

## **EXAMPLES OF VALUATION METHODOLOGY PROVISIONS**

Set forth below are six different examples of valuation methodology provisions.

### **EXAMPLE ONE**

All assets, other than marketable securities, shall be priced by at least three external independent pricing sources, including, without limitation, broker/dealer quotes, arms-length independent third party quotes or external independent pricing sources as determined [by the Counterparty][the mutual agreement of the Counterparty and Cascade]. Marketable securities shall mean securities that are (i) tradable on an established U.S. national or non-U.S. securities exchange, or reported through Nasdaq or a comparable established non-U.S. over-the-counter trading system, in each case that are not subject to restrictions on transfer under the Securities Act or other similar applicable laws or subject to contractual restrictions on transfer. Marketable securities that are primarily traded on a securities exchange shall be valued at the closing sale price on the principal securities exchange on which they are traded on the date of determination, or, if no sales occurred on such date, the mean between the closing "bid" and "asked" prices on such date. With respect to all other investments, or in the case where a value is not available from a third-party source, the value will be established by mutual agreement of the parties acting in good faith and considering all factors, information and data deemed to be pertinent, including, but not limited to, unusual or limited trading volume, private market transactions, market comparables and liquidity factors.

### **EXAMPLE TWO**

Futures and option contracts traded on exchanges are valued at their settlement prices on the day as of which the value is being determined; provided, however, that, if a futures or option contract could not be liquidated on such day due to the operation of daily price fluctuation limits or other rules of the exchange on which such contract is traded or otherwise, the settlement price on the first subsequent day on which such contract could be liquidated will be the value of such contract for such day.

Foreign exchange spot and forward contracts and options, off-exchange option contracts, interest rate and credit default swaps, and swaptions are valued in good faith [by the Counterparty] [by the mutual agreement of Cascade and the Counterparty] based on pricing models [developed by the Counterparty] [by the mutual agreement of Cascade and the Counterparty] or broker quotations.

Commodity forward contracts and commodity and equity swaps are valued based on the settlement prices of the underlying instruments (in accordance with

the valuation methods above). In the absence of a Settlement Price, valuations are determined using broker quotations.

Equity securities traded on exchanges or included in the NASDAQ Stock Market are valued at their last sale prices reported on the day as of which the value is being determined, or if a security did not trade on such day, the last sale price on the next preceding day on which a sale price was reported. Over-the-counter securities for which last sale prices are not reported through the NASDAQ Stock Market generally are valued at their last sale prices reported on the day as of which the value is being determined unless such securities have been determined by [the Counterparty] [the mutual agreement of the Counterparty and Cascade] to be illiquid, in which case such securities are valued at their last reported bid prices if held long and their last reported asked prices if sold short.

Options on equity securities traded on exchanges are valued at their last reported mid-price on the day as of which the value is being determined. Over-the-counter options that are not traded on an exchange are valued in good faith by [the Counterparty][the mutual agreement of the Counterparty and Cascade] based on pricing models developed by [the Counterparty][the mutual agreement of the Counterparty and Cascade] that consider the time value of money, volatility, and the current market and contractual prices of the underlying financial instruments.

Fixed income securities are valued using prices published by independent vendors, which in turn utilize prices supplied by brokers. High-Yield and distressed debt is valued using broker quotations and independent pricing services, if available.

Investments in other investment companies are valued at the net asset values reported by such investment companies.

In the absence of quoted values or when quoted values are deemed by [the Counterparty] [the mutual agreement of the Counterparty and Cascade] not to be representative of market values for positions, such positions are recorded at fair value in accordance with guidelines approved by the [the Counterparty] in consultation with Cascade's independent public accountants, and any unrealized appreciation or depreciation generally is included in such values. Securities that have transfer restrictions generally are valued at a discount as determined by [the Counterparty] [the mutual agreement of the Counterparty and Cascade], to reflect restricted marketability. Securities and other investments for which quoted values are not available generally are valued at cost unless circumstances indicate that a different valuation is warranted, as determined by [the Counterparty] [the mutual agreement of the Counterparty and Cascade].

### EXAMPLE THREE

(a) The market value of positions in securities shall be as follows: securities that are listed on a stock exchange and are freely transferable shall be valued at their last sales price on the date of determination on the stock exchange which is the principal exchange for such securities, or, if no sales occurred on such day, at the "bid" price on such exchange at the close of business on such day if held long and at the "asked" price at the close of business on such day if sold short. Securities traded over the counter which are freely transferable shall be valued at the last sales price on the date of determination, or, if no sales occurred on such day, at the "bid" price at the close of business on such day if held long and at the "asked" price at the close of business on such day if sold short. Notwithstanding the foregoing, if it is reasonably determined by [the Counterparty] [the mutual agreement of the Counterparty and Cascade] that the listed price for any security does not accurately reflect the value of such security, such security may be valued by [the Counterparty] [the mutual agreement of the Counterparty and Cascade] at a price which is greater or less than the quoted market price for such security.

(b) The market value of a commodity future, forward or similar contract or any option on any such instrument traded on an exchange shall be the most recent available closing quotation on such exchange; provided, that if it is determined by [the Counterparty] [the mutual agreement of the Counterparty and Cascade] that such closing price does not accurately reflect market value due to price limit constraints, such contract or option shall be valued at fair market value as determined by the General Partner.

(c) In valuing investments in investment entities, values shall be based on the last unaudited or audited financial statement or performance report of any such investment entity, unless it is reasonably determined by [the Counterparty] [the mutual agreement of the Counterparty and Cascade] that some other valuation is more appropriate.

(d) All other assets and liabilities shall be valued in the manner determined by [the Counterparty] [the mutual agreement of the Counterparty and Cascade].

#### EXAMPLE FOUR

Investments shall be valued as follows: (i) securities (other than options) that are listed on a national securities exchange and are freely transferable shall be valued at their official listed closing price on the principal exchange on which such securities are listed, and options that are listed on a national securities exchange shall be valued at their official listed closing price on the principal exchange on which such options are traded; provided, however, that if the trading of any such securities is suspended at the date of determination, then the securities shall be valued at the last available price on the principal exchange on which such securities are listed prior to suspension; (ii) securities traded over-the-counter that are freely transferable shall be valued at the mean of the closing "bid" price and closing "ask" price as reported by NASDAQ or, if not quoted on such system, by one of the principal market makers in such security; (iii) futures, options on futures and other commodity interests traded on a commodity exchange shall be valued at the settlement price on the commodity exchange on which the particular commodity interest is traded by the Portfolio; and (iv) forward, spot and swap contracts, other off-exchange instruments, derivative instruments or commodity interests traded on a foreign exchange or any other investment not set forth above shall be valued by the [the Counterparty] [the mutual agreement of the Counterparty and Cascade] on a basis consistently applied. Notwithstanding the foregoing, if the security to be valued constitutes a block that, in the determination by [the Counterparty] [the mutual agreement of the Counterparty and Cascade], could not be liquidated in a reasonable time without depressing the market, such block shall then be valued by [the Counterparty][the mutual agreement of the Counterparty and Cascade], but not at a unit value in excess of the quoted market price for the security. In special circumstances upon a determination by [the Counterparty][the mutual agreement of the Counterparty and Cascade] that market prices or quotations do not fairly represent the value of particular securities or if no quotation exists, a value shall be assigned to such securities which differs from the market prices or quotations as determined in good faith by [the Counterparty] [the mutual agreement of the Counterparty and Cascade]. Except as provided above, all other assets (including options not listed on any national exchanges or traded over-the-counter) shall be valued in the manner determined by [the Counterparty] [the mutual agreement of the Counterparty and Cascade].

## EXAMPLE FIVE

Investments shall be valued as follows: (i) futures, options on futures and other commodity interests traded on a commodity exchange shall be valued at the settlement price on the commodity exchange on which the particular commodity interest is traded by the Portfolio on the close of the day with respect to which the value is being determined; provided that if a commodity interest could not be liquidated on such day due to the operation of daily limits or other rules of the commodity exchange upon which that interest is traded or otherwise, the settlement price on the first subsequent day on which the contract could be liquidated shall be the market value of such contract for such day; (ii) forward, spot and swap contracts, other off-exchange instruments, derivative instruments or commodity interests traded on a foreign exchange or any other investment not set forth above shall be valued by [the Counterparty] [the mutual agreement of the Counterparty and Cascade] on a basis consistently applied; (iii) securities (other than options) that are listed on a national securities exchange and are freely transferable shall be valued at their last sales price on the principal exchange on which such securities are listed, and options that are listed on a national securities exchange shall be valued at their last sales price on the principal exchange on which such options are traded; provided, however, that if the trading of any such securities is suspended at the date of determination, then the securities shall be valued at their last sales price on the first subsequent day on which trading is resumed on the principal exchange on which such securities are listed; (iv) securities (including options) traded over-the-counter that are freely transferable shall be valued, in the case of "long" positions, at their last "bid" price and, in the case of "short" positions, at their last "asked" price as reported by the NASD, Inc. Automatic Quotation System or if not quoted on such system, by one of the principal market makers in such security selected by [the Counterparty] [the mutual agreement of the Counterparty and Cascade]. In special circumstances in which it is determined by [the Counterparty] [the mutual agreement of the Counterparty and Cascade] that market prices or quotations do not fairly represent the value of particular securities or if no quotation exists, a value may be assigned to such securities which differs from the market prices or quotations as determined in good faith by [the Counterparty] [the mutual agreement of the Counterparty and Cascade]. Except as provided above, all other assets (including options not listed on any national securities exchange or traded over-the-counter) shall be valued in the manner determined by [the Counterparty] [the mutual agreement of the Counterparty and Cascade].

## **EXAMPLE SIX**

Investments that are listed on a securities exchange or traded on NASDAQ are valued at the last reported sales price on the date of determination. Investments listed on a securities exchange or traded on the NASDAQ for which there was no last reported sales price on the date of determination are valued at the mean of the closing bid and closing ask prices.

Any investment in the form of an exchange-listed option is valued at its last reported sales price if it falls between the closing bid and closing ask prices. If the last reported sales price is below the closing bid price, the option is valued at the closing bid price. If the last reported sales price is greater than the closing ask price, the option is valued at the closing ask price. If a last reported sales price is not available, the option is valued at the mean of the closing bid and closing ask prices.

Other investments, including over-the-counter ("OTC") or privately negotiated instruments such as corporate bonds, bank debt, mortgage-backed securities, collateralized debt obligations, trade or similar claims ("trade claims"), credit default swaps, other OTC derivative contracts, and certain common and preferred stock positions, are valued at their estimated fair value as determined in good faith by [the Counterparty] [the mutual agreement of the Counterparty and Cascade] after consideration of various factors deemed appropriate, which may include one or more representative quotes (if available) from independent third-party sources.