Highfield Fund Ltd.

Annual Report and Audited Financial Statements

For the year ended 31 December 2012

Highfield Fund Ltd.

Annual Report and Audited Financial Statements
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Highfield Fund Ltd.

Directors and service providers

Company	Highfield Fund Ltd. "Aurum House" 35 Richmond Road Hamilton HM08 Bermuda Tel: (1) (441) 292 6952 Fax: (1) (441) 295 4164
Directors	Dudley R Cottingham W Roger Davidson* Tina Gibbons Adam Hopkin Christopher C Morris S Arthur Morris Meliosa O'Caoimh* Anthony Stent-Torriani Adam Sweidan

*Non-Executive Directors

Custodian	Northern Trust Fiduciary Services (Ireland) Limited George's Court 54 - 62 Townsend Street Dublin 2 Ireland Tel: (353) (1) 542 2000 Fax: (353) (1) 542 2920
Promoter and Investment Advisor	Aurum MAM Fund Management Ltd. "Aurum House" 35 Richmond Road Hamilton HM08 Bermuda Tel: (1) (441) 292 6952 Fax: (1) (441) 295 4164
Administrator	Northern Trust International Fund Administration Services (Ireland) Limited George's Court 54 - 62 Townsend Street Dublin 2 Ireland Tel: (353) (1) 542 2000 Fax: (353) (1) 542 2920

Directors and service providers (continued)

Bermuda Administrator, Registrar and Secretary	Global Fund Services Ltd. “Century House” 16 Par-la-Ville Road Hamilton HM 08 Bermuda Tel: (1) (441) 292 7478 Fax: (1) (441) 295 4164
Independent Auditor	KPMG Chartered Accountants 1 Harbourmaster Place International Financial Services Centre Dublin 1 Ireland Tel: (353) (1) 410 1000 Fax: (353) (1) 412 2722
Sponsoring Broker for Bermuda Stock Exchange	Continental Sponsors Ltd. Century House 16 Par-la-Ville Road P.O. Box HM 1806 Hamilton HM 08 Bermuda Tel: (1) (441) 292 7478 Fax: (1) (441) 295 4164
Sponsoring Broker for Irish Stock Exchange	J&E Davy Davy House 49 Dawson Street Dublin 2 Ireland Tel: (353) (1) 614 8933 Fax: (353) (1) 661 3042
Legal Advisors in Matters of Bermuda Law	Conyers Dill & Pearman Limited “Clarendon House” 2 Church Street Hamilton HM 11 Bermuda Tel: (1) (441) 295 1422 Fax: (1) (441) 292 4720

Highfield Fund Ltd.

Directors' Report

The Directors have the pleasure to present the audited accounts of the Highfield Fund Ltd. (the "Fund") for the year ended 31 December 2012 and report as set out herein in respect of matters required by the Irish Stock Exchange and Bermuda Stock Exchange listing regulations.

At 31 December 2012 the Net Asset Value per Participating Share was US$105.60 (2011: US$100.03).

No dividends have been declared in the year ended 31 December 2012 (2011: US$Nil) and the Directors do not recommend the payment of any dividends for the year ended 31 December 2012 (2011: US$Nil).

Review

The Fund Ltd. returned 5.57% for the year ended 31 December 2012.

The second half of 2012 was considered positive for the global economy, with many of the key issues affecting investor sentiment in the first half of the year averted. First, the resolution of the European Central Bank to act as a backstop in the euro-zone with an unlimited bond buying programme announced on 6th September served to buoy the region. Critically, this reduced the borrowing costs for the nations of Italy, Spain, and Greece amongst others. Second, Chinese data consistently beat expectations and a 'hard-landing' scenario was averted. Finally, in the U.S., Barack Obama won his second term as President, with the 'fiscal cliff' and 'debt ceiling' averted by a divided Congress at the end of December.

Equity strategies added 332bps in 2012, with the addition of a new market neutral manager in the second half of the year strengthening this core allocation of the Fund. Macro managers also performed strongly, adding 254bps. The main sources of profit in the second half of the year were emerging market interest rate trading, and the devaluation of the Japanese yen, which many managers were able to capitalise upon after newly elected Prime Minister Shinzō Abe's explicit target to stimulate the Japanese economy through asset purchases to achieve an inflation rate of 2%. The multi-strategy group benefitted from their ability to remain flexible and adjust their allocations in reaction to market changing events. Overall, multi-strategy added 174bps. Event driven managers also struggled in 2012 with reduced deal volume and premium as investors were uncertain about global outcomes, and chose to 'wait it out'. The strategy added 21bps. Commodity managers detracted 55bps as concern over global policy outcomes and adverse weather patterns whipsawed markets. Although struggling against low volume and realised volatility throughout 2012, systematic managers performed well, adding 40bps.

Outlook

The optimism throughout global markets towards the end of 2012 is viewed with caution, as while some of the issues that contributed towards adverse investor returns in 2012 have been temporarily satisfied, any form of concrete, holistic or lasting resolution is not yet forthcoming.

We view the present rallies in global markets as a reason for optimism but also caution. It is clear that many participants remain on the side-lines – with vast amounts of capital remaining to be allocated – but our focus is on the quality of our returns, aiming to remove any beta elements (which would benefit from a renewed optimism and inflows of capital), in favour of alpha driven strategies that should provide consistent returns regardless of market direction. There are signs that the choppy and binary 'risk-on risk-off' environment is abating. There are fundamental trends in the currency markets and positive flows into actively managed investments which we hope should lead to greater dispersion and in turn a better environment for hedge funds.

Thanks

We thank the shareholders for their support and look forward to further opportunities for continued growth.

Dudley R Cottingham
Director

24 April 2013

KPMG
Chartered Accountants
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

Independent Auditors' Report to the Shareholders

We have audited the accompanying financial statements of Aurum Highfield Fund Ltd. (the "Company") for the year ended 31 December 2012, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Net Assets Attribultable to Holders of Participating Shares, the Statement of Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

This report is made solely to the shareholders of the Company, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders of the Company as a body, for our audit work, for this report, or for the opinions we have formed.

Management 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 they determine 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

KPMG
Chartered Accountants
24 APRIL 2013
1 Harbourmaster Place
International Financial Services Centre
Dublin 1
Ireland

Highfield Fund Ltd.

Portfolio Statement as at 31 December 2012

Sector Analysis	US$	% of Fund	US$	% of Fund
Equity Strategies			6,173,612	36.67
Fund 1	1,740,315	10.34		
Fund 2	1,175,035	6.98		
Fund 3	1,011,759	6.01		
Fund 4	1,000,000	5.94		
Fund 5	852,264	5.06		
Fund 6	394,239	2.34		
Macro			4,566,553	27.12
Fund 7	1,227,703	7.29		
Fund 8	1,010,940	6.00		
Fund 9	805,993	4.79		
Fund 10	791,803	4.70		
Fund 11	730,114	4.34		
Multi-Strategy			3,110,492	18.48
Fund 12	1,040,383	6.18		
Fund 13	778,244	4.62		
Fund 14	770,329	4.58		
Fund 15	521,536	3.10		
Event Driven			1,766,419	10.49
Fund 16	1,001,629	5.95		
Fund 17	764,790	4.54		
Commodity			1,680,819	9.98
Fund 18	980,753	5.82		
Fund 19	700,066	4.16		
Systematic (Quantitative)			1,116,066	6.63
Fund 20	1,116,066	6.63		
Total investments	**18,413,961**	**109.37**	**18,413,961**	**109.37**
Other assets	**19,829**	**0.12**	**19,829**	**0.12**
Total Assets	**18,433,790**	**109.49**	**18,433,790**	**109.49**
Other liabilities	**(1,598,148)**	**(9.49)**	**(1,598,148)**	**(9.49)**
Net Assets	**16,835,642**	**100.00**	**16,835,642**	**100.00**

Highfield Fund Ltd.

Portfolio Statement as at 31 December 2011

Sector Analysis	US$	% of Fund	US$	% of Fund
Equity Strategies			2,892,748	30.88
Fund 1	1,062,924	11.35		
Fund 2	532,225	5.68		
Fund 3	483,020	5.15		
Fund 4	453,086	4.84		
Fund 5	361,493	3.86		
Macro			3,824,652	40.83
Fund 6	797,864	8.52		
Fund 7	789,855	8.43		
Fund 8	681,524	7.28		
Fund 9	564,358	6.02		
Fund 10	513,546	5.48		
Fund 11	477,505	5.10		
Multi-Strategy			1,640,838	17.52
Fund 12	747,764	7.98		
Fund 13	643,074	6.87		
Fund 14	250,000	2.67		
Event Driven			705,504	7.53
Fund 15	664,878	7.10		
Fund 16	40,626	0.43		
Commodity			533,662	5.70
Fund 17	533,662	5.70		
Systematic (Quantitative)			765,550	8.17
Fund 18	765,550	8.17		
Total investments	**10,362,954**	**110.63**	**10,362,954**	**110.63**
Other assets	**19,180**	**0.20**	**19,180**	**0.20**
Total Assets	**10,382,134**	**110.83**	**10,382,134**	**110.83**
Other liabilities	**(1,015,060)**	**(10.83)**	**(1,015,060)**	**(10.83)**
Net Assets	**9,367,074**	**100.00**	**9,367,074**	**100.00**

Highfield Fund Ltd.

Statement of Comprehensive Income for the year ended 31 December 2012

2011 US$		Notes	2012 US$
	Gain from financial assets at fair value through profit or loss	2	
84,194	Net unrealised gain on investments		837,016
(20,914)	Net realised (loss)/gain on investments		189,524
63,280	**Total gains from financial assets at fair value through profit or loss**		**1,026,540**
	Expenses	2	
111,115	Investment advisory fee	3	133,205
14,393	Incentive fee	3	68,990
10,116	Administration fee	4	11,804
4,031	Custodian fee	5	4,821
30,000	Directors' fees		30,000
8,040	Audit fee		8,225
7,242	Net interest expense		11,369
32,397	Other operating expenses		29,585
217,334	**Total operating expenses**		**297,999**
(154,054)	**Change in net assets attributable to holders of Participating Shares resulting from operations**		**728,541**

The accompanying notes form part of these financial statements.

Highfield Fund Ltd.

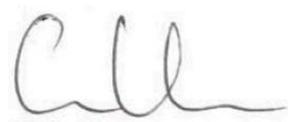
Statement of Financial Position as at 31 December 2012

2011 US$		Notes	2012 US$
	Assets		
	Financial assets at fair value through profit or loss		
10,362,954	Investments at fair value	2	18,413,961
	Loans and receivables		
19,180	Other debtors		19,829
10,382,134	**Total Assets**		**18,433,790**
	Liabilities		
	Financial liabilities measured at amortised cost		
7,817	Investment advisory fee		14,062
1,359	Administration fee		1,834
285	Custodian fee		507
-	Incentive fee		18,811
11,608	Other payables		12,199
993,991	Bank overdraft	2,7	1,550,735
1,015,060	**Total Liabilities (excluding amounts attributable to holders of Participating Shares)**		**1,598,148**
9,367,074	**Net Assets attributable to holders of Participating and Sponsor Shares**	6	**16,835,642**
9,367,072	**Net Assets attributable to holders of Participating Shares**	8	**16,835,640**
2	**Net Assets attributable to holders of Sponsor Shares**	6	**2**
93,643.87	**Participating Shares outstanding (number of shares)**	6	**159,415.53**
100.03	**Net Asset Value per Participating Share**	8	**105.60**

These financial statements were approved by the Directors on 24th April 2013 and signed on their behalf by:

D.R. Cottingham

Director



C.C. Morris

Director

The accompanying notes form part of these financial statements.

Highfield Fund Ltd.

Statement of Changes in Net Assets Attributable to Holders of Participating Shares for the year ended 31 December 2012

	Total US$
Balance at 1 January 2012	**9,367,072**
Change in net assets attributable to holders of Participating Shares resulting from operations	728,541
Subscriptions during the year	8,802,824
Redemptions during the year	(2,062,797)
Balance at 31 December 2012	**16,835,640**
Balance at 1 January 2011	**12,361,924**
Change in net assets attributable to holders of Participating Shares resulting from operations	(154,054)
Subscriptions during the year	950,000
Redemptions during the year	(3,790,798)
Balance at 31 December 2011	**9,367,072**

The accompanying notes form part of these financial statements.

Highfield Fund Ltd.

Statement of Cash Flows for the year ended 31 December 2012

2011 US$		2012 US$
	Cash flows from operating activities	
	Change in net assets attributable to holders of participating	
(154,054)	shares resulting from operations	728,541
(2,673,038)	Purchase of investments	(11,436,228)
5,524,709	Proceeds from sales of investments	4,411,761
	Adjustment for non cash items and working capital	
(84,194)	Net unrealised (gain) on investments	(837,016)
20,914	Net realised loss/(gain) on investments	(189,524)
	Changes in operating assets and liabilities	
20,533	(Increase)/decrease in debtors	(649)
(16,570)	(Decrease)/increase in creditors	26,344
2,638,300	**Net cash (outflow)/inflow from operating activities**	**(7,296,771)**
	Cash flows from financing activities	
950,000	Issue of shares	8,802,824
(3,790,798)	Redemption of shares	(2,062,797)
(2,840,798)	**Net cash (outflow)/inflow from financing activities**	**6,740,027**
(202,498)	Net decrease in cash and cash equivalents	(556,744)
(791,493)	**Cash and cash equivalents at the beginning of the year**	**(993,991)**
(993,991)	**Cash and cash equivalents at the end of the year**	**(1,550,735)**
	Supplementary Information	
(7,242)	Net interest paid	(11,369)

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the year ended 31 December 2012

1 General

Highfield Fund Ltd. (the “Company”) was incorporated in Bermuda as an open ended Fund on 19 February 2010 under the Companies Act 1981 as amended and acts as an investment company.

The Company’s investment objective is to achieve long-term capital growth by investing either directly or indirectly through selected funds or investment managers, in a strategically determined mix of global fixed income securities, equity securities, derivative securities, currencies and other investment assets with an emphasis on long-term growth.

The audited financial statements were approved by the Board of Directors on 24th April 2013.

2 Principal Accounting Policies

The principal accounting policies which have been applied are set out below.

Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of IFRS as issued by the International Accounting Standards Board (IASB).

Basis of Preparation

The financial statements are presented in the currency of the primary economic environment in which the Company operates, which is the US dollar, reflecting the fact that the redeemable Participating Shares are issued in US dollars and the Company’s operations are primarily conducted in US dollars. They are prepared on a fair value basis for financial assets and financial liabilities at fair value through profit or loss. All other assets and liabilities are stated at amortised cost. The net assets attributable to holders of participating shares are stated at the present value of the redemption amount.

The accounting policies have been applied consistently by the Company and are consistent with those used in the previous period.

Changes in accounting policy and disclosures

There are a number of new/revised standards and interpretations not yet adopted in the financial statements of the Company:

- Amendments to IFRS 7 Financial Instruments effective for accounting periods commencing 1 July 2012 or later: The amendments to IFRS 7 introduce new disclosure requirements about transfers of financial assets, including disclosures for financial assets that are not recognised in their entirety.

- IFRS 10 Consolidated Financial Statements effective for annual reporting periods beginning on or after 1 January 2013. The standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC–12 Consolidation–Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements.

- IFRS 12 Disclosure of Interests, effective 1 January 2013: IFRS 12 Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- The Investment Entities amendment to IFRS 10, IFRS 12 and IAS 27, effective for annual reporting periods beginning on or after 1 January 2014. The Investment Entities amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

2 Principal Accounting Policies (continued)

Changes in accounting policy and disclosures (continued)

- IFRS 13 Fair value measurement, effective for annual reporting periods beginning on or after 1 January 2013: This standard establishes a single source of guidance for fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (also referred to as "the exit price"). The standard also provides guidance for fair value determination and introduces consistent requirements for disclosure and measurement.

- Amendments to IFRS 7 and IAS 32, effective 1 January 2014: The amendments provide clarification and disclosure requirements in relation to offsetting rights.

- IFRS 9 Financial Instruments issued in November 2009 (IFRS 9 (2009)) will change the classification of financial assets and liabilities. The standard is not expected to have an impact on the measurement basis and classification of the financial assets since the majority of the Company's financial assets are measured at fair value through profit or loss. The standard is effective for annual reporting periods beginning on or after 1 January 2015.

The Directors anticipate that the adoption of standards or interpretations currently in issue but not yet effective will have no material impact on the financial statements of the Company in the period of initial application. The Company has not adopted any new standards or interpretations that are not mandatory.

Investments

The Company, on initial recognition, designated all investments as at fair value through profit or loss as, in doing so, it results in more relevant information because the investments and related liabilities are managed as a group of financial assets and liabilities and performance is evaluated on a fair value basis and reported to key management personnel on that basis.

Investments in collective investment schemes are recorded at the net asset value per share as reported by the administrators of such funds which the Directors believe to best represent Fair Value.

Where administrators are unable to provide net asset value per share, the Directors make their own assessment of value based on available information. In determining fair value, the Directors take into consideration where applicable, the impact of suspensions of redemptions, liquidation proceedings, investments in side pockets and any other significant factors.

At the year end, there were no instances wherein the administrator was unable to provide the net asset value per share or that the Directors considered it necessary to make any adjustments to the fair value of the underlying funds. The disclosures of the risks of the Funds are in Note 10 "Financial Instruments and Risk Exposure".

Investment transactions are recorded on the trade date at which the Company becomes a party to the specific investment.

Financial assets and financial liabilities are measured initially at fair value, being the transaction price on the trade date. Transaction costs are expensed immediately. After initial measurement, the Company measures financial instruments which are classified at fair value through profit and loss at their fair value. Changes in fair value are recorded within net gain/(loss) on investments.

Purchases and sales of financial assets and financial liabilities are recognised using trade date accounting.

Realised capital gains and losses on investment transactions are determined on the weighted average cost basis and are included in the Statement of Comprehensive Income. Unrealised capital gains and losses from a change in the fair value of investments are recognised in the Statement of Comprehensive Income.

2 Principal Accounting Policies (continued)

Investments (continued)

The Company may invest in other Funds advised by Aurum MAM Fund Management Limited (where such Funds exist) and Funds advised by Aurum Fund Management Ltd., and these Funds are referred to as "MAM Funds", "Aurum Funds" or "other Aurum Funds".

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Under IFRS, Participating Shares are classified as a financial liability and the format of the Statement of Financial Position reflects this position.

Translation of Foreign Currencies

The results and financial position of the entity are expressed in US dollar which is the functional currency of the Company. Transactions in currencies other than US dollar are recorded at the transaction date rate. At each reporting date, monetary items and non-monetary assets and liabilities that are fair valued and are denominated in foreign currencies are retranslated at the rate prevailing on the reporting date. Gains and losses arising on retranslation are included in the net profit or loss for the period where investments are classified at fair value through profit or loss.

Interest Income

Interest income is recognised in the Statement of Comprehensive Income for all interest bearing instruments on an effective interest basis.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances held at banks together with bank overdrafts. The bank overdrafts are repayable on demand and form an integral part of the Company's cash management system.

Taxation

The Company has received an undertaking from the Ministry of Finance of Bermuda, under the Exempted Undertakings Tax Protection Act, 1966 exempting the Company from Bermuda income, profit, capital transfer or capital taxes, should taxes be enacted, until 31 March 2035.

Expenses

All expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

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. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The areas of estimates which have the most significant effect on the amounts recognised in the financial statements are disclosed in notes 10 and 11.

Derecognition of Financial Assets and Liabilities

A financial asset is derecognised when the Company loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expired or are surrendered.

2 Principal Accounting Policies (continued)

Derecognition of Financial Assets and Liabilities (continued)

The Company uses the weighted average cost basis to determine the realised gain or loss on derecognition. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Operating Segments

IFRS 8 requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters (the 'management approach'). Such components (operating segments) are identified on the basis of internal reports that the entity's CODM regularly reviews in allocating resources to segments and in assessing their performance. The Directors manage the operations as a single segment and accordingly the Directors believe that the Company has only one reportable segment. The concentrations of investments by strategy are shown on the portfolio statement.

3 Investment Advisory Fee and Incentive Fee

The Company pays the Investment Advisor (i) a monthly advisory fee of 0.083333% (equivalent to approximately 1% per annum) of the Net Asset Value of the Participating Shares of the Company as at the relevant month end; and (ii) a monthly incentive fee of 10% of the increase, if any, of the Net Asset Value of the Participating Shares of the Company as at the end of each month over the Base Value of the Participating Shares of the Company, increased by a factor of 0.83333% (equivalent to approximately 10% per annum) for each month that has expired since the Base Date, or if higher the Net Asset Value of the Participating Shares of the Company on the last date in respect of which an incentive fee was paid (the high water mark in respect of the Company). The Base Date is the 31 December immediately prior to the month end and the Base Value is the Net Asset Value of the Participating Shares of the Company as at that date. For the purposes of this calculation it shall be assumed that all the participating shares in issue at valuation day were in issue at base date and/or the high water mark date as the case may be and had a net asset value equal to the net asset value of each participating share in the company at base date or high water mark date as the case may be. These fees are calculated before all Investment Advisor, Administrators and Custodian fees, Directors’ fees, audit fees, formation and sundry expenses for the month concerned are deducted and are paid monthly in arrears. In so far as the Company invests in other Aurum Funds or MAM Funds, no fees will be payable by the Company on the amount so invested, in addition to those already charged by such Aurum Funds or MAM Funds.

4 Bermuda Administrator, Registrar, Secretary and Administrator Fees

The Company pays to the Secretary, Bermuda Administrator and Registrar and the Administrator and Sub-Registrar (collectively the “Administrators”) an annual fee of US$1,500 plus a monthly fee which, subject to a minimum, will be no greater than 1/12 of 0.10% of the Net Asset Value of the Company. These fees are calculated before all fees payable to the Investment Advisor, Administrators, Custodian and Directors, audit fees, formation and sundry expenses for the month concerned are deducted and are paid monthly in arrears and are subject to a US$2,000 minimum per month. The Administration Fee may be subject to reduction if the total Administration Fees for Aurum related Funds exceed specified limits. In so far as the Company invests in other Aurum or MAM Funds, no fees will be payable by the Company on the amount so invested, in addition to those already charged by such Aurum Funds or MAM Funds, but the minimum will remain applicable.

5 Custodian Fee

The Company pays to the Custodian a monthly fee no greater than 1/12 of 0.05% of the Net Asset Value of that part of the assets of the Company entrusted to the care of the Custodian. This fee is calculated before all fees payable to the Investment Advisor, Administrators, Custodian and Directors, audit fees, formation and sundry expenses for the month concerned are deducted and is paid monthly in arrears and is subject to a US$1,000 minimum per month and may be subject to reduction if the total Custodian Fees from Aurum related Funds exceed specified limits. In addition, the Custodian shall receive from the Company a transaction fee of US$150 for each transaction conducted, pursuant to the Custodian Agreement. In so far as the Company invests in other Aurum or MAM Funds, no fees will be payable by the Company on the amount so invested, in addition to those already charged by such Aurum Funds or MAM Funds, but the minimum will remain applicable.

Highfield Fund Ltd.

Notes to the Financial Statements for the year ended 31 December 2012 (continued)

6 Share Capital

	December 2012 US$	December 2011 US$
Authorised share capital of US$0.002 par value per share		
1,000 Sponsor Shares	**2**	2
4,999,000 Participating Shares	**9,998**	9,998
	10,000	10,000

All of the Sponsor Shares have been issued to and are beneficially owned by the Investment Advisor. The Sponsor Shares do not carry the right to participate in the assets of the Company in a winding up, except to the extent of repayment of par value paid in cash, nor in any dividends or other distribution of the Company so long as any Participating Shares are in issue.

The Participating Shares are entitled to receive, to the exclusion of the Sponsor Shares, any dividends which may be declared by the Board of the Company and, upon the winding up of the Company, their par value and any surplus remaining after paying to the holders of the Sponsor Shares the par value of the Sponsor Shares (to the extent actually paid up in cash). The Sponsor Shares have the general voting powers of the Company and the holders of Participating Shares are entitled to receive notice of and attend all general meetings of the members.

	Number of Participating Shares		**Number of Participating Shares**
Opening at 1 January 2012	**93,643.87**	Opening at 1 January 2011	**121,729.13**
Issued during the year	**85,669.02**	Issued during the year	**9,415.55**
Redeemed during the year	**(19,897.36)**	Redeemed during the year	**(37,500.81)**
Closing at 31 December 2012	**159,415.53**	Closing at 31 December 2011	**93,643.87**

Statement of Changes in Sponsor and Participating Shares

	Sponsor Shares US$	**Participating Shares US$**	**Share Premium and Return Allocated to Participating Shareholders US$**	**Total US$**
Balance at 1 January 2012	**2**	**187**	**9,366,885**	**9,367,074**
Change in net assets attributable to holders of participating shares			728,541	728,541
Subscriptions during the year		171	8,802,653	8,802,824
Redemptions during the year		(40)	(2,062,757)	(2,062,797)
Balance at 31 December 2012	**2**	**318**	**16,835,322**	**16,835,642**
Balance at 1 January 2011	**2**	**243**	**12,361,681**	**12,361,926**
Change in net assets attributable to holders of participating shares			(154,054)	(154,054)
Subscriptions during the year		19	949,981	950,000
Redemptions during the year		(75)	(3,790,723)	(3,790,798)
Balance at 31 December 2011	**2**	**187**	**9,366,885**	**9,367,074**

7 Bank Overdraft

The Company has a facility with Northern Trust (Guernsey) Limited and any outstanding bank overdraft is secured over the portfolio of the Company.

8 Net Asset Value per Participating Share

The Net Asset Value per Participating Share is calculated by dividing the net assets less the par value of the Sponsor Shares included in the Statement of Financial Position by the number of Participating Shares in issue at the year/period end.

	December 2012	December 2011
Total Net Assets (US$) Less Par Value of Sponsor Shares	**16,835,640**	9,367,072
Issued Participating Shares	**159,415.53**	93,643.87
Net Asset Value per Participating Share (US$)	**105.60**	100.03

9 Related Parties

The Company's Administrators, Investment Advisor, Custodian and Directors are related parties by virtue of the material contracts in existence that are outlined in notes 3 to 5.

Mrs T Gibbons is a director of the Investment Advisor. Mr A D Sweidan and Mr A J Stent-Torriani are directors of the Investment Advisor and directly and indirectly hold shares in the Investment Advisor with Mr A J Stent-Torriani being a director and shareholder in Monaco Asset Management S.A.M. Mr S A Morris, Mr D R Cottingham and Mr C C Morris are directors of Global Fund Services Ltd, the Bermuda Administrator and along with Mr A Hopkin are directors of both the Investment Advisor and Continental Sponsors Ltd, the sponsoring broker on the Bermuda Stock Exchange. Mr S A Morris and Mr D R Cottingham directly and indirectly hold shares in the Investment Advisor and in Aurum Fund Management Ltd.

Ms M O'Caoimh is an employee of the Irish Administrator.

Aurum MAM Fund Management Ltd. is Investment Advisor to, and owns all of the Sponsor Shares of, the Company, and is itself owned 50% each by Aurum Fund Management Ltd. and Monaco Asset Management S.A.M.

Persons connected to the Directors, as defined under the Irish Stock Exchange listing requirements, directly and indirectly own all the Sponsor Shares of the Company. At 31 December 2012, Directors and Persons so connected did not hold any Participating Shares in the Company (2011: Nil).

During the year, the Company had dealings with other Aurum funds and funds in which Aurum Fund Management Ltd. had a significant interest by reason of the direct or indirect ownership of sponsor shares therein, and those dealings may be identified as follows:

	2012 US$	2011 US$
Sales of investments to such other funds	**41,338**	776,445
Purchases of investments from such other funds	**2,350,000**	-

At the end of the year, there were no amounts due to and from such other funds (2011: US$Nil).

The above figures exclude amounts due to the Investment Advisor which are shown in the body of the financial statements.

All dealings between all parties were at arm's length prices.

10 Financial Instruments and Risk Exposure

The Company, in the normal course of business, enters into investment transactions in financial instruments through investments in other funds. Financial instruments include investments, cash, interest receivable, dividends receivable, subscriptions receivable, bank overdrafts, accrued expenses and redemptions payable. The carrying value of these financial instruments in the financial statements approximates their fair value.

Asset allocation is determined by the board of directors who manage the distribution of the assets to achieve the investment objectives set out in Note 1. Divergence from target asset allocations and the composition of the portfolio is monitored by the board of directors. The Company is limited by the prospectus as to the percentage of assets that may be invested into any one investment in order to diversify risk, details of these percentages at the Statement of Financial Position date are outlined in the Portfolio Statement on page 5.

The holding of such instruments gives exposure to market risk, price risk, currency risk, credit risk, and liquidity risk.

Market Risk

Market risk is the risk that the market price of the financial instrument will fluctuate due to changes in foreign exchange rates, market interest rates, market factors specific to the security or its issuer or factors affecting all securities traded in the market. All investments are recognised at fair value, and all changes in market conditions directly affect net income.

The Company's market risk is managed by the Company within a rigorous risk management framework including diversification of the investment portfolio. The risk management policy includes initial and subsequent due diligence reviews of all underlying investments but it will be appreciated that the Company does not normally have access to the detailed underlying investments of entities included in the portfolio. The Company does not use sensitivity analysis to measure market risk as this analysis is not deemed to be meaningful due to the nature of the underlying investments.

Details of the Company's Investment Portfolio as at the Statement of Financial Position date are disclosed in the Portfolio Statement on page 5 that highlights the percentage exposure to each asset type.

Market Risk - Price Risk

Price risk is the risk that the value of an investment may fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment or all factors affecting all instruments traded in the market. As the majority of the Company's investments are carried at fair value with fair value changes recognised through the Statement of Comprehensive Income, all changes in market conditions may directly affect net income.

Investments in underlying funds are valued at the net asset values provided by such entities or their administrators. These values may be unaudited or may themselves be estimates. In addition, these entities or their administrators may not provide values at all or in a timely manner and, to the extent that values are not available, those investments will be valued by the Directors using valuation techniques considered to be appropriate to those investments. The Directors believe that the valuations used are reasonable.

Price risk is mitigated by the board of directors constructing a diversified portfolio of investments traded on various markets. The diversity of investments is shown in the Portfolio Statement on page 5. The Company does not use sensitivity analysis to measure market risk. However, if the price of the underlying funds in the portfolio rose by 1%, the net asset value of the portfolio before reduction of borrowings would also rise by approximately 1% and vice versa.

Market Risk - Currency Risk

The Company invests in collective investment schemes which are denominated in US dollars.

The investment funds in which the Company invests have full discretion as to the currencies in whose shares their investments are denominated. Consequently, performance of the underlying funds may be subject to fluctuations in foreign currency exchange rates.

10 Financial Instruments and Risk Exposure (continued)

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. Certain of the markets which may be traded by the Company or any investment funds in which the Company invests, for example the inter-bank market in currencies, the swaps market and the government securities market are "principal's markets" in which they are fully subject to the risk of counterparty default. Credit risk is managed by the Company through initial and subsequent due diligence reviews of all underlying investments, as already stated, and the exposure to credit risk is reflected in the carrying amounts in the Portfolio Statement on page 5. The diversification of the investment portfolio reduces the overall credit risk to the Company.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the Statement of Financial Position date. This relates also to financial assets carried at amortised cost, as they have a short term to maturity.

The carrying amounts as at year/period end are:

	2012	2011
	US$	US$
Investments	**18,413,961**	10,362,954
Other debtors	**19,829**	19,180

Credit risk arising on transactions with brokers relates to transactions awaiting settlement and cash collateral provided against open contracts. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used. The Company monitors the credit rating and financial positions of the brokers used to further mitigate the risk.

Substantially all of the assets of the Company, including cash, are held by the Custodian. Bankruptcy or insolvency of the Custodian may cause the Company's rights with respect to securities held by the Custodian to be delayed or limited. The Company monitors its risk by monitoring the credit quality of the Custodian used by the Company. The Custodian is a wholly owned subsidiary of Northern Trust Corporation. As at 31 December 2012, Northern Trust Corporation had a Long Term Rating from Standard and Poor's of A+ denoting a very strong capacity to repay interest and principal.

Depending on the requirements of the jurisdictions in which the investments of the Company are issued, the custodian may generally, without affecting its potential liability, use the services of one or more sub - custodians.

The board of directors analyse credit concentration based on the counterparty, industry and geographical location of the financial assets that the Company holds.

Liquidity Risk

Liquidity risk is the risk that difficulties may be encountered in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

At various times, the markets for some securities purchased or sold by the Company may be illiquid, making purchases or sales of securities at desired prices or in desired quantities difficult or impossible. As there is not always a recognisable market for the investments made by the Company, it may be difficult to deal in any such investments at the value recorded in the Statement of Financial Position.

The liquidity of the underlying investments of the Company is reviewed monthly based on the marketability of those investments. The diversification of the investment portfolio best reduces overall liquidity risk.

10 Financial Instruments and Risk Exposure (continued)

Liquidity Risk (continued)

The Company considers that, as at the Statement of Financial Position date, all of the investments shown in the Portfolio Statement on page 5 would have been realisable within 90 days of that date either through redemption or sale.

Participating Shares in the Company may be redeemed at the Net Asset Value per Participating Share on the dealing day immediately following the valuation day, being the last business day of each month, on at least 90 days notice to the Administrator. The Company endeavours to pay the redemption proceeds within 30 days of the redemption date.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date.

2012	**< 1 Month**	**1 - 3 Months**	**3 Months to 1 Year**	**Total**
	US$	**US$**	**US$**	**US$**
Liabilities				
Investment advisory fee	14,062	-	-	14,062
Administration fee	1,834	-	-	1,834
Custodian fee	507	-	-	507
Bank overdraft	1,550,735	-	-	1,550,735
Other payables	12,199	-	-	12,199
Incentive Fee	18,811	-	-	18,811
Net assets attributable to holders of Participating Shares	-	-	16,835,640	16,835,640
Total Liabilities	**1,598,148**	**-**	**16,835,640**	**18,433,788**

2011	**< 1 Month**	**1 - 3 Months**	**3 Months to 1 Year**	**Total**
	US$	**US$**	**US$**	**US$**
Liabilities				
Investment advisory fee	7,817	-	-	7,817
Administration fee	1,359	-	-	1,359
Custodian fee	285	-	-	285
Bank overdraft	993,991	-	-	993,991
Other payables	11,608	-	-	11,608
Net assets attributable to holders of Participating Shares	-	-	9,367,072	9,367,072
Total Liabilities	**1,015,060**	**-**	**9,367,072**	**10,382,132**

Net assets attributable to participating shares show undiscounted cash flows on the basis of the earliest possible contractual redemption date.

11 Fair Value Measurement

The International Accounting Standards Board published *Improving Disclosures about Financial Instruments (Amendments to IFRS 7)* in order to improve the disclosure of how entities measure the fair value of their financial instruments. The disclosure requirements in IFRS 7 have been extended to introduce a fair value hierarchy and enhanced liquidity risk disclosures.

11 Fair Value Measurement (continued)

The fair value hierarchy prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). Valuation techniques shall maximise the use of observable inputs and minimise the use of unobservable inputs. The three levels of the fair value hierarchy under IFRS 7 are as follows:

- Level 1: Quoted price (unadjusted) in an active market for an identical instrument;
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or valuation techniques for which all significant inputs are directly or indirectly observable from market data; and
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Company. The Company considers observable data to be that market data which 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 categorises Funds into which the Company may invest that provide their own monthly net asset value at level 2 as not independently sourced albeit that the Company does not doubt such net asset value.

The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Company's perceived risk of that instrument.

Financial instruments whose values are based on quoted market prices in active markets, and are therefore classified within level 1, includes all listed funds with regular independent quotes.

Financial instruments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include certain Forward Foreign Currency Contracts where the price is calculated internally using observable data.

As level 2 financial instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

All other unquoted funds would be classified into level 3 category by default. Financial instruments classified within level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 instruments, for example, would include Forward Foreign Currency Contracts where the price has been calculated as part of an internal model using unobservable data.

The disclosure required for financial instruments which are measured at fair value in the Statement of Financial Position is as follows:

- the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety;

11 Fair Value Measurement (continued)

- any significant transfers between level 1 and level 2 of the fair value hierarchy and the reasons for those transfers; and
- for fair value measurements in level 3 of the hierarchy, a reconciliation from the beginning balances to the ending balances. As well as highlighting purchases, sales, and gains and losses, this reconciliation will identify transfers into or out of level 3 and the reasons for those transfers.

The following table presents the financial instruments carried on the Statement of Financial Position by level within the valuation hierarchy as at 31 December 2012.

Financial assets at fair value through profit or loss At 31 December 2012	**Total US$**	**Level 1 US$**	**Level 2 US$**	**Level 3 US$**
Collective Investment Schemes	18,413,961	-	18,413,961	-
Total	18,413,961	-	18,413,961	-

Financial assets at fair value through profit or loss At 31 December 2011	**Total US$**	**Level 1 US$**	**Level 2 US$**	**Level 3 US$**
Collective Investment Schemes	10,362,954	-	10,362,954	-
Total	10,362,954	-	10,362,954	-

There have been no transfers during the year between levels 1 and 2 assets held in either year.

12 Subsequent Events

No events have occurred in respect of the Company subsequent to the year end that may be deemed relevant to the accuracy of these financial statements.