarterly in advance. Such Monitoring Charge is calculated based on the capital commitment of the Limited Partners of the Partnership multiplied by a percentage starting at 0.225% on the fourth anniversary and descending to 0.125% on the tenth anniversary, at which point the fee will remain at 0.125% through the dissolution of the Partnership. The Management Fee and Monitoring Charge for the Partnership's initial and final fiscal quarters, respectively, if less than a calendar quarter, is prorated based on the days the Partnership existed during that quarter to the number of days in the quarter. The management fee for the Partnership from June 3, 2015 (date of inception) through June 30, 2016 is $382,233 as disclosed in the Statement of Operations.

8. Related-Party Transactions:

SMC will periodically fund Partnership expenses, as provided for in the Agreement, and the Partnership reimburses SMC for such amounts. From June 3, 2015 (date of inception) to June 30, 2016, $19,532 was reimbursed to the SMC. Included in the Statement of Assets, Liabilities and Partners' Capital at June 30, 2016, is a payable to SMC in the amount of $168,893, which includes $92,959 representing unpaid management fees.

9. Indemnification:

The Agreement obligates the Partnership to indemnify the General Partner, the partners, managers, members and affiliates of the General Partner, the Tax Matters Partner and their agents for losses they incur in connection with the Partnership, its properties, business or affairs. This indemnity does not extend to any conduct which constitutes recklessness, willful misconduct or gross negligence as determined by a court of competent jurisdiction following the expiration of all appeals. 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 expects the risk of having to make any payments under these general business indemnifications to be remote.

10. Risks Associated with Certain Financial Investments:

Management of the Partnership seeks investment opportunities that offer the possibility of attaining substantial capital appreciation. Certain events particular to each industry in which the Partnership invests, as well as general economic and political conditions, may have a significant negative impact on the investee's operations and profitability. In addition, the Partnership is subject to changing regulatory and tax environments. Such events are beyond the Partnership's control, and the likelihood that they may occur cannot be predicted. The Partnership's ability to liquidate its investments and realize value is subject to significant limitations and uncertainties.

11. Financial Highlights

For the Partnership, the Internal Rate of Return since inception (IRR) for the Limited Partners, net of all fees and allocation of carried interest to the General Partner ($0 at June 30, 2016) cannot be computed as of June 30, 2016 since the limited partners of the Fund have not contributed capital as of the reporting date. Going forward, the IRR will be computed based on the actual dates of capital contributions and distributions, and the ending partners' capital at the end of the year (residual value) as of each measurement date.

Financial highlights for the period from inception through June 30, 2016 is shown below. Such ratios only reflect the non-managing interests (the limited partners). Further, individual partner ratios may differ from the ratios presented below due to the timing of cash flows.

Ratios to average partners' capital:	2016
Total expenses to average partners' capital	(113.2%)
Allocation of hypothetical carried interest to General Partner	0.0%
Total expenses and allocation of carried interest to the General Partner	(113.2%)
Net investment loss to average partners' capital	113.2%

The net loss from investment operations and expense ratios are calculated based on expenses and income taken as a whole and do not reflect the effects of any hypothetical carried interest allocation. Additionally, the net loss from investment operations and expense ratios do not reflect the Partnership's proportionate share of income and expenses of the underlying Portfolio Funds.

12. Subsequent Events

In August 2016, the Partnership issued its first capital call of $695,000.

In October 2016, the Partnership allowed the existing line of credit disclosed in Note 6 to mature, and concurrently entered into a new line of credit with a different bank. The new line of credit is for $1,000,000, bears interest at 3.5%, has an unused commitment facility fee of 0.10% and matures on November 1, 2017.

Subsequent events were evaluated by the Partnership through October 26, 2016, which is the date the Partnership's financial statements were available to be issued.