

**INFINITE ALPHA FUND, L.P.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

# INFINITE ALPHA FUND, L.P.

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## INDEPENDENT AUDITORS' REPORT

To the Partners of  
Infinite Alpha Fund, L.P.

We have audited the accompanying financial statements of Infinite Alpha Fund, L.P. (the "Partnership"), which comprise the statement of financial condition, including the condensed schedule of investments, as of December 31, 2016, and the related statements of operations, changes in partners' capital and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management 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.

### *Auditors' 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 auditors' 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 Partnership'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 Partnership'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 opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Infinite Alpha Fund, L.P. as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Greenwood Village, Colorado  
April 12, 2017

**INFINITE ALPHA FUND, L.P.**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2016**

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**ASSETS**

INVESTMENTS, in securities, at fair value (cost of \$4,226,770)	\$	3,934,369
INVESTMENTS, in loans, at fair value (cost of \$97,904)		97,904
INVESTMENTS, in partnership, at cost (cost of \$807,856)		807,856
CASH AND CASH EQUIVALENTS AT BROKER (Note 4)		5,378,981
CASH AND CASH EQUIVALENTS		110,454
CASH AT LENDING CLUB (Note 4)		5,776
DIVIDENDS AND INTEREST RECEIVABLE		29,494
OTHER ASSETS		5,301
		5,301
	\$	<b>10,370,135</b>

**LIABILITIES AND PARTNERS' CAPITAL**

**LIABILITIES:**

Investments sold, not yet purchased (proceeds of \$232,151)	\$	244,699
Redemptions payable		736,334
Management fees payable (Note 3)		41,646
Accrued expenses		15,096
		1,037,775
<i>Total liabilities</i>		1,037,775

CONTINGENCIES (Note 6)

PARTNERS' CAPITAL		9,332,360
		9,332,360
	\$	<b>10,370,135</b>

The accompanying notes are an integral part of this statement.

**INFINITE ALPHA FUND, L.P.**  
**CONDENSED SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2016**

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	<b>Fair Value</b>	<b>Percentage of Partners' Capital</b>
<b>Investments in marketable securities, at fair value:</b>		
<b>Common stocks:</b>		
<b>United States:</b>		
Services	\$ 710,411	7.61
Healthcare	590,013	6.32
Consumer goods	363,831	3.90
Technology	358,192	3.84
Financial	190,847	2.05
Industrial goods	189,358	2.03
Utilities	181,372	1.94
Basic Materials	101,217	1.08
	<b>2,685,241</b>	<b>28.77</b>
 <b>Canada:</b>		
Services (cost of \$32,490)	28,554	0.31
 <b>China:</b>		
Consumer goods (cost of \$1,823)	2	0.00
 <b>Ireland:</b>		
Healthcare (cost of \$212,692)	128,368	1.38
 <b>Netherlands:</b>		
Technology (cost of \$25,364)	30,492	0.33
 <b>United Kingdom:</b>		
Consumer goods (cost of \$94,030)	85,960	0.92
	<b>2,958,617</b>	<b>31.71</b>
 <b>Total common stocks,</b> at fair value (cost of \$3,224,171)		

The accompanying notes are an integral part of this statement.

**INFINITE ALPHA FUND, L.P.**  
**CONDENSED SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2016**

(continued)

	Fair Value	Percentage of Partners' Capital
<b>Mutual funds:</b>		
<b>United States:</b>		
Real estate	\$ 50,075	0.54
Arbitrage	8,371	0.09
<i>Total United States mutual funds,</i> at fair value (cost of \$60,000)	58,446	0.63
<b>Exchange-traded funds:</b>		
<b>United States:</b>		
International equity	\$ 304,411	3.26
Preferred stock	157,281	1.69
Infrastructure	111,480	1.19
Commodities	109,610	1.17
Inflation-protected bond	96,647	1.04
<i>Total United States exchange-traded funds,</i> at fair value (cost of \$705,864)	779,429	8.35
<b>Options:</b>		
<b>United States:</b>		
Exchange-traded funds	\$ 129,379	1.39
Financial	8,498	0.09
<i>Total United States options,</i> at fair value (cost of \$236,735)	137,877	1.48
<i>Total investments in marketable securities,</i> at fair value (cost of \$4,226,770)	<b>\$ 3,934,369</b>	<b>42.17</b>

The accompanying notes are an integral part of this statement.

**INFINITE ALPHA FUND, L.P.**  
**CONDENSED SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2016**

*(continued)*

	<b>Fair Value</b>	<b>Percentage of Partners' Capital</b>
<b>Investments in consumer loans, at fair value</b>		
<b>United States:</b>		
<b>Consumer Loans:</b>		
LendingClub rank C	\$ 59,526	0.64
LendingClub rank B	19,385	0.21
LendingClub rank D	13,119	0.14
LendingClub rank E	4,895	0.05
LendingClub rank A	979	0.00
<i>Total investments in consumer loans,     at fair value, cost of (\$97,904)</i>	<b><u>\$ 97,904</u></b>	<b><u>1.04</u></b>
<b>Investment partnership:</b>		
<b>United States:</b>		
Secured loans (cost of \$807,856)	<b><u>\$ 807,856</u></b>	<b><u>8.66</u></b>

The accompanying notes are an integral part of this statement.

**INFINITE ALPHA FUND, L.P.**  
**CONDENSED SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2016**

(continued)

	Fair Value	Percentage of Partners' Capital
<b>Investments sold, not yet purchased, at fair value:</b>		
<b>Exchange-traded funds:</b>		
<b>United States:</b>		
International equity	\$ 36,645	0.39
Consumer cyclical	8,140	0.09
<b>Total United States exchange-traded funds</b> <i>not yet purchased, at fair value (proceeds of \$42,899)</i>	44,785	0.48
<b>Options:</b>		
<b>United States:</b>		
Financial	31,705	0.34
Services	28,896	0.31
Technology	18,636	0.20
Consumer goods	17,213	0.18
Healthcare	12,674	0.14
Industrial goods	10,136	0.11
Basic materials	9,990	0.11
Utilities	4,420	0.05
Exchange-traded funds	3,593	0.04
<b>Total United States options, not yet purchased,</b> at fair value (proceeds of \$164,100)	137,265	1.48
<b>Canada:</b>		
Services (proceeds of \$1,479)	3,647	0.04
<b>Ireland:</b>		
Healthcare (proceeds \$19,562)	52,605	0.56
<b>Netherlands:</b>		
Technology (proceeds of \$1,676)	5,585	0.06
<b>United Kingdom:</b>		
Consumer goods (proceeds \$2,435)	814	0.01
<b>Total investments sold, not yet purchased,</b> at fair value (proceeds of \$232,151)	\$ 244,699	2.63

The accompanying notes are an integral part of this statement.



**INFINITE ALPHA FUND, L.P.**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2016**

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**INVESTMENT INCOME:**

Dividend income	\$ 141,985
Interest and other income	<u>124,242</u>
<i>Total income</i>	<u>266,227</u>

**EXPENSES:**

Management fees (Note 3)	167,771
Professional and other expenses	<u>82,120</u>
<i>Total expenses</i>	<u>249,891</u>
<i>Net investment gain</i>	<u>16,336</u>

**NET REALIZED LOSS AND CHANGE IN UNREALIZED  
APPRECIATION OF INVESTMENTS:**

Net realized loss on investments in securities	(730,886)
Change in unrealized appreciation of investments in securities	<u>793,891</u>
<i>Net realized loss and unrealized gain on investments</i>	<u>63,005</u>

**NET INCREASE IN PARTNERS' CAPITAL RESULTING  
FROM OPERATIONS**

**\$ 79,341**

The accompanying notes are an integral part of this statement.

**INFINITE ALPHA FUND, L.P.**

**STATEMENT OF CHANGES IN PARTNERS' CAPITAL  
YEAR ENDED DECEMBER 31, 2016**

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	<b><u>General Partner</u></b>	<b><u>Limited Partners</u></b>	<b><u>Total Partners' Capital</u></b>
<b>BALANCES, December 31, 2015</b>	\$ -	\$ 9,934,756	\$ 9,934,756
Contributions	-	353,434	353,434
Increase resulting from operations:			
Net investment gain	-	16,336	16,336
Net realized loss on investments in securities	-	(730,886)	(730,886)
Change in unrealized appreciation of investments in securities	-	743,891	743,891
Incentive allocation (Note 2)	-	-	-
Redemptions	-	(1,035,171)	(1,035,171)
<b>BALANCES, December 31, 2016</b>	<b>\$ -</b>	<b>\$ 9,282,360</b>	<b>\$ 9,332,360</b>

The accompanying notes are an integral part of this statement.

**INFINITE ALPHA FUND, L.P.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2016**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net increase in partners' capital resulting from operations	\$ 79,341
Adjustments to reconcile net increase in partners' capital resulting from operations to net cash provided by operating activities:	
Net realized loss on investments in securities	730,886
Change in unrealized appreciation of investments in securities	(793,891)
Proceeds from investments sold, net of purchases	4,562,641
Decrease in due from LendingClub	20,327
Increase in due from broker	(4,007,394)
Decrease in dividends and interest receivable	7,916
Increase in other assets	(1,829)
Decrease in dividends payable	(12,116)
Decrease in accrued expenses	(319)
Increase in management fee payable	<u>26,784</u>
<i>Net cash flows provided by operating activities</i>	<u>612,346</u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Capital contributions	353,434
Capital redemptions, net of redemptions payable	<u>(932,258)</u>
<i>Net cash flows used in financing activities</i>	<u>(578,824)</u>

<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	33,523
<b>CASH AND CASH EQUIVALENTS, at beginning of year</b>	<u>76,931</u>
<b>CASH AND CASH EQUIVALENTS, at end of year</b>	<u><b>\$ 110,454</b></u>

The accompanying notes are an integral part of this statement.

# INFINITE ALPHA FUND, L.P.

## NOTES TO FINANCIAL STATEMENTS

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### ***NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

#### **Organization**

Infinite Alpha Fund, L.P. (the “Partnership”) is an Illinois limited partnership formed in August 2008 to invest and trade in stocks, bonds, and other securities traded on the national exchanges, including selling short. The General Partner of the Partnership is Infinite Alpha Advisors, LLC (the “General Partner”). The Partnership commenced operations on October 1, 2008. The General Partner has selected Infinite Alpha Capital Management, LLC to act as the Partnership’s investment advisor (the “Investment Advisor”).

The primary investment objective of the Partnership is to maximize compound, risk-adjusted, after-tax returns through a global portfolio of investment products. The business of the Partnership is buying and selling securities of small to large capitalized companies, including stocks, warrants, rights and options of United States and non-United States entities.

The Partnership will continue in existence until December 31, 2051 unless the Partnership is terminated by the General Partner in accordance with the Limited Partnership Agreement.

Interests offered to investors are without registration under the Securities Act of 1933, as amended, or the securities laws of any state, in reliance on the private offering exemption contained in Rule 506 of Regulation D issued under the Securities Act of 1933 and in reliance on similar exemption under applicable state laws. Under Rule 506 and certain state laws, the Partnership must determine that a person, or a person together with a purchaser representative, meets certain suitability requirements before offering to sell interests to such an individual.

#### **Basis of Presentation**

Infinite Alpha Fund, L.P. is an investment company and follows the accounting and reporting guidance in FASB Topic 946.

#### **Basis of Accounting and Trading and Valuation of Securities**

The Partnership records its securities transactions on a trade-date basis. Realized gains or losses are recorded upon disposition of investments calculated based upon the difference between the proceeds and the cost basis determined using the specific identification method. All other changes in the valuation of portfolio investments are included as changes in the unrealized appreciation or depreciation of investments in the statement of operations. Dividend income and expense are recorded on the ex-dividend date and interest income and expense are recorded on the accrual basis.

The Partnership values its investments in accordance with Accounting Standards Codification 820 - Fair Value Measurements (“ASC 820”). Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

# INFINITE ALPHA FUND, L.P.

## NOTES TO FINANCIAL STATEMENTS

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*(continued)*

### **NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

#### **Basis of Accounting and Trading and Valuation of Securities** *(continued)*

In determining fair value, the Partnership uses various valuation approaches. ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Partnership. Unobservable inputs reflect the Partnership's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Partnership has the ability to access. Valuation adjustments and blockage discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

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

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

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the Partnership in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined by the lowest level input that is significant to the fair value measurement.

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

INFINITE ALPHA FUND, L.P.

NOTES TO FINANCIAL STATEMENTS

(continued)

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Accounting and Trading and Valuation of Securities (concluded)**

The Partnership uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

The Partnership values investments in securities and securities sold, not yet purchased that are freely tradable and are listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the year.

Many cash and over-the-counter (“OTC”) contracts have bid-and-ask prices that can be observed in the marketplace. Bid prices reflect the highest price that the marketplace participants are willing to pay for an asset. Ask prices represent the lowest price that the marketplace participants are willing to accept for an asset. For securities whose inputs are based on bid-ask prices, the Partnership’s valuation policies require that fair value be within the bid-ask range. The Partnership’s policy for securities traded in the OTC markets and listed securities for which no sale was reported on that date are valued at their last reported “bid” price if held long, and last reported “ask” price if sold short. The Partnership considers these investments as Level 1 securities for active markets and Level 2 securities for thinly traded markets.

The Partnership’s valuation of investments in loans is based on the remaining principal balance kept by LendingClub. Since there are no readily available markets, the loans are treated as Level 3 investments.

The Partnership values its investment in private secured loans based upon the General Partner’s internal valuations. These valuations are initially valued at the transaction price, which is the best estimate of fair value at inception. Future changes of the valuation will be determined based upon the changes in market conditions or other events that have an impact on the economics of the investment. As a result, the loans are treated as Level 3 investments.

The industry classifications and loan rank classifications included in the condensed schedule of investments represent the General Partner’s belief as to the most meaningful presentation of the classification of the Partnership’s investments.

**Short Sales**

The Partnership may sell a security it does not own in anticipation of a decline in the fair value of that security. When the Partnership sells a security short, it must borrow the security sold short and subsequently deliver it to the broker-dealer through which it made the short sale. A gain, limited to the price at which the Partnership sold the security short, or a loss, unlimited in amount, will be recognized upon the termination of a short sale.

INFINITE ALPHA FUND, L.P.

NOTES TO FINANCIAL STATEMENTS

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(continued)

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

**Income Taxes**

The financial statements do not include a provision for income taxes because the Partnership is not a taxable entity and its partners are taxed on their respective share of the Partnership's earnings.

The Partnership is required to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any tax related appeals or litigation processes, based on the technical merits of the position. The Partnership files an income tax return in the U.S. federal jurisdiction, and may file income tax returns in various U.S. states. The Partnership is not subject to income tax return examinations by major taxing authorities for 2013. The tax benefit recognized is measured as the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized results in the Partnership recording a tax liability that reduces net assets. However, the Partnership's conclusions regarding this policy may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof. The Partnership recognizes interest accrued related to unrecognized tax benefits and penalties related to unrecognized tax benefits in income taxes payable, if assessed. No interest expense or penalties have been recognized as of and for the year ended December 31, 2016.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - LIMITED PARTNERSHIP AGREEMENT**

**Allocation of Fund Income**

Net profits are allocated to all partners in proportion to their relative opening capital balances. At the end of each fiscal quarter, the General Partner earns an incentive allocation equal to 20% of each limited partner's share of net profits for such quarter. However, if a limited partner has any prior net losses from previous periods, the General Partner will not receive a performance allocation until such limited partner is allocated net profits to recoup the net losses ("High Water Mark"). For the year ended December 31, 2016, the General Partner did not earn an incentive allocation due to not overcoming the High Water Mark. The General Partner has waived the incentive fee since inception and does not anticipate charging an incentive fee in the future.

**INFINITE ALPHA FUND, L.P.**

**NOTES TO FINANCIAL STATEMENTS**

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*(continued)*

**NOTE 2 - LIMITED PARTNERSHIP AGREEMENT** *(concluded)*

**Capital Contributions and Withdrawals**

Each limited partner will ordinarily be required to contribute not less than \$250,000 to the capital of the Partnership, although the General Partner may, at its discretion, relax such requirement. The General Partner has the right to reject any subscription in whole or in part.

Beginning 90 days from the date that a limited partner is admitted into the Partnership, such limited partner shall have the right to withdraw, in whole or in part, their closing capital account at the end of each calendar quarter (or at such other times as the General Partner shall determine) by giving not less than 30 days prior written notice to the General Partner. In the case of a withdrawal by a limited partner of less than 95% of such limited partner's capital account, the full amount of such withdrawal will be distributed to such limited partner within 10 business days after the end of the calendar quarter, or other withdrawal date if permitted by the General Partner. In the case of a withdrawal of more than 95% of such limited partner's closing capital account, 95% of the amount requested to be withdrawn will be distributed to such limited partner within 10 business days after the end of the calendar quarter. The balance of the limited partner's closing capital account shall be segregated and shall be distributed within 10 days after completion of the audited financial statements.

**NOTE 3 - RELATED PARTIES**

The Partnership pays a management fee to the Investment Advisor managing the Partnership's affairs equal to 2.0% per annum. The management fee is calculated and payable of the end of each quarter based on the limited partner's capital account at the end of the quarter. The Partnership incurred management fees of \$167,771 for the year ended December 31, 2016. The Investment Advisor, in its sole discretion, may agree to waive or reduce the management fee rate for certain limited partners.

Certain limited partners are affiliated with the General Partner. The aggregate value of the General Partner's and affiliated limited partners' share of the Partnership's capital as of December 31, 2016 was \$1,196,393.

**NOTE 4 - CASH AND CASH EQUIVALENTS AT BROKER AND CASH AT LENDING CLUB**

Cash and cash equivalents at broker represent monies earning interest at the custodian broker from settled and unsettled trades. The Partnership has a policy of reviewing, as considered necessary, the credit standing of each broker with which it conducts business. The cash and cash equivalents at broker amount may be partially restricted at any time for the market value of marketable securities sold, not yet purchased until the Partnership purchases the securities sold.



**INFINITE ALPHA FUND, L.P.**

**NOTES TO FINANCIAL STATEMENTS**

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*(continued)*

**NOTE 4 - CASH AND CASH EQUIVALENTS AT BROKER AND CASH AT LENDINGCLUB** *(concluded)*

Cash at LendingClub represents amounts held at LendingClub for future investments and expenses. The Partnership has a policy of reviewing, as considered necessary, the credit standing of each lending company with which it conducts business.

**NOTE 5 - SUPPLEMENTAL DISCLOSURE OF INVESTMENTS**

The Partnership's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. See Note 1 for a discussion of the Partnership's policies.

**INFINITE ALPHA FUND, L.P.**

**NOTES TO FINANCIAL STATEMENTS**

*(continued)*

**NOTE 5 - SUPPLEMENTAL DISCLOSURE OF INVESTMENTS** *(continued)*

The following table presents information about the Partnership's assets measured at fair value as of December 31, 2016:

	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>	Balances as of <u>December 31, 2016</u>
<b>Assets:</b>				
<i>Common stocks:</i>				
Services	\$ 738,965	\$ -	\$ -	\$ 738,965
Healthcare	718,381	-	-	718,381
Consumer goods	449,793	-	-	449,793
Technology	388,684	-	-	388,684
Financial	190,847	-	-	190,847
Industrial goods	189,358	-	-	189,358
Utilities	181,372	-	-	181,372
Basic Materials	101,217	-	-	101,217
<i>Mutual funds:</i>				
Real estate	50,075	-	-	50,075
Arbitrage	8,371	-	-	8,371
<i>Exchange-traded funds:</i>				
International equity	304,411	-	-	304,411
Preferred stock	157,281	-	-	157,281
Infrastructure	111,480	-	-	111,480
Commodities	109,610	-	-	109,610
Inflation-protected bond	96,647	-	-	96,647
<i>Investment partnership:</i>				
Secured loans	-	-	807,856	807,856
<i>Consumer Loans:</i>				
LendingClub	-	-	97,904	97,904
<i>Options:</i>				
Exchange-traded funds	129,379	-	-	129,379
Financial	8,498	-	-	8,498
	<u>\$ 3,934,369</u>	<u>\$ -</u>	<u>\$ 905,760</u>	<u>\$ 4,840,129</u>

**INFINITE ALPHA FUND, L.P.**

**NOTES TO FINANCIAL STATEMENTS**

*(continued)*

**NOTE 5 - SUPPLEMENTAL DISCLOSURE OF INVESTMENTS** *(continued)*

The following table presents information about the Partnership's liabilities measured at fair value as of December 31, 2016:

	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>	Balances as of <u>December 31, 2016</u>
<b>Liabilities:</b>				
<i>Exchange-traded funds:</i>				
International Equity	\$ 36,645	\$ -	\$ -	\$ 36,645
Consumer cyclical	8,140	-	-	8,140
<i>Options:</i>				
Healthcare	65,279	-	-	65,279
Financial	31,705	-	-	31,705
Services	32,543	-	-	32,543
Technology	24,220	-	-	24,220
Consumer goods	18,026	-	-	18,026
Industrial goods	10,136	-	-	10,136
Basic materials	9,990	-	-	9,990
Utilities	4,420	-	-	4,420
Exchange-traded funds	<u>3,593</u>	<u>-</u>	<u>-</u>	<u>3,593</u>
	<u>\$ 244,699</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244,699</u>

The Partnership did not have any significant transfers between Level 1 and Level 2 during the year ended December 31, 2016.

The following table presents additional information about Level 3 assets measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the Partnership has classified within the Level 3 category. As a result, the unrealized gains and losses for assets within the Level 3 category may include changes in fair value that were attributable to both observable and unobservable inputs.

**INFINITE ALPHA FUND, L.P.**

**NOTES TO FINANCIAL STATEMENTS**

*(continued)*

**NOTE 5 - SUPPLEMENTAL DISCLOSURE OF INVESTMENTS (continued)**

Changes in Level 3 assets measured at fair value for the year ended December 31, 2016 are presented below. There were no transfers in or out of Level 3 investments.

	Level 3	Net Transfers		Realized and	Level 3	Change in Unrealized
	Beginning Balance	In and/or (Out)		Unrealized	Ending Balance	Gains (Losses) for
	<u>December 31, 2015</u>	<u>of Level 3</u>	<u>Purchases</u>	<u>Losses</u>	<u>December 31, 2016</u>	<u>Investments Still Held</u>
			<u>Sales</u>	<u>Gains (Losses)</u>		<u>at December 31, 2016</u>
<b>Investments:</b>						
Investment in investment partnership	727,856	-	330,000	(250,000)	807,856	-
	<u>\$ 727,856</u>	<u>\$ -</u>	<u>\$ 330,000</u>	<u>\$ (250,000)</u>	<u>\$ 807,856</u>	<u>\$ -</u>
	Level 3	Net Transfers			Loss on Loans	Level 3
	Beginning Balance	In and/or (Out)			Charged Off and	Ending Balance
	<u>December 31, 2015</u>	<u>of Level 3</u>	<u>Funds Lent</u>	<u>Principal Received</u>	<u>Loan Reserve</u>	<u>December 31, 2016</u>
<b>Loans:</b>						
Consumer loans	243,142	-	2,527	(125,291)	(22,474)	97,904
	<u>\$ 243,142</u>	<u>\$ -</u>	<u>\$ 2,527</u>	<u>\$ (125,291)</u>	<u>\$ (22,474)</u>	<u>\$ 97,904</u>

Valuation techniques and unobservable inputs for Level 3 assets measured at fair value for the year end December 31, 2016 are as follows:

Level 3 Fair Value Measurements	Fair Value at December 31, 2016	Valuation Technique	Unobservable Inputs
<b>Assets:</b>			
Consumer loans	\$ 97,904	Cost	Cash transactions
Investment partnership	<u>807,856</u>	Cost	Cash transactions
	<u>\$ 905,760</u>		

# INFINITE ALPHA FUND, L.P.

## NOTES TO FINANCIAL STATEMENTS

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*(continued)*

### **NOTE 5 - SUPPLEMENTAL DISCLOSURE OF INVESTMENTS** *(concluded)*

The Partnership invests in an investment partnership whose fair value has been estimated by the General Partner in absence of readily ascertainable market values. The General Partner has estimated the fair value of the investment partnership to be \$807,856, constituting 8.66% of partners' capital, as of December 31, 2016. The Partnership is also invested in consumer loans whose fair value has been estimated by the General Partner in absence of readily ascertainable market values. The General Partner has estimated the fair value of these consumer loans to be \$97,904, constituting 1.04% of partners' capital, as of December 31, 2016.

### **NOTE 6 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISKS AND CONTINGENCIES**

In the normal course of business, the Partnership enters into various financial transactions. The execution of these transactions may result in off-balance sheet risk or concentration of credit and price risk. The Partnership records securities transactions on a trade-date basis and, therefore, is exposed to credit risk in the event that the Partnership's counterparties are unable to fulfill contractual agreements on the date of settlement.

Price risk is comprised of interest rate, market and currency risk. Interest rate risk is the risk that the value of financial instruments (mainly investments) may fluctuate as a result of changes in market interest rates. Market risk is the risk that the market values of investments change due to changes in market conditions. Investments in equities, options, exchange traded funds, mutual funds and loans are subject to market and interest rate risk. Currency risk is the risk that the value of instruments may fluctuate as a result of changes in foreign exchange rates. As of December 31, 2016, substantially all of the assets and liabilities of the Partnership were denominated in United States dollars.

The Partnership may engage in short selling activities, wherein it borrows securities and sells them to third parties. Until the Partnership covers its short sales, it is exposed to market risk to the extent that subsequent market fluctuations may require securities sold, not yet purchased, to be acquired at prices which may be significantly higher than the market value reflected in the statement of financial condition.

All securities transactions of the Partnership are cleared by one United States registered broker-dealer pursuant to a customer agreement. At December 31, 2016, substantially all investments in securities and cash and cash equivalents at broker are positions with this broker and the Partnership had all its individual counterparty concentration with this broker.

The Partnership's financial instruments, including cash and cash equivalents at broker, cash at LendingClub, cash and cash equivalents, dividends and interest receivable, other assets, redemptions payable, dividends payable, management fees payable and accrued expenses, are carried at amounts which approximate fair value due to the short-term nature of these instruments. Investments are valued as described in Note 1.

INFINITE ALPHA FUND, L.P.

NOTES TO FINANCIAL STATEMENTS

(concluded)

**NOTE 7 - FINANCIAL HIGHLIGHTS**

The information presented below represents the financial highlights applicable to the Partnership's limited partners taken as a whole.

**Operating Performance:**

Total return before incentive allocation to General Partner	0.82	%
Incentive allocation to General Partner	<u>-</u>	
Net return after incentive allocation to General Partner	<u><u>0.82</u></u>	%

**Ratios to Average Net Assets:**

Total expenses before incentive allocation to General Partner	2.50	%
Incentive allocation to General Partner	<u>-</u>	
Total expenses and incentive allocation to General Partner	<u><u>2.50</u></u>	%
Net investment loss	<u><u>0.16</u></u>	%

An individual's total return and ratios may vary from these returns and ratios based on the timing of capital transactions and variations in management fees and incentive arrangements from those set forth in the Limited Partnership Agreement.

**NOTE 8 - SUBSEQUENT EVENTS**

The Partnership has performed an evaluation of subsequent events through April 12, 2017 which is the date the financial statements were available to be issued. The evaluation did not result in any subsequent events that required disclosures and/or adjustments.