HIGHFIELD FUND LTD.

Annual Report and Audited Financial Statements
For the year ended 31 December 2016

Annual Report and Audited Financial Statements Contents

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 Bronwyn Wright† Anthony Stent-Torriani Adam Sweidan Fiona Mulhall† (Appointed 1 January 2016) Michael J Harvey (Appointed 12 April 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
Sponsoring Member for Irish Stock Exchange	J&E Davy Davy House 49 Dawson Street Dublin 2 Ireland

Directors and Service Providers (Continued)

Bermuda Legal Advisers	Conyers Dill & Pearman Limited Clarendon House 2 Church Street PO Box HM 666 Hamilton HM CX Bermuda

Environmental, Social and Governance ("ESG") Statement

The Aurum Group aims to conduct its business in a sustainable and responsible way. Environmental, Social and Governance standards are observed by all the entities that make up the Aurum Group, including Highfield Fund Ltd., as part of their approach to providing investors with positive returns over the medium to long term.

Environmental

Project Regeneration

The Aurum Group recognised that producing carbon emissions is an inevitable consequence of the research and investment process and wanted to find a way of being responsible for and addressing the inevitable environmental footprint. Initially, attention turned to carbon offsetting schemes, but many issues were encountered with these schemes including the wide variety in the quality of schemes. Many schemes fail to protect diverse ecosystems by planting single tree varieties in biologically diverse areas. Project Regeneration sought to have a positive environmental outcome whilst addressing the problems identified with traditional carbon offsetting schemes.

The Aurum Group's commitment to Project Regeneration launched with grants made to the Malaysian non-governmental organisation ("NGO"), Hutan, who are committed to the reforestation and protection of former palm oil plantations. Grants provided by the Regeneration Portfolio enabled Hutan to begin planting seedlings which will complete the reforestation of the Malumbi palm oil estate. Planting is due to complete in 2016; Hutan will then dedicate over 2 years to nurturing the seedlings. The project will be completed in August 2018.

United Nations Principles for Responsible Investment ("UNPRI")

Aurum Fund Management Ltd. ("Aurum") became a signatory of the UNPRI in 2013. The 2015 annual Assessment Report received an 'A' rating, an upgrade from the 'B' rating achieved in 2014. The Report is assessed on the depth and coverage of a responsible investment policy, goals and objectives, governance and on the promotion of responsible investment in the industry. This demonstrates a continuing commitment to incorporating ESG considerations into both investment analysis and the way that Aurum operates.

International Union for Conservation of Nature ("IUCN")

Aurum has been committed to supporting the IUCN, and has made substantial donations since 2012. IUCN, "is the global authority on the status of the natural world and the measures needed to safeguard it"*. For the past fifty years, IUCN has published a 'Red List' of threatened or endangered species of animals, plants and fungi. IUCN works with NGOs, local communities, scientists and policy makers to come up with solutions to environmental challenges.

*Source: http://www.iucn.org/

Social

Absolute Return for Kids ("Ark")

Ark is an international organisation whose mission is to transform the lives of children who are victims of abuse, disability, illness and poverty through the support of local and international projects. Their work focuses on health, education and child protection around the globe.

Aurum has supported Ark for many years and has made significant donations to Ark. The money donated has gone towards many of Ark's initiatives including their global education, health and child protection programmes.

Synchronicity Earth

Synchronicity Earth aims to grow the amount of support available to high-profile conservation action globally. The health of planet Earth is a threshold issue, without a healthy biosphere the possibility of peace, security, health and prosperity for all is lost.

Synchronicity Earth researches and analyses important themes in global conservation in order to conduct projects or partner with other charities with a current focus on threatened ecosystems, forests, oceans, freshwater and species.

Aurum has been a supporter of Synchronicity Earth since its inception, as The Synchronicity Foundation, in 2000 and has donated both time and money over the years in an effort to help spread the word of conservation.

Governance

Highfield Fund Ltd.'s Board of Directors, and the principals of the Aurum Group, place a strong emphasis on regulation, governance and compliance. Focus is placed on having the right systems and controls in place to assure investors that responsibility is taken for managing their money seriously.

Environmental, Social and Governance ("ESG") Statement (Continued)

Looking ahead, the Aurum Group is committed to:

- Actively monitoring the universe of socially responsible investing;
- Continuing constructive dialogue with managers around the topic of ESG, but to also introduce a dialogue with all service providers about ESG factors; and
- Striving to use the feedback from Aurum's 2015 UNPRI assessment report to improve its rating from an A to the top rating, an A+.

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 2016 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 2016 the Net Asset Value per Participating Share was US$121.60 (2015: US$118.28).

No dividends have been declared in the year ended 31 December 2016 (2015: US$Nil) and the Directors do not recommend the payment of any dividends for the year ended 31 December 2016 (2015: US$Nil).

Connected parties

Transactions carried out with the Company by the Administrator, Bermuda 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

The latter half of 2016 witnessed two of the most potentially significant political events that we have seen for some time. The surprise results of the UK Brexit referendum in June and the US election in November continue to be highly influential in the daily movements of global asset markets. However, unlike the binary outcome of these events, the resulting movements in the pricing of assets and securities has been more complex. In particular, the US election win for Donald Trump may be seen as a net positive for a number of alternative strategies, as managers adjust to this new paradigm of leadership and attempt to trade around the opportunities it may create. In particular, global macro performance picked up over the last two months of 2016. After many years of what some commentators labelled 'financial repression', characterised by low volatility and falling interest rates, volatility has now begun to pick up to what money managers would call healthier levels. While higher volatility in itself does not necessarily equate to investment returns (more typically being associated with some type of crisis such as those in 2008 and 2011) the nature of this recent volatility is clearly different as it is being driven by structural change in both domestic monetary and fiscal policies.

Despite the perception of increased opportunities toward the end of the year, 2016 was a challenging year for the Company's underlying strategies. During the first quarter, equity markets saw acute rotations amongst key sectors, notably with widely held technology stocks selling off and energy-related stocks climbing sharply along with a recovery in the oil price. This adversely affected equity quant sectors and some of the larger platform-based equity funds, the deleveraging of which potentially exacerbated some large price moves. While there was a degree of recovery for more traditional equity trading funds, the quantitative allocation continued to struggle throughout the year with significant dispersion at the underlying fund level.

The early losses in equity trading also affected funds within the multi-strategy allocation, several of which have large equity trading businesses. However, these were able to recover over the remainder of the year, particularly during the second half. With 2017 expected to bring changes to earnings dynamics via economic dispersion and changing domestic policies in trade and growth, we are optimistic about both fundamental stock-picking and quantitative trading models. Fixed income relative value trading within the multi strategy-allocation had a more consistent year, with managers reporting an increased opportunity set with fewer market participants and more curve volatility leading to consistent profit taking. More widely, fixed income trading became more interesting over the year from a macro directional and relative value perspective. The Federal Reserve, after keeping rates on hold for most of the year, finally raised the base rate in December. While this was largely expected, the more hawkish tone of Governor Yellen was not, hinting at more hikes in 2017. Many believe that a stronger US economy, and the pro-inflation policies of Donald Trump, were the drivers behind this firmer stance. Higher interest rates, asset class and regional dispersion and healthier levels of volatility all contributed to solid performance in the last quarter, which we hope will continue into 2017.

The Company ended the year in positive territory despite a difficult first quarter for the underlying strategies. The Company's multi-strategy allocation was the main source of loss in the first quarter, driven by losses in market-neutral equity portfolios amid an acute reversal in medium-term themes. More specifically, energy stocks saw a sharp rebound in-line with the price of oil, while widely held tech stocks suffered. These sectors were able to recover well, however, assisting the overall portfolio to record six straight positive months over the second half of the year.

Quantitative trading also struggled during the year. The reason behind this is less clear due to the systematic and idiosyncratic nature of the underlying sector. It is likely that a number of unexpected events were a factor, such as the UK Brexit vote and the US election win for Donald Trump, which led to stocks moving on news rather than fundamentals.

Macro was quiet for most of the year before performing well in the last quarter, especially trading around the US election and its aftermath. More specifically, gains were seen in rates and foreign exchange trading, as well as in having exposure to pro-inflation equity sectors. The equities allocation was a detractor over the year, again likely to have been affected by the unexpected events over the year and value generally outperforming growth factors.

Directors' Report (Continued)

Outlook

Going into 2017 with heightened volatility, political uncertainty 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 assets classes will result in consistent above average returns for our shareholders over the long term.

Thanks

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

For and on behalf of Highfield Fund Ltd.

Director
10 March 2017

Independent Auditor's Report to the Shareholders of Highfield Fund Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Highfield Fund Ltd. (the "Company") for the year ended 31 December 2016, which comprise the Statement of Comprehensive Income for the year ended 31 December 2016, the Statement of Financial Position as at 31 December 2016, the Statement of Cash Flows for the year then ended, and related notes, including the summary of significant accounting policies set out in note 2.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016 and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of financial assets

Refer to the accounting policy in note 2 and to note 10 'Financial instruments and risk exposure' to the financial statements.

The key audit matter

Valuation of financial assets

The investment portfolio at 31 December 2016 comprised of investments in other funds. The valuation of these assets held in the investment portfolio is the key driver of the Company's net asset value and performance for the year. While the nature of the Company's investments do not require a significant level of judgement because the underlying values of these funds are observable, due to their significance in the context of the financial statements as a whole, financial assets was identified as a risk of material misstatement which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.

How the matter was addressed in our audit

We have performed the following audit procedures:

- *Assessed the design and implementation of the controls over valuation of investments;*
- *Obtained external confirmation of the valuation of the investments in funds from their respective underlying fund administrators or managers; and*
- *Assessed whether the underlying funds' net asset value was an appropriate approximation of fair value.*

No material misstatements were identified by our audit procedures.

Other information

The Directors are responsible for preparation of other information accompanying the financial statements. The other information comprises the Environmental, Social and Governance Statement, the Directors' Report and the Portfolio Statement.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion on that information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether that information is materially inconsistent with the financial statements or our knowledge obtained in the course of our audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report to the Shareholders of Highfield Fund Ltd. (Continued)

Respective responsibilities and restrictions on use

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with applicable law and IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Further details relating to our work as auditor is set out in the Scope of Responsibilities Statement contained in the appendix of this report, which is to be read as an integral part of our report.

Our 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 Shareholders those matters we are required to state to them in an auditor's report and for no other purpose. We do not accept or assume responsibilities to anyone other than the Shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

The Engagement Partner on the audit resulting in this independent Auditor's Report is Mrs. D. Barrett.

KPMG

KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
International Financial Services Centre
Dublin 1
Ireland

Date: 10 March 2017

Independent Auditor's Report to the Shareholders of Highfield Fund Ltd. (Continued)

Appendix to the Independent Auditor's Report

Further information regarding the scope of our responsibilities as Auditor

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Portfolio Statement
as at 31 December 2016

Sector Analysis	2016 Total (US$)	2016 % of Total Net Assets	2015 Total (US$)	2015 % of Total Net Assets
Systematic	14,939,978	31.76%	11,841,846	27.17%
Fund 1	4,722,508	10.04%	4,247,873	9.75%
Fund 2	4,460,807	9.48%	3,761,126	8.63%
Fund 3	1,782,284	3.79%	–	–
Fund 4	1,603,867	3.41%	1,765,399	4.05%
Fund 5	1,034,360	2.20%	–	–
Fund 6	812,763	1.73%	–	–
Fund 7	523,389	1.11%	–	–
Fund 8	–	–	2,067,448	4.74%
Multi Strategy	14,225,924	30.24%	17,714,897	40.64%
Fund 9	5,719,798	12.16%	5,467,522	12.55%
Fund 10	3,028,573	6.44%	3,051,490	7.00%
Fund 11	2,837,000	6.03%	1,845,103	4.23%
Fund 12	2,640,553	5.61%	2,568,364	5.89%
Fund 13	–	–	2,947,863	6.76%
Fund 14	–	–	1,834,555	4.21%
Macro	13,444,197	28.58%	13,451,141	30.86%
Fund 15	3,573,144	7.60%	2,334,954	5.36%
Fund 16	2,610,004	5.55%	2,195,763	5.04%
Fund 17	1,996,093	4.24%	1,900,395	4.36%
Fund 18	1,620,101	3.44%	1,521,298	3.49%
Fund 19	1,478,195	3.14%	1,392,140	3.19%
Fund 20	1,178,937	2.51%	2,222,627	5.10%
Fund 21	696,582	1.48%	1,475,897	3.38%
Fund 22	291,141	0.62%	408,067	0.94%
Equity Strategies	5,453,776	11.59%	3,658,175	8.39%
Fund 23	2,578,885	5.48%	1,805,788	4.14%
Fund 24	1,505,902	3.20%	784,684	1.80%
Fund 25	1,368,989	2.91%	1,067,703	2.45%
Total Investments	48,063,875	102.17%	46,666,059	107.06%
Other assets	1,807	–	1,857,562	4.26%
Total Assets	48,065,682	102.17%	48,523,621	111.32%
Other liabilities	(1,023,727)	(2.17%)	(4,936,300)	(11.32%)
Total Net Assets	47,041,955	100.00%	43,587,321	100.00%

Statement of Comprehensive Income
for the year ended 31 December 2016

	note	2016 US$	2015 US$
Gains from financial assets at fair value through profit or loss			
Net gain on investments	2	2,089,556	2,389,617
Other income			
Other income		–	25
Total revenue		2,089,556	2,389,642
Operating expenses			
Investment Adviser fees	3, 9	462,860	421,668
Incentive fees	3, 9	133,055	243,123
Other operating expenses		53,002	42,711
Net interest expense	7	40,107	24,719
Administrator fees	4, 9	37,296	34,187
Directors' fees	9	30,000	30,000
Custodian fees	5, 9	19,895	15,294
Audit fees		7,146	6,072
Total operating expenses		783,361	817,774
Change in net assets attributable to holders of Participating Shares resulting from operations		1,306,195	1,571,868

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 31 December 2016

	note	2016 US$	2015 US$
Assets			
Financial assets at fair value through profit or loss			
Investments at fair value	2, 11	48,063,875	46,666,059
Financial assets measured at amortised cost			
Other receivables		1,807	–
Securities sold receivable		–	290,876
Securities purchased in advance		–	1,566,686
Total assets		48,065,682	48,523,621
Liabilities			
Financial liabilities measured at amortised cost			
Bank overdraft	2, 7	622,781	3,791,742
Subscriptions to shares not yet allotted		298,000	1,090,000
Incentive fee payable	3, 9	45,649	–
Investment Adviser fees payable	3, 9	39,281	36,362
Audit fees payable		6,594	6,521
Administrator fees payable	4, 9	3,766	3,590
Other payables		3,446	4,256
Directors fees payable	9	2,500	2,500
Custodian fees payable	5, 9	1,710	1,329
Total liabilities (excluding amounts attributable to holders of Participating Shares)	10	1,023,727	4,936,300
Net assets attributable to holders of Participating and Sponsor Shares	6	47,041,955	43,587,321
Net assets attributable to holders of Participating Shares	6	47,041,953	43,587,319
Equity			
Net assets attributable to holders of Sponsor Shares	6	2	2
Total Equity		2	2

These financial statements were approved by the Directors on 10 March 2017 and signed on their behalf by:

Director
10 March 2017

Director
10 March 2017

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 31 December 2016

	2016 US$	2015 US$
Cash flows from operating activities		
Change in net assets attributable to holders of Participating Shares resulting from operations	1,306,195	1,571,868
Purchase of investments	(8,039,731)	(15,345,274)
Proceeds from sales of investments	10,589,033	7,127,455
Adjustment for non cash items and working capital		
Net unrealised gain on investments	(2,005,385)	(1,968,629)
Net realised gain on investments	(84,171)	(420,988)
Changes in operating assets and liabilities		
(Increase)/Decrease in receivables	(1,807)	7,321
Increase in payables	48,388	11,328
Net cash inflow/(outflow) from operating activities	1,812,522	(9,016,919)
Cash flows from financing activities		
Subscriptions for shares	4,560,000	9,716,706
Redemption of shares	(3,203,561)	(3,216,768)
Net cash inflow from financing activities	1,356,439	6,499,938
Net increase/(decrease) in cash and cash equivalents	3,168,961	(2,516,981)
Cash and cash equivalents at the beginning of the year	(3,791,742)	(1,274,761)
Cash and cash equivalents at the end of the year	(622,781)	(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 10 March 2017.

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.

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.

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.

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.

2. Significant Accounting Policies (Continued)

Assets and Liabilities (Continued)

Financial Assets Designated at Fair Value through Profit or Loss (Continued)

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 date with transaction costs, if any, 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, securities sold receivable, securities purchased in advance, 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, purchases of investments to be settled in arrears and subscriptions to Participating Shares not yet allotted.

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 2016, and 31 December 2015, 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 dollars 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. 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.

2. Significant Accounting Policies (Continued)

Net Gain on Investments (Continued)

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 Overdraft

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 and Incentive Fees

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 and Incentive Fees (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. Administrator Fees

Expenses and amounts due to the Administrator and the Bermuda Administrator are referred to collectively as "Administrator Fees".

The Administrator is entitled to a monthly fee which, subject to a minimum of US$2,000 per month, will be no greater than 1/12 of 0.085% of the Net Asset Value of the Company and may be subject to reduction if the total Administrator Fees for all other Aurum Funds exceed specified limits. In so far as the Company invests in other Aurum Funds, no fees will be payable by the Company on the amount so invested but the monthly minimum will remain applicable. Such fees are payable to the Administrator monthly in arrears. The Bermuda Administrator is entitled to an annual fee of US$1,500 that is payable semi-annually in arrears.

5. Custodian Fees

The Custodian is entitled to a monthly fee which, subject to a minimum of US$1,000 per month, will be no greater than 1/12 of 0.04% of the Net Asset Value of the Company and may be subject to reduction if the total Custodian Fees for all other Aurum Funds exceed specified limits. In so far as the Company invests in other Aurum Funds, no fees will be payable by the Company on the amount so invested but the monthly minimum will remain applicable. Such fees are payable to the Custodian monthly in arrears.

In addition to a monthly fee, the Custodian will be entitled to a transaction fee of no greater than US$150 for each purchase and each sale of an Investee Fund that is also payable monthly in arrears.

6. Share Capital

	December 2016 US$	December 2015 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	
	2016	**2015**
Opening at 1 January	368,500.49	295,639.89
Issued during the year	45,132.17	100,210.15
Redeemed during the year	(26,776.64)	(27,349.55)
Closing at 31 December	386,856.02	368,500.49

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 2016	2	736	43,586,583	43,587,321
Change in net assets attributable to holders of Participating Shares resulting from operations			1,306,195	1,306,195
Subscriptions during the year		90	5,351,910	5,352,000
Redemptions during the year		(54)	(3,203,507)	(3,203,561)
Balance at 31 December 2016	2	772	47,041,181	47,041,955
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

7. Bank Overdraft

The Company has an ongoing credit facility with The Northern Trust Company London Branch, an affiliate of the Administrator that is secured over the portfolio of the Company. The Northern Trust Company London Branch is entitled to an annual fee (the "Facility Fee") of 0.45% of the US$8,000,000 maximum facility made available to the Company and interest ("Interest Charges") at an annual rate of 1.5% above the Northern Trust base rate on any overdrawn balances. The Facility Fee is payable quarterly in advance and US$33,588 (2015: US$20,250) was incurred by the Company during the year and is included in the Statement of Comprehensive Income within Other operating expenses. The Interest Charges are incurred daily and are included in the Statement of Comprehensive Income within Net interest expense.

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 in the Statement of Financial Position by the number of Participating Shares in issue at the year end.

	December 2016 US$	December 2015 US$
Net Asset Value per Participating Share		
Net assets attributable to holders of Participating Shares (US$)	47,041,953	43,587,319
Issued Participating Shares (number of shares)	386,856.02	368,500.49
Net Asset Value per Participating Share (US$)	121.60	118.28

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 and its affiliates, the Bermuda Administrator, the Investment Adviser and the Custodian. Amounts incurred during the year and amounts due as at the Statement of Financial Position date in relation to these related parties are shown on the face of the financial statements.

9. Related Parties (Continued)

Directors

Mr M J Harvey, 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.

At 31 December 2016, Directors and Persons so connected did not hold any Participating Shares in the Company (2015: 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:

	2016 US$	2015 US$
Sales of investments to such other funds	750,000	1,952,877
Purchases of investments from such other funds	1,000,000	4,952,877

At the end of the year, there were no amounts due to or from such other funds (31 December 2015: 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, securities sold receivable, securities purchased in advance, subscriptions receivable, subscriptions to shares not yet allotted, 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 2016, and 31 December 2015, 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 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 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. The holding of such instruments results in exposure to market 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.

10. Financial Instruments and Risk Exposure (Continued)

Market Risk (Continued)

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 within 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 dollars.

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.

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.

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

31 December 2016

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
Systematic	7	211-1,392	914	14,939,978	31.76%
Multi Strategy	4	1,657-11,636	5,295	14,225,924	30.24%
Macro	8	364-6,010	2,635	13,444,197	28.58%
Equity Strategies	3	54-2,195	1,559	5,453,776	11.59%
Total	22			48,063,875	102.17%
Net other assets and liabilities				(1,021,920)	(2.17%)
Total Net Assets				47,041,955	100.00%

10. Financial Instruments and Risk Exposure (Continued)

Market Risk – Other Price Risk (Continued)

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
Systematic	4	344-1,621	993	11,841,846	27.17%
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%
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%

The sum total of fair values shown in the above table are reflected in the audited Statement of Financial Position on page 10 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 of Investee Funds during the year ended 31 December 2016 were US$9,606,417 (31 December 2015: US$15,345,274). Total sales of Investee Funds during the year ended 31 December 2016 were US$10,298,157 (31 December 2015: US $6,922,100). As at 31 December 2016, and 31 December 2015, there were no capital commitment obligations and no amounts due to Investee Funds for unsettled purchases.

During the year ended 31 December 2016 total net gain on investments in Investee Funds was US$2,089,556 (31 December 2015: US$2,389,617).

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 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.

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 2016 US$	**December 2015 US$**
Securities sold receivable	–	290,876
Securities purchased in advance	–	1,566,686
Other receivables	1,807	–
Carrying amount representing credit risk exposure	1,807	1,857,562

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.

10. Financial Instruments and Risk Exposure (Continued)

Credit Risk and Other Price Risk (Continued)

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 2016, 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 are 2 individual investments which each exceed 10% of the net assets attributable to the holders of Participating Shares as at 31 December 2016 (31 December 2015: 1)

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.

The table below analyses the contractual undiscounted cash flows of 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 2016

Liabilities	**< 1 month US$**	**1 - 3 months US$**	**3 months to 1 Year US$**	**Total US$**
Bank overdraft	622,781	–	–	622,781
Investment Advisor fees payable	39,281	–	–	39,281
Incentive fees payable	45,649	–	–	45,649
Administrator fees payable	3,766	–	–	3,766
Directors fees payable	2,500	–	–	2,500
Audit fees payable	–	6,594	–	6,594
Custodian fees payable	1,710	–	–	1,710
Other payables	3,446	–	–	3,446
Subscriptions to shares not yet allotted	–	–	298,000	298,000
Net assets attributable to holders of Participating Shares	–	–	47,041,953	47,041,953
Total Liabilities	719,133	6,594	47,339,953	48,065,680

10. Financial Instruments and Risk Exposure (Continued)

Liquidity Risk (Continued)

As at 31 December 2015

Liabilities	< 1 month US$	1 - 3 months US$	3 months to 1 Year US$	Total US$
Bank overdraft	3,791,742	–	–	3,791,742
Investment Advisor fees payable	36,362	–	–	36,362
Administrator fees payable	3,590	–	–	3,590
Custodian fees payable	1,329	–	–	1,329
Audit fees payable	–	6,521	–	6,521
Directors fees payable	2,500	–	–	2,500
Other payables	4,256	–	–	4,256
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	3,839,779	6,521	44,677,319	48,523,619

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 10% (2015: less than 12%).

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).

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.

11. Fair Value Measurement (Continued)

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 2016.

Financial assets at fair value through profit or loss at 31 December 2016	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Investee Funds	–	48,063,875	–	48,063,875
Financial assets at fair value through profit or loss at 31 December 2016	–	48,063,875	–	48,063,875

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

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 22-23.

For the years ended 31 December 2016 and 31 December 2015 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 2016 which would require revision or disclosure in these financial statements.