

**AURUM ISIS INSTITUTIONAL DOLLAR FUND LTD.**

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

**Annual Report and Audited Financial Statements Contents**

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## AURUM ISIS INSTITUTIONAL DOLLAR FUND LTD.

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### Directors and Service Providers

Company  
Aurum Isis Institutional Dollar Fund Ltd.  
Aurum House  
35 Richmond Road  
Hamilton HM 08  
Bermuda

Directors  
Dudley R Cottingham  
Tina Gibbons  
Adam Hopkin  
Christopher C Morris  
Kevin Gundle  
Anabel Mackie†  
Bronwyn Wright†  
Fiona Mulhall† (Appointed 1 January 2016)  
Michael Harvey (Appointed 12 April 2016)

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

Promoter  
& Investment Adviser  
Aurum 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 Aurum Isis Institutional Dollar 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 Aug 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

Aurum Isis Institutional Dollar 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 as a whole 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+.

Signatory of:



### Directors' Report

The Directors have the pleasure to present the audited financial statements of Aurum Isis Institutional Dollar Fund Ltd. (the "Company" or the "Institutional Dollar Fund") 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.

#### Principal Material Changes

There have been no material changes in the objectives, strategies or key service providers of the Company during the year ended 31 December 2016.

#### Principal Activities

At 31 December 2016 the Net Asset Value ("NAV") per Participating Share for each class of share was as follows:

Share Class	NAV per Participating Share	
	31/12/2016	31/12/2015
Institutional Dollar Share Class LTI Restricted*	US\$1,024.56	–
Institutional Dollar Share Class Restricted	US\$1,215.89	US\$1,191.78
Institutional Dollar Share Class Unrestricted**	US\$1,031.58	–

\* The Institutional Dollar Share Class LTI Restricted launched on 2 August 2016.

\*\* The Institutional Dollar Share Class Unrestricted launched on 3 May 2016.

Shares of the Institutional Dollar Fund are denominated in US dollars. The Institutional Dollar Fund is one of eight Feeder Funds (the "Feeder Funds") comprising the Institutional Dollar Fund, Aurum Isis Dollar Fund Ltd. (the "Dollar Fund"), Aurum Isis Swiss Franc Fund Ltd. (the "Swiss Franc Fund"), Aurum Isis Sterling Fund Ltd. (the "Sterling Fund"), Aurum Isis Institutional Sterling Fund Ltd. (the "Institutional Sterling Fund"), Aurum Isis Euro Fund Ltd. (the "Euro Fund"), Aurum Isis Institutional Euro Fund Ltd. (the "Institutional Euro Fund") and Aurum Isis Australian Dollar Fund Ltd. (the "Australian Dollar Fund") that invest in Aurum Isis Fund Ltd. (the "Master Fund"). Aurum Isis Japanese Yen Fund Ltd. (the "Japanese Yen Fund") closed during the year. The other Feeder Funds have US dollar, Swiss franc, sterling, euro and Australian dollar denominated shares respectively. The Institutional Dollar Fund is listed on the Irish and Bermuda Stock Exchanges.

The Feeder Funds must invest solely into Participating Shares of the Master Fund, except in the case of the Swiss Franc, Sterling, Institutional Sterling, Euro, Institutional Euro and Australian Dollar Funds in respect of currency hedging. The Participating Shares of the Master Fund are valued in US dollars. The Swiss Franc, Sterling, Institutional Sterling, Euro, Institutional Euro and Australian Dollar Funds whilst investing into US dollar denominated Participating Shares of the Master Fund will, by appropriate currency hedging, seek to protect the value of their shares in their respective currencies. The Master Fund pays the fees of the Administrators, Custodian, audit, formation and minor out of pocket expenses and Directors' fees of all Funds. Each Feeder Fund will otherwise bear its own costs and liabilities.

The Company's performance is allied with the performance of the Master Fund. The Performance Review, the Market Review and Outlook for the Master Fund for the year ended 31 December 2016, is contained within the annual report of the Master Fund, which is appended to the Company's financial statements.

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).

#### Remuneration

The Directors are considered to be the only identified staff for the purposes of the European Union (Alternative Investment Fund Managers) Regulations 2013. The Directors are entitled to remuneration for their services from the Master Fund, please refer to the accompanying Master Fund financial statements for details of remuneration paid to the Directors.

#### 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.

**Directors' Report (Continued)**

Thanks

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

For and on behalf of Aurum Isis Institutional Dollar Fund Ltd.



Director  
10 March 2017



### Independent Auditor's Report to the Shareholders of Aurum Isis Institutional Dollar Fund Ltd.

Report on the audit of the financial statements

#### *Opinion*

We have audited the financial statements of Aurum Isis Institutional Dollar 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 investments in funds*

Refer to the accounting policy in note 2 and to note 8 'Financial instruments and risk exposure' to the financial statements.

#### *The key audit matter*

##### *Valuation of financial assets*

The Company is a Feeder Fund whose sole investment is an investment into Aurum Isis Fund Ltd. (the "Master Fund").

The investment portfolio at 31 December 2016 comprised of the investment into the Master Fund. The valuation of this investment is the key driver of the Company's net asset value and performance for the year. While the nature of the Company's investment does not require a significant level of judgement because the underlying value of the fund is observable, due to its 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.

#### *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.

##### *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;
- Audited the Master Fund in accordance with ISAs and issued an unqualified audit opinion thereon; and
- Assessed whether the Master Fund's net asset value was an appropriate approximation of fair value.

No material misstatements were identified by our audit procedures.

**Independent Auditor's Report to the Shareholders of Aurum Isis Institutional Dollar 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 Aurum Isis Institutional Dollar 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.

## AURUM ISIS INSTITUTIONAL DOLLAR FUND LTD.

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### Portfolio Statement as at 31 December 2016

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	31 December 2016			31 December 2015		
	Nominal holding of shares	Fair Value US\$	% of NAV %	Nominal holding of shares	Fair Value US\$	% of NAV %
Aurum Isis Fund Ltd.	802,462	245,904,041	100.17%	460,860	137,048,851	100.17%
Other assets		36	–		–	–
Total assets		245,904,077	100.17%		137,048,851	100.17%
Other liabilities		(410,675)	(0.17%)		(228,692)	(0.17%)
Total net assets		245,493,402	100.00%		136,820,159	100.00%

## AURUM ISIS INSTITUTIONAL DOLLAR FUND LTD.

### Statement of Comprehensive Income for the year ended 31 December 2016

	note	2016 US\$	2015 US\$
<b>Gains from financial assets at fair value through profit or loss</b>			
Net gain on investments	2, 10	7,322,238	7,228,710
Unrestricted income allocation	5	34,207	–
<b>Total revenue</b>		<b>7,356,445</b>	<b>7,228,710</b>
<b>Operating expenses</b>			
Investment Adviser fees	3, 7	1,900,998	1,255,579
Incentive fees	3, 7	2,653	682,102
Net interest expense	6	1,130	1,260
<b>Total operating expenses</b>		<b>1,904,781</b>	<b>1,938,941</b>
<b>Change in net assets attributable to holders of Participating Shares resulting from operations</b>		<b>5,451,664</b>	<b>5,289,769</b>

*The accompanying notes form part of these financial statements.*

## AURUM ISIS INSTITUTIONAL DOLLAR FUND LTD.

### Statement of Financial Position

as at 31 December 2016

	note	2016 US\$	2015 US\$
<b>Assets</b>			
Financial assets at fair value through profit or loss			
Investments at fair value	2, 9	245,904,041	137,048,851
Financial assets measured at amortised cost			
Other receivables		36	–
<b>Total assets</b>		<b>245,904,077</b>	<b>137,048,851</b>
<b>Liabilities</b>			
Financial liabilities measured at amortised cost			
Investment Adviser fees payable	3, 7	204,786	114,131
Bank overdraft	2, 6	203,021	114,472
Incentive fee payable	3	2,652	–
Other payables		216	89
<b>Total liabilities (excluding amounts attributable to holders of Participating Shares)</b>		<b>410,675</b>	<b>228,692</b>
<b>Net assets attributable to holders of Participating and Sponsor Shares</b>	5	<b>245,493,402</b>	<b>136,820,159</b>
<b>Net assets attributable to holders of Participating Shares</b>	5	<b>245,493,400</b>	<b>136,820,157</b>
<b>Equity</b>			
Net assets attributable to holders of Sponsor Shares	5	2	2
<b>Total Equity</b>		<b>2</b>	<b>2</b>

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

	<b>2016 US\$</b>	<b>2015 US\$</b>
<b>Cash flows from operating activities</b>		
Change in net assets attributable to holders of Participating Shares resulting from operations	5,451,664	5,289,769
Purchase of investments	(102,714,073)	(17,901,973)
Proceeds from sales of investments	1,181,121	1,801,595
<i>Adjustment for non cash items and working capital</i>		
Net unrealised gain on investments	(7,193,696)	(6,982,157)
Net realised gain on investments	(128,542)	(246,553)
<i>Changes in operating assets and liabilities</i>		
Increase in receivables	(36)	–
Increase in payables	93,434	19,517
<b>Net cash outflow from operating activities</b>	<b>(103,310,128)</b>	<b>(18,019,802)</b>
<b>Cash flows from financing activities</b>		
Subscriptions for shares	107,003,399	18,000,000
Redemption of shares	(3,781,820)	–
<b>Net cash inflow from financing activities</b>	<b>103,221,579</b>	<b>18,000,000</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(88,549)</b>	<b>(19,802)</b>
Cash and cash equivalents at the beginning of the year	(114,472)	(94,670)
<b>Cash and cash equivalents at the end of the year</b>	<b>(203,021)</b>	<b>(114,472)</b>

*The accompanying notes form part of these financial statements.*

## **1. General**

Aurum Isis Institutional Dollar Fund Ltd. (the "Institutional Dollar Fund" or the "Company") was incorporated in Bermuda on 27 January 2011 under the Bermuda Companies Act 1981 as amended and acts as an investment company.

The Company's investment objective is to achieve long term capital growth by investing in the Participating Shares of Aurum Isis Fund Ltd. (the "Master Fund"). The annual report and audited financial statements of the Master Fund for the year ended 31 December 2016 form an integral part of these financial statements and should therefore be read in conjunction with these financial statements.

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 in the Master Fund 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 the Master Fund. 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 measurement date.



## 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, 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 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. Foreign currency exchange differences related to investments at fair value through profit or loss are included in Net gain on investments.

#### *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 the Master Fund's financial statements in note 9 'Financial Instruments and Risk Exposure' and note 10 'Fair Value Measurement'.

### Master Fund

The Master Fund is not considered to be a subsidiary of the Company as the Investment Adviser beneficially holds all general voting shares which give the holder the current ability to direct the activities that significantly affect the returns of both the Company and the Master Fund. IFRS 10 "Consolidated Financial Statements" single control model states that an entity has control over an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Directors are satisfied that the Master Fund does not meet the definition of a subsidiary in accordance with IFRS 10.

### 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 has determined that its investment in the Master Fund represents an investment in an unconsolidated structured entity. The Master Fund finances its operations by issuing redeemable shares which are puttable at the holders' option and entitle the holder to a proportional stake in the Master Fund's net assets. The change in fair value of the Company's holding in the Master Fund is included in the Statement of Comprehensive Income within Net gain on investments.

The Directors believe that the requirements of IFRS 12 "Disclosure of Interests in Other Entities", in relation to structured entities, are observed by appending the Master Fund's financial statements to the Company's financial statements.

## 3. Investment Adviser and Incentive Fees

The Company pays the Investment Adviser an annual percentage fee (the "Investment Adviser Fee") and a performance related fee in respect of each class of share where certain performance criteria have been met (the "Incentive Fee"). Both the Investment Adviser Fee and Incentive Fee are calculated monthly and paid monthly in arrears.

### 3. Investment Adviser and Incentive Fees (Continued)

The Investment Adviser Fee and Incentive Fee are calculated based on a percentage of the Gross Asset Value of the Company as at the relevant month end. The Gross Asset Value means the value of the assets of the Company at a valuation point less the liabilities and accrued expenses of the Company other than liabilities that relate to Investment Adviser Fees, Incentive Fees, Administrator Fees, Custodian Fees, Directors' Fees, Audit Fees, Formation Expenses and Sundry Expenses each as incurred with respect to the valuation period ending on such valuation point.

The Incentive Fee is equal to the number of Participating Shares in the Company multiplied by a percentage of the amount by which the Gross Asset Value per Participating Share on a valuation day exceeds the higher of:

- (i) The Base Value: the Net Asset Value per Participating Share on the Base Date increased by the relevant hurdle of 1/12 of the annualised hurdle rate multiplied by the number of performance fee periods since the last Base Date. The Base Date is the last valuation day in the immediately preceding calendar year or, if later, the first valuation day in respect of a share class; or
- (ii) The High Water Mark: the Net Asset Value per Participating Share on the last valuation day upon which an Incentive Fee was crystallised or, if higher, the initial Net Asset Value per Participating Share upon inception of that share class.

The percentage fees applicable to each share class are as follows:

Share Class	Investment Adviser Fee	Incentive Fee	Incentive Fee Hurdle
Institutional Dollar Share Class LTI Restricted	1.00%	10.00%	6.00%
Institutional Dollar Share Class Restricted	1.00%	10.00%	5.00%
Institutional Dollar Share Class Unrestricted	1.00%	10.00%	5.00%

In so far as the Master Fund invests in other Aurum Funds no fees are payable on the amount so invested in addition to those already charged by such Aurum Funds.

### 4. Fees

The Company pays no direct fees other than the Investment Adviser Fee and Incentive Fee outlined in note 3. Please refer to the accompanying Master Fund's financial statements for notes to the financial statements regarding fees paid by the Master Fund.

### 5. Share Capital and Net Asset Value per Participating Share

	December 2016 US\$	December 2015 US\$
<b>Authorised share capital of US\$0.002 par value per share</b>		
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
<b>Authorised share capital</b>	<b>10,000</b>	<b>10,000</b>

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.

**5. Share Capital and Net Asset Value per Participating Share (Continued)**

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

	Number of Participating Shares	
	2016	2015
Opening at 1 January	114,802.26	99,698.78
Issued during the year	105,639.14	15,103.48
Redeemed during the year	(3,186.72)	-
<b>Closing at 31 December</b>	<b>217,254.68</b>	<b>114,802.26</b>

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.

From time to time the Master Fund may invest in Investee Funds that may be part of an Initial Public Offering ("IPO"), gains or losses related to an IPO may not be attributed to Participating Shareholders that have elected to be treated as restricted persons under US FINRA rules 5130 and 5131. Therefore, such gains or losses are attributed to Participating Share Classes designated as 'Unrestricted' as they arise on a proportional basis.

**Statement of Changes in Sponsor and Participating Shares**  
for the year ended 31 December 2016

	Sponsor Shares US\$	Institutional Dollar Share Class LTI Restricted* US\$	Institutional Dollar Share Class Restricted US\$	Institutional Dollar Share Class Unrestricted** US\$	Total US\$
<b>Balance at 1 January 2016</b>	2	-	136,820,157	-	136,820,159
Change in net assets attributable to holders of Participating Shares resulting from operations	-	982,597	2,830,866	1,638,201	5,451,664
Subscriptions during the year	-	40,000,000	7,003,399	60,000,000	107,003,399
Redemptions during the year	-	-	(3,781,820)	-	(3,781,820)
<b>Balance at 31 December 2016</b>	<b>2</b>	<b>40,982,597</b>	<b>142,872,602</b>	<b>61,638,201</b>	<b>245,493,402</b>
Number of Participating Shares in issue	n/a	40,000.00	117,503.74	59,750.94	217,254.68
<b>Net Asset Value Per Participating Share</b>	<b>n/a</b>	<b>1,024.56</b>	<b>1,215.89</b>	<b>1,031.58</b>	<b>n/a</b>

	Sponsor Shares US\$	Institutional Dollar Share Class Restricted US\$	Total US\$
<b>Balance at 1 January 2015</b>	2	113,530,388	113,530,390
Change in net assets attributable to holders of Participating Shares resulting from operations	-	5,289,769	5,289,769
Subscriptions during the year	-	18,000,000	18,000,000
<b>Balance at 31 December 2015</b>	<b>2</b>	<b>136,820,157</b>	<b>136,820,159</b>
Number of Participating Shares in issue	n/a	114,802.26	114,802.26
<b>Net Asset Value Per Participating Share</b>	<b>n/a</b>	<b>1,191.78</b>	<b>n/a</b>

\* The Institutional Dollar Share Class LTI Restricted launched on 2 August 2016.

\*\* The Institutional Dollar Share Class Unrestricted launched on 3 May 2016.

## 6. Bank Overdraft

The Company has an annual 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 interest ("Interest Charges") at an annual rate of 1.5% above the Northern Trust base rate on any overdrawn balances. The Interest Charges are incurred daily and are included in the Statement of Comprehensive Income within Net interest expense.

## 7. Related Parties

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

The Company's connected and 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.

### Directors

Mr M J Harvey, Mrs T Gibbons and Mr A Hopkin are Directors of the Investment Adviser. Mr C C Morris and Mr D R Cottingham are Directors of, and directly and indirectly hold shares in, the Investment Adviser. Mr K Gundle is a Shareholder of, and is Vice President of Information with, the Investment Adviser. Mr D R Cottingham and Mr C C Morris are Directors of Global Fund Services Ltd., the Bermuda Administrator. Mr A Hopkin and Mr C C Morris are Directors of Continental Sponsors Ltd., the sponsoring broker on the Bermuda Stock Exchange.

The Directors are entitled to remuneration for their services from the Master Fund, please refer to the accompanying Master Fund financial statements for details of remuneration paid to the Directors.

The Investment Adviser is also the sponsor, adviser and investment manager to a number of other investment companies and the Directors of the Company and the Investment Adviser may serve as Directors of such companies.

Persons connected to the Directors, as defined under the Irish Stock Exchange listing requirements, directly and indirectly own all of the Sponsor Shares of the Company. At 31 December 2016, Directors and persons so connected did not directly or indirectly hold Participating Shares in the Company (2015: Nil).

## 8. Financial Instruments and Risk Exposure

The Company invests all its assets into the Master Fund which is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds. These risks are explained in the financial statements of the Master Fund which are attached. 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.

The Master Fund and the Feeder Funds operate as an integrated structure whereby the Feeder Funds invest solely into the Master Fund except in respect of currency hedging. Total subscriptions made by the Company into the Master Fund during the year were US\$102,714,073 (2015: US\$17,901,973) and total redemptions made by the Company out of the Master Fund during the year were US\$1,181,121 (2015: US\$1,801,595).

Investments in the Master Fund are recorded at the Net Asset Value per share as reported by the Administrator of the Master Fund at the measurement date. Where the Administrator is unable to provide Net Asset Value per share, the Directors make their own assessment of value based on available information. In determining fair value, the Directors take into consideration, where applicable, the impact of suspensions of redemptions, liquidation proceedings, investments in side pockets and any other significant factors.

At 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.

As at 31 December 2016, and 31 December 2015, the Company had no capital commitment obligations and no amounts were due from the Company for unsettled purchases. The Company invests into the Master Fund by purchasing the Master Fund's redeemable Participating Shares. The Master Fund allows redemption of these shares on a monthly basis with a three month notification period. Movements in the fair value of the Master Fund's portfolio and corresponding movements in the fair value of the Company expose the Company to a profit or loss.

**8. Financial Instruments and Risk Exposure (Continued)**

Liquidity Risk

The following table shows the contractual undiscounted cash flows of the Company's financial liabilities on the basis of the earliest possible maturity. Participating Shares may be redeemed on a monthly basis subject to 90 days prior notice.

**As at 31 December 2016**

Liabilities	< 1 month US\$	1 - 3 months US\$	3 months to 1 Year US\$	Total US\$
Bank overdraft	203,021	–	–	203,021
Investment Adviser fees payable	204,786	–	–	204,786
Incentive fees payable	2,652	–	–	2,652
Other payables	216	–	–	216
Net assets attributable to holders of Participating Shares	–	–	245,493,400	245,493,400
<b>Total Liabilities</b>	<b>410,675</b>	<b>–</b>	<b>245,493,400</b>	<b>245,904,075</b>

**As at 31 December 2015**

Liabilities	< 1 month US\$	1 - 3 months US\$	3 months to 1 Year US\$	Total US\$
Bank overdraft	114,472	–	–	114,472
Investment Adviser fees payable	114,131	–	–	114,131
Other payables	89	–	–	89
Net assets attributable to holders of Participating Shares	–	–	136,820,157	136,820,157
<b>Total Liabilities</b>	<b>228,692</b>	<b>–</b>	<b>136,820,157</b>	<b>137,048,849</b>

Leverage

The Master Fund and the Feeder Funds may use overall leverage up to a maximum of 30% of the Master Funds and the Feeder Fund'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 1% (2015: less than 1%). Please refer to the Master Fund financial statements for details of the maximum leverage utilised by the Master Fund.

**9. Fair Value Measurement**

The fair value hierarchy prioritises the inputs to valuation techniques used to measure fair value. The categorisation of assets and liabilities within the hierarchy is explained in note 10 of the Master Fund's notes to the financial statements.

The following table represents the financial instruments carried on the Statement of Financial Position at fair value by level within the valuation hierarchy, under IFRS 13 "Fair Value Measurement", 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\$
Aurum Isis Fund Ltd.	–	245,904,041	–	245,904,041
Financial assets at fair value through profit or loss at 31 December 2016	–	245,904,041	–	245,904,041

Financial assets at fair value through profit or loss at 31 December 2015

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Aurum Isis Fund Ltd.	–	137,048,851	–	137,048,851
Financial assets at fair value through profit or loss at 31 December 2015	–	137,048,851	–	137,048,851

There were no transfers between Levels 1, 2 or 3 assets held in either year.

No investments have been classified within Level 3 at any time during the year, consequently no reconciliation of Level 3 fair value measurements is required.

**9. Fair Value Measurement (Continued)**

For the year 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 if such classification was required.

**10. Movement on Investments**

Gains and losses related to investments are recognised in the Statement of Comprehensive Income within Net gain on investments. The net gain comprises unrealised gains and losses reflecting the movement in the fair value of investments held at the 31 December 2016 and realised gains and losses related to investments sold during the year. The net gain for the year is analysed in the table below:

	<b>2016 US\$</b>	<b>2015 US\$</b>
Realised gain on investments for the year	128,542	246,553
Unrealised gain on investments for the year	7,193,696	6,982,157
<b>Net gain on investments for the year</b>	<b>7,322,238</b>	<b>7,228,710</b>

**11. 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.

**12. 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.