

Financial Statements of

SAPIC-98 MASTER FUND

December 31, 2012



SAPIC-98 MASTER FUND

Table of Contents

	Page
Independent Auditors' Report to the Shareholders	1
Condensed Schedule of Investments	2-3
Statement of Financial Position	4
Statement of Comprehensive Income	5
Statement of Changes in Net Assets Attributable to Participating Shareholders	6
Statement of Cash Flows	7
Notes to Financial Statements	8-24



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Independent Auditors' Report to the Shareholders

We have audited the accompanying financial statements of SAPIC-98 Master Fund (the "Company"), which comprise the statement of financial position and condensed schedule of investments, as at December 31, 2012, the statements of comprehensive income, changes in net assets attributable to participating shareholders and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and 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 our 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, we consider internal control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 present fairly, in all material respects, the financial position of the Company as at December 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

June 27, 2013

SAPIC-98 MASTER FUND

Condensed Schedule of Investments

December 31, 2012

(stated in United States dollars)

Description (% of net assets)	Fair value
Investments in investee funds (93.55%)	244,768,493
Investments in Premium Series PCC Cells (0.56%)	1,461,023
Total investments (94.11%) (cost \$225,287,004)	\$ 246,229,516

At December 31, 2012, the Company had no individual holdings whose fair value exceeds 5% of the Company's net asset value.

See accompanying notes to financial statements.

SAPIC-98 MASTER FUND

Condensed Schedule of Investments (continued)

December 31, 2011

(stated in United States dollars)

Description (% of net assets)	Fair value
Investments in investee funds (95.02%)	289,735,551
Investments in Custom and Premium Series PCC Cells (3.24%)	9,870,637
Total investments (98.26%) (cost \$291,958,084)	\$ 299,606,188

At December 31, 2011, the Company had no individual holdings whose fair value exceeds 5% of the Company's net asset value.

See accompanying notes to financial statements.

SAPIC-98 MASTER FUND

Statement of Financial Position

December 31, 2012

(stated in United States dollars)

	Note	2012	2011
Assets			
<i>Financial assets designated at fair value through profit or loss:</i>			
Investments, at fair value	3,10	246,229,516	299,606,188
<i>Loans and receivables:</i>			
Cash and cash equivalents		5,316,817	10,192
Receivable for investments sold		6,279,533	3,693,351
Participation and fixed fees receivable	6	187,794	416,596
Other assets		31,038	7,500
<i>Others:</i>			
Subscriptions paid in advance		11,000,000	5,000,000
		<u>269,044,698</u>	<u>308,733,827</u>
Liabilities			
<i>Financial liabilities measured at amortized cost:</i>			
Short term loan payable	8	6,750,000	3,100,000
Redemptions payable		324,390	–
Participation and fixed fees payable	6	187,794	416,596
Other liabilities	8	70,951	112,379
Administration fees payable	7	45,424	141,374
Payable for investments purchased		18,480	–
Subscriptions received in advance		–	42,572
		<u>7,397,039</u>	<u>3,812,921</u>
Net assets attributable to participating shareholders		<u>\$ 261,647,659</u>	<u>304,920,906</u>
Net assets per Participating Share, based on:			
1,116,947 (2011: 1,321,573) Investor Shares outstanding		\$ 232.21	221.55
9,183 (2011: 25,047) Sapic-98 Side Pocket Shares outstanding		\$ 135.55	246.14
4,473 (2011: 15,261) Sapic II Side Pocket Shares outstanding		\$ 116.30	240.47
3,813 (2011: 9,494) Sapic III Side Pocket Shares outstanding		\$ 135.17	241.14

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on June 27, 2013

WILLIAM WALMSLEY

Director

SAPIC-98 MASTER FUND

Statement of Comprehensive Income

Year ended December 31, 2012

(stated in United States dollars)

	Note	2012	2011
Investment income/(loss)			
<i>From financial assets designated at fair value through profit or loss:</i>			
Net realized (loss)/gain on sale of investments		(4,895,094)	14,057,166
Net change in unrealized gain/(loss) on investments		13,294,408	(27,272,629)
<i>Other investment income:</i>			
Participation and fixed fees	6	744,773	620,851
Other income		–	7,930
		9,144,087	(12,586,682)
Expenses			
Participation and fixed fees	6	744,773	620,851
Other expenses		252,670	124,989
Administration fees	7	222,795	193,177
Professional fees		37,011	54,668
Directors' fees		7,500	10,000
Custodian fees		–	29,760
		1,264,749	1,033,445
Net income/(loss) from operations before finance costs		7,879,338	(13,620,127)
Finance costs			
Interest expense	8	34,789	28,599
Change in net assets attributable to participating shareholders		\$ 7,844,549	(13,648,726)

See accompanying notes to financial statements.

SAPIC-98 MASTER FUND

Statement of Changes in Net Assets Attributable to Participating Shareholders

Year ended December 31, 2012

(stated in United States dollars)

	Share capital	Share premium	Retained earnings	Total
Balance at December 31, 2010	2,300	126,908,650	401,422,298	528,333,248
Issuance of Participating Shares	208	44,124,000	–	44,124,208
Redemption of Participating Shares	(1,137)	(171,032,650)	(82,854,037)	(253,887,824)
Change in net assets attributable to participating shareholders	–	–	(13,648,726)	(13,648,726)
Balance at December 31, 2011	1,371	–	304,919,535	304,920,906
Issuance of Participating Shares	112	21,239,888	–	21,240,000
Redemption of Participating Shares	(349)	(21,239,888)	(51,117,559)	(72,357,796)
Change in net assets attributable to participating shareholders	–	–	7,844,549	7,844,549
Balance at December 31, 2012	\$ 1,134	–	261,646,525	261,647,659

See accompanying notes to financial statements.

SAPIC-98 MASTER FUND

Statement of Cash Flows

Year ended December 31, 2012

(stated in United States dollars)

	2012	2011
Cash flows provided by/(applied in):		
Operating activities		
Change in net assets attributable to participating shareholders	7,844,549	(13,648,726)
Purchase of investments	(70,010,108)	(82,355,126)
Proceeds from sale of investments	131,786,094	263,544,527
Add/(deduct) items not involving cash:		
Net realized loss/(gain) on sale of investments	4,895,094	(14,057,166)
Net change in unrealized (gain)/loss on investments	(13,294,408)	27,272,629
Net changes in non-cash operating balances:		
Receivable for investments sold	(2,586,182)	(1,937,248)
Participation and fixed fees receivable	228,802	(255,307)
Other assets	(23,538)	6,531
Subscriptions paid in advance	(6,000,000)	19,000,000
Performance fees receivable	-	81,430
Participation and fixed fees payable	(228,802)	255,307
Other liabilities	(41,428)	58,071
Administration fees payable	(95,950)	115,918
Payable for investments purchased	18,480	-
Performance fees payable	-	(81,430)
Due to related party	-	(3,579)
	52,492,603	197,995,831
Financing activities		
Loan disbursements	17,150,000	31,750,000
Loan repayments	(13,500,000)	(28,650,000)
Proceeds from issuance of Participating Shares	21,197,428	44,166,780
Payments on redemption of Participating Shares	(72,033,406)	(249,137,824)
	(47,185,978)	(201,871,044)
Increase/(decrease) in cash and cash equivalents during year	5,306,625	(3,875,213)
Cash and cash equivalents at beginning of year	10,192	3,885,405
Cash and cash equivalents at end of year	\$ 5,316,817	10,192
Supplementary information on cash flows from operating activities:		
Interest paid	\$ (30,331)	(28,305)

See accompanying notes to financial statements.

SAPIC-98 MASTER FUND

Notes to Financial Statements

December 31, 2012

(stated in United States dollars)

1. Incorporation and Principal Activity

SAPIC-98 Master Fund (the “Company”) was incorporated as an exempted company with limited liability under the provisions of the Companies Law of the Cayman Islands on May 15, 1998 and was registered under the Mutual Funds Law of the Cayman Islands on September 7, 1999.

The objective of the Company is to deliver to its shareholders capital appreciation with moderate volatility through investment in a portfolio of funds diverse in underlying investment policies, asset classes and geographical focus.

Credit Suisse International (“CSi”) issued principally protected debt obligations with various maturity dates, the proceeds of which were used to purchase shares in certain Cayman Islands companies (the “Reference Funds”). The Reference Funds enable investors to take advantage of various levels of dividend payments, principal protection, leverage and hedging arrangements that allow subscriptions in currencies other than United States dollars.

The Company is organized as a master fund in a master feeder like structure with various Reference Funds in addition to SAPIC II Master Fund L.P. and SAPIC III Master Fund, which contribute all their assets to the Company.

Credit Suisse Asset Management, LLC (“CSAM” or the “Financial Adviser”) acts as the Company’s financial adviser.

Citco Fund Services (Cayman Islands) Limited (the “Administrator”) acts as the administrator to the Company.

The registered office of the Company is situated at Ugland House, P.O. Box 309, Grand Cayman, KY1-1104, Cayman Islands.

2. Significant Accounting Policies

The Company’s financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). The significant accounting policies outlined below have been consistently applied by the Company.

(a) Basis of preparation

The functional and presentation currency of the financial statements is the United States dollar and not the local currency of the Cayman Islands reflecting the fact that the participating shares of the Company are issued and redeemed in United States dollars and the Company’s operations are primarily conducted in United States dollars.

SAPIC-98 MASTER FUND

Notes to Financial Statements (continued)

December 31, 2012

(stated in United States dollars)

2. Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

These financial statements are prepared on a fair value basis for financial assets at fair value through profit or loss. Other financial and non-financial assets and liabilities are recorded in the statement of financial position at historical or amortized cost which is considered to be the approximate fair value due to the short-term or immediate nature of these assets and liabilities.

(b) Use of estimates

The preparation of financial statements in accordance with IFRS requires 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 income and expenses during the year. Actual results could differ from those estimates.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(c) Financial instruments

During 2006, the Company transferred its investment holdings to various separate cells of two protected cell companies, Custom Investments PCC Ltd. and Premium Series PCC Ltd. (collectively the "PCCs"), in exchange for interests in the respective cells. Each cell of the PCCs invests in a single underlying fund. From 2009, the Company strives to transfer its investments in a number of PCCs in exchange for their proportionate interest in their corresponding underlying investee funds.

The Company has designated its investments in the investee funds and PCCs into the financial assets at fair value through profit or loss category. The Company recognizes financial assets on the date it becomes a party to the contractual provisions of the instrument using trade date accounting. From this date, any gain or loss arising from changes in fair value of the financial assets are recorded.

Financial instruments are initially measured at fair value. Subsequent to initial recognition, all instruments classified as fair value through profit or loss are measured at fair value with changes in their fair value recognized in the statement of comprehensive income. The fair value of investments in the investee funds and PCCs are based on the unaudited net asset value ("NAV") per unit obtained from the PCCs' and investee funds' administrators, respectively.

SAPIC-98 MASTER FUND

Notes to Financial Statements (continued)

December 31, 2012

(stated in United States dollars)

2. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

During the period from January 1, 2013 to June 17, 2013, the Company entered into secondary market transactions for the purpose of selling part or all of certain investments in illiquid investee funds included in the Designated Investments balance as outlined in Note 10. Such transactions were executed at prices discounted from the NAV provided by the relevant investee funds' administrators by 42% to 59%. Accordingly, investments in investee funds worth \$1,228,987 were valued net of such discounts at December 31, 2012.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with International Accounting Standard ("IAS") 39, *Financial Instruments: Recognition and Measurement*. The Company uses the first-in first-out method to determine realized gain or loss on derecognition. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Subscriptions paid in advance relates to cash payments which have been transferred to the investee funds in advance of the trade date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets that are classified as loans and receivables include cash and cash equivalents, receivable for investments sold, participation and fixed fees receivable and other assets. Financial liabilities measured at amortized cost include subscriptions received in advance, other liabilities, administration fees payable, payable for investments purchased, short term loan payable, redemptions payable and participation and fixed fees payable.

(d) Translation of foreign currencies

Transactions in foreign currencies are translated to United States dollars at the foreign exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies at the date of the statement of financial position are translated to United States dollars at the foreign exchange rate ruling at that date. Realized and unrealized gain or loss arising from translation is included in the statement of comprehensive income.

(e) Cash and cash equivalents

Cash and cash equivalents include current accounts with maturities of three months or less held at Citco Banking Corporation N.V.

(f) Interest income and expense

Interest income and expense are accounted for an accruals basis.

SAPIC-98 MASTER FUND

Notes to Financial Statements (continued)

December 31, 2012

(stated in United States dollars)

2. Significant Accounting Policies (continued)

(g) Expenses

All expenses are recognized for on an accruals basis.

(h) Shareholder transactions

Cash payments, which have been transferred to or received from the shareholders in advance of the trade date, or pending from or payable to the shareholders as at year end are included as subscriptions received in advance or redemptions payable, as appropriate, in the statement of financial position.

(i) NAV per share

The NAV per share disclosed on the statement of financial position is calculated in accordance with the Articles of Association by dividing the net assets included in the statement of financial position by the number of Ordinary and Deferrable Shares (together, the "Investor Shares") and Side Pocket Shares outstanding at year end. The Subscriber Shares do not have a residual interest in the net assets of the Company and therefore do not affect the calculation of the Company's NAV per share.

(j) Taxation

There are no taxes on income or gains in the Cayman Islands and the Company has received an undertaking from the Governor in Cabinet of the Cayman Islands exempting it from local taxes on all future income, profits, gains and appreciations until 2018. Accordingly, no provision for income taxes is included in these financial statements.

(k) Comparative figures

Certain of prior year's comparative amounts have been reclassified to conform to the presentation format adopted in the current year.

(l) New standards and interpretations not adopted

Management has not yet determined the impact of adopting the following standards/amendments that may affect the Company.

IFRS 7, *Disclosures - Offsetting Financial Assets and Financial Liabilities* ("IFRS 7"). Issued in December 2011, this amended the required disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognized financial assets and recognized financial liabilities. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods.

SAPIC-98 MASTER FUND

Notes to Financial Statements (continued)

December 31, 2012

(stated in United States dollars)

2. Significant Accounting Policies (continued)

(l) New standards and interpretations not adopted (continued)

IFRS 9, *Financial Instruments* (“IFRS 9”) effective for annual periods beginning on or after January 1, 2015, specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. IFRS 9 improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged. IFRS 9 applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. If adopted, IFRS 9 is not expected to have a significant impact on the Company’s measurement basis, financial position or performance, as it is expected that the Company will continue to classify its financial assets and financial liabilities as being at fair value through profit or loss. IFRS 9 is permitted for early adoption but the Company does not intend to do so.

IFRS 10, *Consolidated Financial Statements* (“IFRS 10”) builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent Company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The standard is applicable for annual periods beginning on or after January 1, 2013, with early adoption permitted.

IFRS 12, *Disclosure of Interest in Other Entities* (“IFRS 12”). IFRS 12 sets out new disclosure requirements for all forms of interest in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is applicable for annual periods beginning on or after January 1, 2013, with early adoption permitted.

IFRS 13, *Fair Value Measurement* (“IFRS 13”) effective for annual periods beginning on or after January 1, 2013, improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. IFRS 13 is permitted for early adoption but the Company does not intend to do so.

Other standards and amendments which are effective for year under review or available for early adoption do not impact the Company and therefore, have not been adopted.

SAPIC-98 MASTER FUND

Notes to Financial Statements (continued)

December 31, 2012

(stated in United States dollars)

3. Fair Value Measurements

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes ‘observable’ requires significant judgment by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The Company also provides guidance on identifying circumstances that indicate a transaction with regards to such an asset or liability is not orderly. In its consideration, the Company considers inputs and valuation techniques used for each investee fund or PCC.

The following table analyzes within the fair value hierarchy, the Company’s financial assets measured at fair value at December 31, 2012 and 2011:

	2012	2011
	Level 3	Level 3
Investments	246,229,516	299,606,188
Total	\$ 246,229,516	299,606,188

SAPIC-98 MASTER FUND

Notes to Financial Statements (continued)

December 31, 2012

(stated in United States dollars)

3. Fair Value Measurements (continued)

The following table presents the movement in Level 3 instruments for the year ended December 31, 2012 and 2011:

2012	Investments
Balance at December 31, 2011	299,606,188
Purchases of investments	70,010,108
Sales of investments	(131,786,094)
Net realized loss	(4,895,094)
Net change in unrealized gain	13,294,408
Total	\$ 246,229,516

2011	Investments
Balance at December 31, 2010	494,011,052
Purchases of investments	82,355,126
Sales of investments	(263,544,527)
Net realized gain	14,057,166
Net change in unrealized loss	(27,272,629)
Total	\$ 299,606,188

Net realized loss or gain on sale of investments and net change in unrealized gain or loss on investments are included in the related amounts in the statement of comprehensive income, as appropriate. There were no movements across the three levels during the years ended December 31, 2012 and 2011.

4. Share Capital

	2012	2011
Authorized:		
50,000,000 Ordinary Shares at \$0.001 each	50,000	50,000
50,000,000 Deferrable Shares at \$0.001 each	50,000	50,000
	\$ 100,000	100,000

SAPIC-98 MASTER FUND

Notes to Financial Statements (continued)

December 31, 2012

(stated in United States dollars)

4. Share Capital (continued)

The movements in the number of shares issued and fully paid are as follows:

	2012	2011
Subscriber shares	2	2
Investor shares:		
<i>Ordinary shares</i>		
Balance at beginning of year	1,169,544	2,104,900
Issued during year	92,867	177,797
Redeemed during year	(299,591)	(1,124,292)
Transfer from Side Pocket Shares	19,557	11,139
	982,377	1,169,544
<i>Deferrable Shares</i>		
Balance at beginning of year	152,029	135,958
Issued during year	–	18,236
Redeemed during year	(17,459)	(2,639)
Transfer from Side Pocket Shares	–	474
	134,570	152,029
Total Investor Shares	1,116,947	1,321,573
	2012	2011
Sapic 98 Side Pocket Shares:		
<i>Ordinary shares</i>		
Balance at beginning of year	22,632	26,540
Redeemed during the year	(105)	–
Transfer to Investor Shares - Ordinary Shares	(14,334)	(3,908)
	8,193	22,632
<i>Deferrable Shares</i>		
Balance at beginning of year	2,415	2,832
Redeemed during year	(1,425)	(417)
	990	2,415
Total Sapic 98 Side Pocket Shares	9,183	25,047

SAPIC-98 MASTER FUND

Notes to Financial Statements (continued)

December 31, 2012

(stated in United States dollars)

4. Share Capital (continued)

	2012	2011
Sapic II Side Pocket Shares:		
Balance at beginning of year	15,261	18,900
Transfer to Investor Shares - Ordinary Shares	(10,788)	(3,639)
Total Sapic II Side Pocket Shares	4,473	15,261
Sapic III Side Pocket Shares:		
Balance at beginning of year	9,494	11,938
Redeemed during the year	(2,148)	—
Transfer to Investor Shares - Ordinary Shares	(3,533)	(2,444)
Total Sapic III Side Pocket Shares	3,813	9,494

The rights and restrictions attaching to the shares are as follows:

Subscriber Shares

Two Ordinary Shares have been issued to the initial subscribers to the Memorandum and Articles of Association of the Company and are defined as Subscriber Shares. Subscriber Shares are voting, non-participating shares which have been issued and are held by Credit Suisse AG, Cayman Islands Branch (the "Trustee") in trust for certain qualified charities.

Investor Shares

Ordinary Shares are voting, participating shares, which are held by the various Reference Funds, CSi and companies related to CSi by virtue of common control. Ordinary Shares issued by the Company carry no pre-emption rights and are issued at a price equal to the NAV per Ordinary Share on the valuation date immediately preceding the issue date. Ordinary Shares may be redeemed at their nominal value plus a premium, approximating the NAV per Ordinary Share on the valuation date immediately preceding the redemption date.

Deferrable Shares have the same rights as the Ordinary Shares described above except that the redemption rights of Deferrable Shares are subordinate to those of the Ordinary Shares. Therefore, on any redemption date, no Deferrable Shares submitted for redemption will be redeemed (in whole or in part) until all redemption requests relating to Ordinary Shares submitted are redeemed in full regardless of whether the Ordinary Shares are already submitted at the time the Deferrable Shares are submitted for redemption or submitted subsequently to the Deferrable Shares being submitted for redemption.

SAPIC-98 MASTER FUND

Notes to Financial Statements (continued)

December 31, 2012

(stated in United States dollars)

4. Share Capital (continued)

Investor Shares (continued)

In liquidation, the assets available for distribution to the shareholders after the satisfaction of all creditors' claims will be applied in the following priority:

- i) First, in the payment to the shareholders of sums up to the nominal amounts paid thereon and, in addition, in payment to the holder of the Subscriber Shares of the sum of \$1,000.
- ii) Second, in the payment to the holders of the Ordinary Shares and Deferrable Shares of any balance then remaining, such payment being made in proportion to the number of Ordinary Shares or Deferrable Shares held.

Side Pocket Shares

The directors of the Company approved the issuance of Side Pocket Shares to represent existing shareholders' interests, as of November 30, 2008, in certain investments which were deemed to be illiquid or the value of which is not readily and/or reliably ascertainable (the "Designated Investments"). Gain or loss attributable to the Designated Investments are separately calculated and attributed amongst the holders of the Side Pocket Shares.

A side pocket is a type of account used to separate illiquid assets from other more liquid investments and once an investment enters a side pocket account, only the participating shareholders in the Company at such time will be entitled to a share of it. Redeeming shareholders will still receive a share of the side pocket's value when the side pocket investments are realized.

Side Pocket Shares may be converted or exchanged into Investor Shares upon liquidation of a Designated Investment, or upon the directors making a determination that the relevant investment no longer qualifies as a Designated Investment. With respect to Side Pocket Shares, in the event that a participating shareholder requests to redeem all or part of its Side Pocket Shares prior to disposition of the Designated Investment, instead of receiving a cash redemption payment, the participating shareholder at the discretion of CSAM, will maintain an interest in the class until the designated investments are disposed of.

5. Share Premium

Share premium represents the excess of the issue price of the Investor Shares issued over their nominal or par value. Any premium payable on participating shares redemptions will be made out of the share premium account or retained earnings.

SAPIC-98 MASTER FUND

Notes to Financial Statements (continued)

December 31, 2012

(stated in United States dollars)

6. Performance, Fixed and Participation Fees

Under various agreements between the Company and the Reference Funds, the Reference Funds have agreed to pay the following fees to the Company which, in turn, pays such fees to CSAM:

- i) fixed fees in United States dollars ranging from 0.30% to 1.75% per annum of the United States dollar value of the Reference Funds' investment balances, less fixed deposits, and
- ii) performance fees in United States dollars equal to 10% of any new high net profit in excess of an identified hurdle amount as defined in the agreements, after deduction of the fixed fees.

7. Administration Fees

The Administrator performs various administrative services including operational aspects of shares issue, redemption services and calculation of the Company's NAV and the NAV per share on a monthly basis.

The Company pays the Administrator an annual fee calculated on a monthly basis as a percentage of the Company's NAV. The administration fee accrues and is payable monthly in arrears.

8. Liquidity Facility

On October 11, 2011, the Company entered into a loan facility agreement with CSi. Borrowing under the arrangements with CSi is subject to a maximum of \$45,000,000 and bear interest equal to the LIBOR plus 1.6% per annum. During the year ended December 31, 2012, \$17,150,000 (2011: \$31,750,000) was drawn down. At December 31, 2012, there was an outstanding loan balance of \$6,750,000 (2011: \$3,100,000). During the year ended December 31, 2012, the Company incurred interest expense on the loan facility of \$34,789 (2011: \$28,599), with \$4,752 (2011: \$294) being payable at year end (included in other liabilities).

9. Related Parties

CSAM is a related party by virtue of its ability to exercise significant influence as the Financial Adviser to the Company. As at December 31, 2012, CSAM and companies related to CSAM via common control, held 161,051 (2011: 160,091) Ordinary Shares and 4,230 (2011: 12,603) Side Pocket Shares in the Company.

The Company's investments in PCCs disclosed in the condensed schedule of investments and discussed in Note 2(c), are managed by Credit Suisse (Guernsey) Limited and affiliates, related parties to the Company by virtue of common control.

SAPIC-98 MASTER FUND

Notes to Financial Statements (continued)

December 31, 2012

(stated in United States dollars)

10. Risk Management Disclosures

The Company's investing activities expose it to a variety of financial risks: market risk (which includes other price risk, currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates or equity and commodity prices will affect the positions held by the Company making them less valuable or more onerous. The Company's activities expose it to financial market fluctuations.

Although the strategy of the Company is to diversify its investments with various investment managers, it is possible that the investment activity of such investment managers may result in the Company being exposed to significant concentration of investments in markets and/or individual investments which may be both volatile and illiquid.

Certain of the investments that the Company makes are also subject to specific restrictions on transferability and disposal. Consequently, risks exist that the Company may not be able to readily dispose of its holdings in such investments when it chooses and also that the price attained on disposal is below the amount at which such investments are included in the Company's statement of financial position.

All investments present a risk of capital loss. The Company moderates this risk through a careful selection of investments within specified limits. The maximum risk resulting from financial instruments is reflected by the fair value of the financial instruments. CSAM provides the Company with investment recommendations that are consistent with the Company's objectives, and monitors the Company's overall investment positions on a monthly basis.

Market risk included other price risk, currency risk and interest rate risk.

Other price risk

Other price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to a particular instrument, its issuer or all factors affecting all instruments traded in the market.

With respect to investments, market prices are determined by the aggregate value of the securities held by the cells and investee funds which may involve substantial risks as a result of trading by the underlying portfolio funds of equity securities and derivative instruments, including securities denominated in different currencies. The markets for some securities and derivatives have limited liquidity and depth and may include restrictions on convertibility of currencies. This could limit realization of quoted prices and execution of orders at desired prices.

SAPIC-98 MASTER FUND

Notes to Financial Statements (continued)

December 31, 2012

(stated in United States dollars)

10. Risk Management Disclosures (continued)

Market risk (continued)

Other price risk (continued)

As such, the Company's investments are susceptible to other price risk arising from uncertainties about future prices of the instruments. The Company's other price risk is managed in response to changing market conditions through regular reviews of category selection, allocation strategies and investee fund selections. CSAM considers the Company's exposure to risk directly related to the managers of the underlying investee funds and their respective strategies. The investment portfolio of the Company is 100% invested in unlisted equity.

At December 31, 2012, the value of Designated Investments was \$2,367,180 (2011: \$12,137,176). These Designated Investments are valued by the directors in good faith based on information available from the underlying investee fund administrators. However, because of the inherent uncertainty of such valuation, these values may differ significantly from those that would have been used had a ready market for these Designated Investments existed and such differences could be material.

A 1% increase in market prices at December 31, 2012 would have increased the net assets attributable to participating shareholders and the change in net assets attributable to participating shareholders by \$2,462,295 (2011: \$2,996,062). A decrease of 1% would have resulted in an equal but opposite effect.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Although the Company's investments are United States dollar denominated, the Company does indirectly bear currency risk on underlying investee funds. The Company's exposure to currency risk on investment positions are monitored on a monthly basis by CSAM.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Although the Company's investments are non-interest bearing, the Company does indirectly bear interest rate risk depending on such exposures at the investee funds level. The value of any debt securities held by the investee funds, the PCCs' underlying portfolio funds and the cash and cash equivalents of the Company are subject to interest rate risk as a result of fluctuations in market interest rates. The Company's indirect exposure to interest rate risk on investment positions are monitored on a monthly basis by CSAM.

SAPIC-98 MASTER FUND

Notes to Financial Statements (continued)

December 31, 2012

(stated in United States dollars)

10. Risk Management Disclosures (continued)

Market risk (continued)

Interest rate risk (continued)

A percentage of the financial assets of the Company consist of cash and cash equivalents and, therefore, fluctuations in interest rate may be reflected in the returns on these balances.

The Company's total exposure to interest rate risk at December 31, 2012 and 2011 is considered insignificant and thus, fluctuations in interest rates would not have a significant impact on the Company's net assets and change in net assets attributable to participating shareholders.

Credit risk

Credit risk is the risk of counterparty default. Credit risk is generally higher when a non-exchange traded financial instrument is involved because the counterparty for the non-exchange traded financial instrument is not backed by an exchange clearing house. The Company's activities may give rise to risk at the time of settlement transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

Financial assets which potentially expose the Company to credit risk consist principally of cash and cash equivalents, due from related party and investments. The Company's cash and cash equivalents are placed with an entity affiliated with the Administrator. Any debt securities or derivative instruments held by the investee funds and the PCCs' underlying portfolio funds are also subject to the risk of counterparty default.

Management does not expect any counterparties to fail to meet their obligations. CSAM manages the credit risk by regularly monitoring the credit worthiness of the relevant counterparties. The maximum exposure to credit risk is represented by the carrying amount of each financial instrument in the statement of financial position. CSAM also analyzes credit concentrations based on geographic locations of the financial assets that the Company holds.

As of December 31, 2012 and 2011, the Company's assets subject to credit risk were concentrated in the following geographic regions:

	2012	2011
Multiple regions	83.0%	83.4%
Europe	17.0%	14.6%
Latin America	0.0%	2.0%
Total	100.0%	100.0%

Other than outlined above, there were no other significant concentrations of risk to counterparties at December 31, 2012 and 2011.

SAPIC-98 MASTER FUND

Notes to Financial Statements (continued)

December 31, 2012

(stated in United States dollars)

10. Risk Management Disclosures (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its commitments, liquidity requirements and obligations associated with financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Company. Liquidity risk may result from the inability to sell investments quickly at an amount close to fair value, particularly for the Designated Investments. The liquidity risk involved with such Designated Investments is dependent on the redemption policies of the underlying funds which may be or become illiquid and the realization of investments from them may take a considerable time and/or be costly.

The Company's investments in such underlying funds may not be readily realizable and their marketability may be restricted, in particular because the underlying funds may have restrictions that allow redemptions only at specific infrequent dates with considerable notice periods, applicable lock ups and/or redemption fees. The Company's ability to withdraw monies from or invest monies in underlying funds with such restrictions will be limited and such restrictions will limit the Company's flexibility to reallocate such assets from underlying funds.

With respect to Side Pocket Shares, in the event that a participating shareholder requests to redeem all or part of its Side Pocket Shares prior to the disposition of the underlying assets, instead of receiving a cash redemption payment, the participating shareholder at the discretion of CSAM, will maintain its interest in the class until the underlying investments are disposed.

CSAM aims to maintain a portion of the Company's assets in cash and cash equivalents in order to meet anticipated redemptions. Arrangements are made with the participating shareholders to be kept informed of expected redemption requests so that the liquidity of the Company may be managed at its optimum level. All of the Company's liabilities as at December 31, 2012, have contractual, undiscounted residual maturities of three months or less.

SAPIC-98 MASTER FUND

Notes to Financial Statements (continued)

December 31, 2012

(stated in United States dollars)

10. Risk Management Disclosures (continued)

Liquidity risk (continued)

The Company held Designated Investments detailed below as of December 31, 2012:

Description (% of net assets)	Units	Fair value
Drake Global Opportunities Fund Ltd. (0.01%)		
Class D Series 1 ^(b)	77	31,250
Class D Series 10/07 ^(b)	2	630
Premium Series PPC Ltd Cell C235 (0.01%)		
(Amaranth International Limited) ^(b)	145	21,178
Premium Series PPC Ltd Cell C254 SP01 (0.25%)		
(Perry Partners International Inc.) ^(c)	12,405	662,707
Premium Series PPC Ltd Cell C352 SP01 (0.12%)		
(Owl Creek Overseas Fund Ltd.) ^(c)	33,661	315,743
Shepherd Investments International Inc. (0.13%)		
Class S Series SA01 ^(c)	14	9,056
Class S Series SA02 ^(c)	143	21,511
Class S Series SA03 ^(c)	406	82,847
Class S Series SA06 ^(c)	42	45,336
Class S Series SA09 ^(c)	195	166,381
Class S Series SA10 ^(c)	3,232	145
Class S Series SA12 ^(c)	31,704	1,432
Class Shepard Investment Holding ^(c)	–	19,694
Tudor BVI Global Fund Ltd. Legacy Class (0.32%)		
(Tudor BVI Global Fund Ltd.) ^(a)	1,125	850,020
Silverpoint Capital Offshore Fund Ltd. (0.05%) ^(c)		139,250
Total		\$ 2,367,180

The Designated Investments were included in a side pocket for various reasons as shown below:

- ^(a) Suspension or restrictions of redemptions by the underlying portfolio funds.
- ^(b) The underlying portfolio funds are liquidating or winding down.
- ^(c) A portion of investments has been placed in a side pocket class or series by the underlying portfolio funds.

SAPIC-98 MASTER FUND

Notes to Financial Statements (continued)

December 31, 2012

(stated in United States dollars)

10. Risk Management Disclosures (continued)

Liquidity risk (continued)

The Company held Designated Investments detailed below as of December 31, 2011:

Description (% of net assets)	Units	Fair value
Drake Global Opportunities Fund Ltd. (0.06%)		
Class D Series 1 ^(b)	212	196,564
Class D Series 10/07 ^(b)	6	3,913
Lily Pond Currency Plus Fund Ltd. (0.01%)		
Class R ^(c)	222	44,383
Premium Series PPC Ltd Cell C235 (2.08%)		
(Amaranth International Limited) ^(b)	17,508	6,350,494
Premium Series PPC Ltd Cell C254 SP01 (0.65%)		
(Perry Partners International Inc.) ^(c)	24,657	1,977,152
Premium Series PPC Ltd Cell C352 SP01 (0.18%)		
(Owl Creek Overseas Fund Ltd.) ^(c)	33,661	551,103
Shepherd Investments International Inc. (0.21%)		
Class S Series SA01 ^(c)	12	19,194
Class S Series SA02 ^(c)	283	75,090
Class S Series SA03 ^(c)	406	135,357
Class S Series SA06 ^(c)	57	75,699
Class S Series SA07 ^(c)	87,834	2,275
Class S Series SA09 ^(c)	186	277,290
Class S Series SA10 ^(c)	3,232	418
Class S Series SA12 ^(c)	31,704	2,501
Class Shepard Investment Holding ^(c)	–	93,353
Tudor BVI Global Fund Ltd. Legacy Class (0.72%)		
(Tudor BVI Global Fund Ltd.) ^(a)	1,742	2,182,635
Silverpoint Capital Offshore Fund Ltd. (0.05%) ^(c)		140,440
Oz European Overseas Fund Ltd. (0.00%) ^(c)		9,315
Total		\$ 12,137,176

The Designated Investments were included in a side pocket for various reasons as shown below:

- (a) Suspension or restrictions of redemptions by the underlying portfolio funds.
- (b) The underlying portfolio funds are liquidating or winding down.
- (c) A portion of investments has been placed in a side pocket class or series by the underlying portfolio funds.

11. Subsequent Events

During the period from January 1, 2013 to May 31, 2013, the Company recorded additional capital subscriptions of \$29,978,468 and capital redemptions of \$53,923,642.