HIGHFIELD FUND LTD.

Annual Report and Audited Financial Statements
For the year ended 31 December 2015

Annual Report and Audited Financial Statements contents

	Page
Directors and service providers	1-2
Directors’ report	3-4
Independent Auditors’ report	5
Portfolio Statement as at 31 December 2015	6
Statement of Comprehensive Income for the year ended 31 December 2015	7
Statement of Financial Position as at 31 December 2015	8
Statement of Cash Flows for the year ended 31 December 2015	9
Notes to the Financial Statements	10-21

Directors and service providers

Company	Highfield Fund Ltd. Aurum House 35 Richmond Road Hamilton HM 08 Bermuda
Directors	Dudley R Cottingham Tina Gibbons Adam Hopkin Christopher C Morris Meliosa O'Caoimh† (Resigned 31 December 2015) Bronwyn Wright† Anthony Stent-Torriani Adam Sweidan Fiona Mulhall† (Appointed 1 January 2016)

†Independent Directors in accordance with Irish Stock Exchange Listing requirements for Investment Funds

Promoter & Investment Adviser	Aurum MAM Fund Management Ltd. Aurum House 35 Richmond Road Hamilton HM 08 Bermuda
Custodian	Northern Trust Fiduciary Services (Ireland) Limited George's Court 54-62 Townsend Street Dublin 2 Ireland
Administrator Sub-Registrar and Transfer Agent	Northern Trust International Fund Administration Services (Ireland) Limited George's Court 54-62 Townsend Street Dublin 2 Ireland
Bermuda Administrator, Registrar & Secretary	Global Fund Services Ltd. Century House 16 Par-la-Ville Road Hamilton HM 08 Bermuda
Auditor	KPMG Chartered Accountants 1 Harbourmaster Place International Financial Services Centre Dublin 1 Ireland
Sponsoring Member for Bermuda Stock Exchange	Continental Sponsors Ltd. Century House 16 Par-la-Ville Road Hamilton HM 08 Bermuda

Directors and service providers (continued)

Sponsoring Member for Irish Stock Exchange	J&E Davy Davy House 49 Dawson Street Dublin 2 Ireland
Bermuda Legal Advisers	Conyers Dill & Pearman Limited Clarendon House 2 Church Street PO Box HM 666 Hamilton HM CX Bermuda

Directors' report

The Directors have the pleasure to present the audited financial statements of Highfield Fund Ltd. (the "Company") for the year ended 31 December 2015 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 2015 the Net Asset Value per Participating Share was US$118.28 (2014: US$113.67).

No dividends have been declared in the year ended 31 December 2015 (2014: US$Nil) and the Directors do not recommend the payment of any dividends for the year ended 31 December 2015 (2014: US$Nil).

Connected parties

Transactions carried out with the Company by the Administrator, Investment Adviser, Custodian and Directors ("connected parties") must be carried out as if negotiated at arm's length. Transactions must be in the best interests of the Shareholders.

The Directors are satisfied all transactions with connected parties entered into during the year were conducted at arm's length prices.

Market Review

2015 turned out to be quite a volatile year in global financial markets. For many, it will be hallmarked as the year when the Federal Reserve in the US finally raised interest rates, the first time since before the financial crisis of 2008. Having said this, interest rates in the US remain extremely low, and other key regions such as the EU and Japan have retained quantitative easing policies. In addition, numerous countries continued to cut interest rates over the year, giving rise to the main macro theme for 2015.

The US federal reserve finished its quantitative policy in late 2014, so for most of 2015 global markets deliberated about when rates would be hiked, which eventually came in December with a small 25bp increase, hardly the ‘lift-off’ the financial press was gearing it up to be. Moreover, longer term US interest rates were relatively unchanged, resulting in another quiet year for interest-rate focussed macro funds.

Currency markets, however, were much more fruitful. One of the major macro trends for the year was the strength of the US dollar, which appreciated against the euro and saw even stronger gains against a number of emerging market currencies. Linked to quite severe weakness for a number of emerging markets was the large decline in the price of oil, the dramatic fall of which over the second half of the year made it the most important global story.

The global oil market experienced the ‘double whammy’ of stagnating global demand and increased supply throughout the year. The former was most likely effected from a relative slowdown in China, as it continues to try and evolve from an export-led growth economy to one focused on internal consumption. On the latter, increased supply from the US shale industry and competing OPEC members failing to agree on a cut in production led to extreme pessimism for the commodity which saw it end over 40% down from the start of the year. The follow-on effects were significant, with countries such as Russia seeing its currency tumble against the US dollar. Volatility in the price of oil continues to be a major market theme into 2016.

Global equities also had a volatile year, with the S&P 500 in the US finishing slightly down and the MSCI Emerging markets index falling 8%. The only bright spot was the European markets, where stocks seemed to be helped more by ongoing stimulus programs rather than any sign of a robust recovery, especially in the periphery. Germany saw one of the strongest equity markets, while those exposed to slow-downs in China and commodity producers saw sharp losses over the year. Global stocks, as measured by the MSCI World Index, finished down 2.7% for the year.

Global hedge fund performance was greatly varied over 2015, both between strategies as well as high internal strategy dispersion. Funds focussing on shorter-term relative value strategies, including those at multi-strategy and systematic funds, tended to have a solid to strong year. Those with more directional strategies, such as macro, saw more volatility, with a significant percentage of funds finishing in negative territory for the year.

Directors' report (continued)

Market Review (continued)

The Company saw positive contributions coming from its four strategy allocations over the year. Unlike previous years, macro performance was promising, especially during the first quarter where gains were particularly seen from global FX trading. Performance for the strategy tapered over the second half of the year as a number of geopolitical and market-based shocks affected portfolios, including the surprise Chinese currency devaluation in August. Black Diamond Thematic was a notable detractor within the macro allocation. The primary driver of performance was again the multi strategy allocation, with strong contributions coming from the majority of managers and only one notable detractor for the portfolio, which was reduced in size at the end of the year. The Company's allocation to systematic funds continued to increase over the year and again was a very consistent performer. Within the equity allocation there was one stand out performer, achieving a 35.4% gain for the partial year it was held (36.5% for the full year).

Outlook

Going into 2016 with heightened volatility, diverging policies and mixed economic growth, the opportunity set remains robust for a number of hedge fund styles and strategies. We firmly believe that our continued ability to identify managers who will provide low correlation to traditional asset classes will result in consistent above average returns for our Shareholders.

Thanks

We thank the Shareholders for their support and looks forward to further opportunities for continued growth.

For and on behalf of Highfield Fund Ltd.

Director
8 March 2016

Independent Auditors' Report to the Shareholders of Highfield Fund Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Highfield Fund Ltd. (the "Company"), which comprise the Statement of Comprehensive Income for the year ended 31 December 2015, the Statement of Financial Position as at 31 December 2015, 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 Company's Shareholders, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the Company's Shareholders, those matters we are required to state to them in an Auditors' Report and for no other purpose. We do not accept or assume responsibility to anyone other than the Company's Shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

The Directors are 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 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

KPMG
1 Harbourmaster Place
International Financial Services Centre
Dublin 1
Ireland
8 March 2016

Portfolio Statement
as at 31 December 2015

Sector Analysis	2015 Total (US$)	2015 % Total Net Assets	2014 Total (US$)	2014 % Total Net Assets
Multi-Strategy	17,714,897	40.64%	15,109,328	44.96%
Fund 1	5,467,522	12.55%	4,327,990	12.88%
Fund 2	3,051,490	7.00%	1,712,530	5.10%
Fund 3	2,947,863	6.76%	3,597,106	10.70%
Fund 4	2,568,364	5.89%	2,620,668	7.80%
Fund 5	1,845,103	4.23%	2,851,034	8.48%
Fund 6	1,834,555	4.21%	-	-
Macro	13,451,141	30.86%	10,447,471	31.09%
Fund 7	2,334,954	5.36%	1,137,453	3.38%
Fund 8	2,222,627	5.10%	2,155,640	6.42%
Fund 9	2,195,763	5.04%	-	-
Fund 10	1,900,395	4.36%	1,844,437	5.49%
Fund 11	1,521,298	3.49%	1,478,286	4.40%
Fund 12	1,475,897	3.38%	-	-
Fund 13	1,392,140	3.19%	869,263	2.59%
Fund 14	408,067	0.94%	811,243	2.41%
Fund 15	-	-	285,002	0.85%
Fund 16	-	-	1,866,147	5.55%
Systematic	11,841,846	27.17%	4,264,871	12.69%
Fund 17	4,247,873	9.75%	2,259,682	6.72%
Fund 18	3,761,126	8.63%	-	-
Fund 19	2,067,448	4.74%	2,005,189	5.97%
Fund 20	1,765,399	4.05%	-	-
Equity Strategies	3,658,175	8.39%	7,600,872	22.62%
Fund 21	1,805,788	4.14%	847,244	2.52%
Fund 22	1,067,703	2.45%	-	-
Fund 23	784,684	1.80%	750,000	2.23%
Fund 24	-	-	2,348,474	6.99%
Fund 25	-	-	1,234,318	3.67%
Fund 26	-	-	1,658,086	4.94%
Fund 27	-	-	762,750	2.27%
Total Investments	46,666,059	107.06%	37,422,542	111.36%
Other Assets	1,857,562	4.26%	500,964	1.49%
Total Assets	48,523,621	111.32%	37,923,506	112.85%
Other Liabilities	(4,936,300)	(11.32%)	(4,317,991)	(12.85%)
Total Net Assets	43,587,321	100.00%	33,605,515	100.00%

Statement of Comprehensive Income
for the year ended 31 December 2015

2014 US$		note	2015 US$
	Gains from financial assets at fair value through profit or loss		
1,774,512	Net gain on investments	2	2,389,617
	Other income		
0	Other income		25
1,774,512	**Total revenue**		2,389,642
	Operating expenses		
304,903	Investment Adviser fees	3	421,668
160,127	Incentive fees	3	243,123
25,133	Administrator fees	4	34,187
11,058	Custodian fees	5	15,294
30,000	Directors' fees		30,000
7,227	Audit fees		6,072
14,961	Net interest expense		24,719
36,276	Other operating expenses		42,711
589,685	**Total operating expenses**		817,774
1,184,827	**Change in net assets attributable to holders of Participating Shares resulting from operations**		1,571,868

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 31 December 2015

2014 US$		note	2015 US$
	Assets		
	Financial assets at fair value through profit or loss		
37,422,542	Investments at fair value	2, 11	46,666,059
	Financial assets measured at amortised cost		
493,643	Securities sold receivable		290,876
-	Securities purchased in advance		1,566,686
7,321	Other receivables		-
37,923,506	**Total assets**		48,523,621
	Liabilities		
	Financial liabilities measured at amortised cost		
28,034	Investment Adviser fees payable	3	36,362
2,934	Administrator fees payable	4	3,590
1,022	Custody fees payable	5	1,329
1,274,761	Bank overdraft	2, 7	3,791,742
11,240	Other payables		13,277
3,000,000	Subscriptions to shares not yet allotted		1,090,000
4,317,991	**Total liabilities (excluding net assets attributable to holders of Participating Shares)**	10	4,936,300
33,605,515	**Net Assets attributable to holders of Participating and Sponsor Shares**	6	43,587,321
33,605,513	**Net Assets attributable to holders of Participating Shares**	6	43,587,319
	Equity		
2	Net Assets attributable to holders of Sponsor Shares	6	2
2	**Total Equity**		2

These financial statements were approved by the Directors on 8 March 2016 and signed on their behalf by:

Director
8 March 2016

Director
8 March 2016

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 31 December 2015

2014 US$		2015 US$
	Cash flows from operating activities	
1,184,827	Change in net assets attributable to holders of Participating Shares resulting from operations	1,571,868
(15,716,197)	Purchase of investments	(15,345,274)
9,058,720	Proceeds from sales of investments	7,127,455
	Adjustment for non cash items and working capital	
(952,410)	Net unrealised gain on investments	(1,968,629)
(822,102)	Net realised gain on investments	(420,988)
	Changes in operating assets and liabilities	
(5,942)	(Increase)/decrease in receivables	7,321
(23,553)	(Decrease)/increase in payables	11,328
(7,276,657)	**Net cash outflow from operating activities**	(9,016,919)
	Cash flows from financing activities	
9,340,788	Subscriptions for shares	9,716,706
(1,053,033)	Redemption of shares	(3,216,768)
8,287,755	**Net cash inflow from financing activities**	6,499,938
1,011,098	**Net increase/(decrease) in cash and cash equivalents**	(2,516,981)
(2,285,859)	Cash and cash equivalents at the beginning of the year	(1,274,761)
(1,274,761)	**Cash and cash equivalents at the end of the year**	(3,791,742)

The accompanying notes form part of these financial statements.

1. General

Highfield Fund Ltd. (the "Company") was incorporated in Bermuda on 19 February 2010 under the Bermuda Companies Act 1981 as amended and acts as an investment company. The Company is listed on the Irish and Bermuda stock exchanges.

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 Company may from time to time hold investments in collective investment schemes ("Investee Funds") that are advised by Aurum MAM Fund Management Ltd. (the "Investment Adviser") and Investee Funds advised or managed by Aurum Fund Management Ltd, and these Investee Funds are referred to as "MAM Funds","Aurum Funds" and "other Aurum Funds".

The audited financial statements were approved by the Board of Directors on 8 March 2016.

2. Significant Accounting Policies

The significant 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") as issued by the International Accounting Standards Board ("IASB").

The accounting policies have been applied consistently by the Company and are consistent with those used in the previous year, other than for the effect of any new standards adopted.

Adoption of new accounting standards and amendments, including accounting policy changes

International Accounting Standard ("IAS") 24, "Related Party Disclosures" amendments adds an entity to the definition of key management personnel when that entity or any member of a group of which it is a party provides key management personnel services to the reporting entity or to the parent of the reporting entity and is effective for annual periods on or after 1 July 2014. Amounts incurred by the Company for the provision of key management personnel services by a separate management entity shall be disclosed. The amendment did not have any impact on the Company's financial position or performance.

New standards and interpretations applicable to future reporting periods

The Directors have considered all the upcoming IASB standards. There are standards and interpretations issued but not effective that have not been adopted in these financial statements:

- IFRS 9 "Financial Instruments", published in July 2014, will replace the existing guidance in IAS 39. It includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment of financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Based on initial assessment, this standard is not expected to have a material impact on the Company.

Basis of preparation

The financial statements have been prepared on a historical cost basis except for financial instruments classified at fair value through profit or loss that have been measured at fair value.

The financial statements have been prepared on a going concern basis.

The functional currency of the Company is the US dollar as the Directors have determined that this reflects the Company's primary economic environment. The presentation currency of the financial statements is also the US dollar.

2. Significant Accounting Policies (continued)

Assets and liabilities

Investments

The Company classifies its financial investments (assets and liabilities) into categories in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

Financial assets designated at fair value through profit or loss

The Company, on initial recognition, designates investments 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 accordingly. The term financial assets designated at fair value through profit or loss include investments in Investee Funds. Fair value is 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 date of measurement.

Investments are recorded on the trade date at which point the Company becomes a party to the specific investment. Initial measurement of fair value is based on the transaction price at the trade with any transaction costs being expensed immediately. After initial measurement any changes in fair value, and realised gains or losses, related to investments are recognised in the Statement of Comprehensive Income within net gain on investments.

Financial assets at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and they are carried at amortised cost. The Company includes in this category cash and cash equivalents, amounts receivable from brokers, if any, and other receivables. The amortised cost of a financial asset is the amount at which the instrument is measured at initial recognition (its fair value) adjusted for initial direct costs, minus principal repayments, plus or minus the cumulative amortisation, using the effective interest rate method, of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Financial liabilities at amortised cost

The Company includes in this category expenses payable for investments purchased.

Offsetting

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

For the year ended 31 December 2015, and 31 December 2014, there were no financial assets or liabilities subject to enforceable master netting arrangements or similar agreements which would require disclosure.

Derecognition

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, they expire or they are surrendered. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or it expires.

Participating Shares

Under IFRS, Participating Shares redeemable at the Shareholder's option are classified as financial liabilities and the format of the Statement of Financial Position reflects this in accordance with IAS 32 "Financial Instruments: Presentation". The net assets attributable to holders of Participating Shares are stated at the redemption amount on the reporting date without discounting.

Sponsor Shares

Sponsor Shares are classified as equity based on the substance of the contractual arrangements between the Company and the Sponsor Shareholder and in accordance with the definition of equity instruments under IAS 32. The Sponsor Shareholder's equity is stated at amortised cost.

Translation of foreign currencies

Transactions in currencies other than US dollar are recorded at the rate prevailing on the date of the transaction. At each reporting date, non US dollar denominated monetary items and assets and liabilities measured at fair value are retranslated at the rate prevailing on the reporting date.

2. Significant Accounting Policies (continued)

Translation of foreign currencies (continued)
Foreign currency exchange differences related to investments at fair value through profit or loss are included in net gain on investments. All other differences are reflected in net profit or loss for the year.

Net gain on investments
Net gain on investments includes all realised and unrealised fair value changes and foreign exchange differences, but excludes interest.

Net realised gain on investments is calculated using the average cost method.

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

Cash and Cash Equivalents and Bank Overdrafts
Cash and cash equivalents comprise cash balances held at banks. Bank overdrafts are repayable on demand. In the Statement of Cash Flows, cash and cash equivalents are shown net of any short term overdrafts which are repayable on demand, and form an integral part of the Company's cash management.

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

Significant accounting judgements and estimates
The preparation of financial statements in accordance with IFRS requires management to make estimates, judgements 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 amount of income and expenses during the year. Actual results could differ from those estimates.

Revisions to accounting estimates are recognised in the year in which an estimate is revised. The areas of estimates which have the most significant effect on the amounts recognised in the financial statements are disclosed within note 10 'Financial Instruments and Risk Exposure' and note 11 'Fair Value Measurement'.

Structured entities
A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; restricted activities, a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, insufficient equity to permit the structured entity to finance its activities without subordinated financial support and financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks.

The Company may invest in entities whose objectives range from achieving medium to long term capital growth. The investments are managed by related and unrelated asset managers and apply various investment strategies to accomplish their respective investment management objectives. The investments finance their operations by issuing redeemable shares and interests which are puttable at the holder's option and entitle the holder to a proportional stake in the respective investment's net assets. Where the Directors consider that the investment displays some of the features and attributes of a structured entity to varying degrees, they will present disclosures related to structured entities for all investments, where obtainable, as they consider these disclosures may be of relevance to investors.

3. Investment Adviser Fee and Incentive Fee

The Company pays the Investment Adviser (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, 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).

3. Investment Adviser Fee and Incentive Fee (continued)

The Base Date is the 31 December immediately prior to the month 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 is assumed that all the Participating Shares in issue at the valuation day were in issue at the Base Date 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 the Base Date or the high water mark date as the case may be. These fees are calculated before all Investment Adviser, Administrators and Custodian fees, Directors' fees, audit fees, formation and sundry expenses for the month concerned have been 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 0.085% of the Net Asset Value of the Company. These fees are calculated before all fees payable to the Investment Adviser, Administrators, Custodian and Directors, audit fees, formation and sundry expenses for the month concerned are deducted, 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 from other Aurum Funds exceed specified limits. 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, but the annual fee and monthly minimum will remain applicable.

5. Custodian Fee

The Company pays to the Custodian a monthly fee no greater than 1/12 of 0.04% 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 Adviser, Administrators, Custodian and Directors, audit fees, formation and sundry expenses for the month concerned are deducted, is paid monthly in arrears, is subject to a US$1,000 minimum per month and may be subject to reduction if the total Custodian Fees from Aurum 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 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, but the minimum, including transaction fees, will remain applicable.

6. Share Capital

	December 2015 US$	December 2014 US$
Authorised share capital of US$0.002 par value per share		
1,000 Sponsor Shares (presented as equity in accordance with IAS 32)	2	2
4,999,000 Participating Shares (presented as a liability in accordance with IAS 32)	9,998	9,998
Authorised share capital	10,000	10,000

All of the Sponsor Shares have been issued to and are beneficially owned by the Investment Adviser.

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.

6. Share Capital (continued)

	Number of Participating Shares		Number of Participating Shares
Opening at 1 January 2015	295,639.89	Opening at 1 January 2014	246,814.17
Issued during the year	100,210.15	Issued during the year	58,367.35
Redeemed during the year	(27,349.55)	Redeemed during the year	(9,541.63)
Closing at 31 December 2015	368,500.49	**Closing at 31 December 2014**	295,639.89

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 2015	2	591	33,604,922	33,605,515
Change in net assets attributable to holders of Participating Shares resulting from operations			1,571,868	1,571,868
Subscriptions during the year		200	11,626,506	11,626,706
Redemptions during the year		(55)	(3,216,713)	(3,216,768)
Balance at 31 December 2015	2	736	43,586,583	43,587,321
Balance at 1 January 2014	2	493	26,982,438	26,982,933
Change in net assets attributable to holders of Participating Shares resulting from operations			1,184,827	1,184,827
Subscriptions during the year		117	6,490,671	6,490,788
Redemptions during the year		(19)	(1,053,014)	(1,053,033)
Balance at 31 December 2014	2	591	33,604,922	33,605,515

7. Bank Overdraft

The Company has a facility with Northern Trust Company, London Branch 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 attributable to holders of Participating Shares included in the Statement of Financial Position by the number of Participating Shares in issue at the year end.

	December 2015 US$	December 2014 US$
Net Asset Value per Participating Share		
Net assets attributable to holders of Participating Shares (US$)	43,587,319	33,605,513
Issued Participating Shares (number of shares)	368,500.49	295,639.89
Net Asset Value per Participating Share (US$)	118.28	113.67

9. Related Parties

In accordance with IAS 24 "Related Party Disclosures" the related parties to the Company are outlined below.

The Company's related parties include the Directors, the Administrator, the Investment Adviser and the Custodian.

9. Related Parties (continued)

Directors

Mrs. T Gibbons and Mr. A Hopkin are Directors of the Investment Adviser and Aurum Fund Management Ltd. Mr. C C Morris, Mr. D R Cottingham and Mr. A Sweidan are directors of the Investment Adviser and hold shares directly and indirectly in Aurum Fund Management Ltd. Mr. D R Cottingham and Mr. C C Morris are Directors of Aurum Fund Management Ltd. Mr. A J Stent-Torriani is a director of the Investment Adviser and is a Director and Shareholder of Monaco Asset Management S.A.M.

The Directors of the Company, the Investment Adviser and Aurum Fund Management Ltd. are also Directors of other investment companies.

The Investment Adviser 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.

Ms M O'Caoimh is employed by an associate of the Irish Administrator as Senior Vice President.

At 31 December 2015, Directors and Persons so connected did not hold any Participating Shares in the Company (2014: Nil)

During the year, the Company had dealings with other Aurum Funds and funds in which the Investment Adviser had a significant interest by reason of the direct or indirect ownership of Sponsor Shares therein, the dealings were conducted in order to balance the portfolio of investments, and those dealings may be identified as follows:

	2015 US$	2014 US$
Sales of investments to such other funds	1,952,877	496,659
Purchases of investments from such other funds	4,952,877	250,000

At the end of the year, there were no amounts due to or from such other funds (31 December 2014: US$Nil).

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

10. Financial Instruments and Risk Exposure

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

Investments in Investee Funds are recorded at the net asset value per share as reported by the administrators of the Investee Funds at the measurement date 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 fair value based on available information. In determining fair value the Directors take into consideration, where applicable, the impact of suspension of redemptions, liquidation proceedings, investments in side pockets and any other significant factors.

At 31 December 2015, and 31 December 2014, 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 adjustment to the net asset value per share provided in order to arrive at 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 ‘General’. Divergence from target asset allocations and the composition of the portfolio is monitored by the Board of Directors.

10. Financial Instruments and Risk Exposure (continued)

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. The holding of such instruments results in exposure to market risk, credit risk, currency 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 of entities included in the portfolio.

Market risk – interest risk; the Investee Funds do not pay interest, and as a result are subject to limited risk due to fluctuations in the prevailing levels of market interest rates on these investments.

Market risk – currency risk; the risk that the value of a financial instrument may fluctuate due to changes in the price of one currency against another.

The Company invests in Investee Funds which are denominated in US dollar.

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

Market Risk – Other Price Risk

Other 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.

Other price risk is mitigated by the Board of Directors constructing a diversified portfolio of investments traded on various markets. The Company does not use sensitivity analysis to measure market risk.

The right of the Company to request redemption of its investments in Investee Funds ranges in frequency from weekly to semi-annually. The Company invests across a broad range of fund managers, which have been classified under the following investment strategies:

Multi-Strategy Funds Utilise a variety of investment strategies with the goal of generating a smooth return that is not reliant on one type of market condition to generate returns. In general the Aurum Funds and MAM Funds invest in managers that are biased to our favoured strategies of systematic, macro, fixed income and equity trading but these managers may also hold some allocation to credit and arbitrage strategies.

Macro is one of the most classical hedge fund strategies. Portfolio Managers have a wide range of tools at their disposal including stocks, bonds, and derivatives, and seek to profit from movements in global interest rates, equity markets, commodity prices, and foreign exchange values. Positions tend to be thematic in nature, backed by rigorous economic research and political insight.

Systematic encompasses a range of strategies that are all researched, developed and traded using quantitative methods. This will likely involve the use of computer algorithms, automated execution systems and vast types and amounts of data.

Equity strategies involve the buying and selling of listed equities based on a wide range of varying opinions, research, and forecasting techniques. The most common type is based on fundamental research based on company analysis (earnings growth etc), although the presence of automatic and quantitatively based trading styles has proliferated in recent years.

10. Financial Instruments and Risk Exposure (continued)

Market Risk – Other Price Risk (continued)

The following table reflects the exposure of the Company to the above listed strategies:

31 December 2015

Strategy	Number of funds	Range of Net Asset Value of Investee Fund (US$m)	Weighted average of Net Asset Value of Investee Fund (US$m)	Fair value US$	% of Net Assets
Multi-Strategy	6	207-9,926	5,536	17,714,897	40.64%
Macro	8	438-6,700	2,763	13,451,141	30.86%
Systematic	4	344-1,621	993	11,841,846	27.17%
Equity Strategies	3	54-1,833	1,435	3,658,175	8.39%
Total	21			46,666,059	107.06%
Net other assets and liabilities				(3,078,738)	(7.06%)
Total Net Assets				43,587,321	100.00%

31 December 2014

Strategy	Number of funds	Range of Net Asset Value of Investee Fund (US$m)	Weighted average of Net Asset Value of Investee Fund (US$m)	Fair value US$	% of Net Assets
Multi-Strategy	5	974 - 7,721	4,517	15,109,328	44.96%
Macro	8	1 - 6,700	3,681	10,447,471	31.09%
Systematic	2	594 - 4,000	2,399	4,264,871	12.69%
Equity Strategies	6	1 - 995	381	7,600,872	22.62%
Total	21			37,422,542	111.36%
Net other assets and liabilities				(3,817,027)	(11.36%)
Total Net Assets				33,605,515	100.00%

The sum total of fair values shown in the above table are reflected in the audited Statement of Financial Position on page 8 as Investments at fair value.

The Company's maximum exposure to loss from its interests in Investee Funds is equal to the total fair value of its investments in Investee Funds. Once the Company has disposed of its shares in an Investee Fund the Company ceases to be exposed to any risk from that Investee Fund. The Company's investment strategy entails trading in Investee Funds on a regular basis. Total purchases in Investee Funds during the year ended 31 December 2015 were US$15,345,274 (31 December 2014: US$15,716,197). Total sales of Investee Funds during the year ended 31 December 2015 were US$6,922,100 (31 December 2014: US$9,058,720). As at 31 December 2015, and 31 December 2014, there were no capital commitment obligations and no amounts due to Investee Funds for unsettled purchases.

During the year ended 31 December 2015 total net gain on investments in Investee Funds was US$2,389,617 (31 December 2014: US$ 1,774,512).

Credit Risk and other price 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 markets which may be traded by the Company or any Investee 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. The diversification of the investment portfolio reduces the overall credit risk to the Company.

10. Financial Instruments and Risk Exposure (continued)

Credit Risk and other price risk (continued)

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 end were:

	December 2015 US$	December 2014 US$
Securities sold receivable	290,876	493,643
Securities purchased in advance	1,566,686	-
Other receivables	-	7,321
Carrying amount representing credit risk exposure	1,857,562	500,964

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 2015, Northern Trust Corporation had a Long Term Rating from Standard and Poor's of A+.

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 analyses and controls credit concentration based on the counterparty, industry and geographical location of the financial assets that the Company holds.

There is 1 individual investment which exceeds 10% of the net assets attributable to the holders of Participating Shares as at 31 December 2015 (31 December 2014: 2)

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. No new arrangements have been employed by the Company in managing liquidity risk during the year.

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.

10. Financial Instruments and Risk Exposure (continued)

Liquidity Risk (continued)

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.

As at 31 December 2015

Liabilities	< 1month US$	1 - 3 months US$	3 months to 1 Year US$	Total US$
Bank overdraft	3,791,742	-	-	3,791,742
Investment Adviser fees payable	36,362	-	-	36,362
Administrator fees payable	3,590	-	-	3,590
Custody fees payable	1,329	-	-	1,329
Other payables	13,277	-	-	13,277
Subscriptions to shares not yet allotted	-	-	1,090,000	1,090,000
Net assets attributable to holders of Participating Shares	-	-	43,587,319	43,587,319
Total Liabilities	3,846,300	-	44,677,319	48,523,619

As at 31 December 2014

Liabilities	< 1month US$	1 - 3 months US$	3 months to 1 Year US$	Total US$
Bank overdraft	1,274,761	-	-	1,274,761
Investment Adviser fees payable	28,034	-	-	28,034
Administrator fees payable	2,934	-	-	2,934
Custody fees payable	1,022	-	-	1,022
Other payables	11,240	-	-	11,240
Subscriptions to shares not yet allotted	-	-	3,000,000	3,000,000
Net assets attributable to holders of Participating Shares	-	-	33,605,513	33,605,513
Total Liabilities	1,317,991	-	36,605,513	37,923,504

Leverage

The Company may use overall leverage up to a maximum of 30% of the Company's total assets, without double counting, from time to time for general investment purposes or to facilitate redemptions.

During the year the maximum leverage utilised by the Company, measured at any one month end, was less than 12% (2014: less than 15%).

11. Fair Value Measurement

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 measurement).

11. Fair Value Measurement (continued)

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 13 "Fair Value Measurement" 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 Investee 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.

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

The following table presents the financial instruments carried on the Statement of Financial Position by level within the valuation hierarchy as at 31 December 2015.

Financial assets at fair value through profit or loss at 31 December 2015	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Investee Funds	-	46,666,059	-	46,666,059
Financial assets at fair value through profit or loss at 31 December 2015	-	46,666,059	-	46,666,059

11. Fair Value Measurement (continued)

Financial assets at fair value through profit or loss at 31 December 2014	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Investee Funds	-	37,422,542	-	37,422,542
Financial assets at fair value through profit or loss at 31 December 2014	-	37,422,542	-	37,422,542

There have been no transfers between levels 1, 2 or 3 assets held in either year.

Details of the Company's Investment Portfolio's maturity profile are disclosed in the Liquidity Risk note on pages 18-19.

For the years ended 31 December 2015 and 31 December 2014 all other assets and liabilities, other than investments at fair value, whose carrying amounts approximate fair value would have been considered to be classified within Level 2 of the fair value hierarchy.

12. 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 such taxes be enacted, until 31 March 2035.

13. Subsequent Events

No events have occurred in respect of the Company subsequent to 31 December 2015 which would require revision or disclosure in these financial statements.