# Sanlam Global Fund of Hedge Funds plc
# comprising Sanlam Global Fund of Hedge Funds

(formerly known as Blue Ink Global Diversified Fund plc
comprising Blue Ink Global Diversified Fund)

**Financial Statements**
**for the year ended 31 December 2013**

# Sanlam Global Fund of Hedge Funds plc
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## Financial statements for the year ended 31 December 2013

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# Sanlam Global Fund of Hedge Funds plc
# comprising Sanlam Global Fund of Hedge Funds

## Directors, officers and other information

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|---|---|
| **The Company** | Sanlam Global Fund of Hedge Funds plc[1] |
| **The Fund** | Sanlam Global Fund of Hedge Funds[2] |
| **Company Registration Number** | 493310 |
| **Board of Directors** | Peter Murray *(independent, non-executive)* [3]<br>Paul Dobbyn *(independent, non-executive)* [3]<br>Anton Gildenhuys *(non-executive)*<br>Thomas Murray *(appointed 1 October 2013) (independent, non-executive)* [4] |
| **Registered Office** | Beech House<br>Beech Hill Road<br>Dublin 4<br>Ireland |
| **Manager and Company Secretary** | Sanlam Asset Management (Ireland) Limited<br>Beech House<br>Beech Hill Road<br>Dublin 4<br>Ireland |
| **Investment Manager** | Sanlam International Investments Limited<br>52/54 Brook Street<br>London<br>WIK 5DS<br>United Kingdom |
| **Custodian** | HSBC Institutional Trust Services (Ireland) Limited<br>1 Grand Canal Square<br>Grand Canal Harbour<br>Dublin 2<br>Ireland |

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[1] *Pursuant to the Directors' resolution dated 16 August 2013, the Company changed its name from Blue Ink Global Diversified Fund plc to Sanlam Global Fund of Hedge Funds plc*

[2] *Pursuant to the Directors' resolution dated 16 August 2013, the Fund changed its name from Blue Ink Global Diversified Fund to Sanlam Global Fund of Hedge Funds*

[3] *Paul Dobbyn and Peter Murray are considered independent Directors by the Irish Stock Exchange only*

[4] *Thomas Murray is considered an independent Director by the Irish Stock Exchange and in line with the Corporate Governance Code that was adopted by the Company with effect from 31st December 2012*

# Directors, officers and other information *(continued)*

| | |
|---|---|
| **Legal Advisors**<br>*(as to Irish law)* | Maples and Calder<br>75 St. Stephen's Green<br>Dublin 2<br>Ireland |
| **Administrator, Registrar & Transfer Agent** | Custom House Fund Services (Ireland) Limited<br>25 Eden Quay<br>Dublin 1<br>Ireland |
| **Sponsoring and Listing Broker** | Investec Capital & Investments (Ireland) Ltd<br>The Harcourt Building<br>Dublin 2<br>Ireland |
| **Independent Auditor** | Ernst & Young<br>Ernst & Young Building<br>Harcourt Centre<br>Harcourt Street<br>Dublin 2<br>Ireland |
| **OTC Counterparties** | Barclays Bank Plc<br>5 The North Colonnade<br>Canary Wharf<br>London E14 4BB<br>United Kingdom<br><br>Credit Suisse International<br>One Cabot Square<br>London E14 4OI<br>United Kingdom |

# Directors' report

The Directors present the annual report of Sanlam Global Fund of Hedge Funds plc for the year ended 31 December 2013.

**Review of the business and future developments**

Sanlam Global Fund of Hedge Funds plc (formerly Blue Ink Global Diversified Fund plc) (the "Company") is registered as an umbrella-type investment company with variable capital under the Companies (Miscellaneous Provisions) Act, 2009 (the "Act") with registration number 493310, and it is a designated company pursuant to Section 256 of the Act. Accordingly, the Company and each Fund is supervised by the Central Bank of Ireland. The Company has been authorised by the Central Bank of Ireland for marketing solely to Qualifying Investors. The Company is structured as an umbrella fund in that different funds (the "Funds") (which may be open-ended or closed-ended) may be established with the prior approval of the Central Bank of Ireland. There is segregated liability between the Funds. At 31 December 2013, the Company had one fund, Sanlam Global Fund of Hedge Funds (formerly Blue Ink Global Diversified Fund) (the "Fund"), an open-ended fund.

Pursuant to the Directors' resolution dated 16 August 2013, the Company changed its name from Blue Ink Global Diversified Fund plc to Sanlam Global Fund of Hedge Funds plc and the Fund changed its name from Blue Ink Global Diversified Fund to Sanlam Global Fund of Hedge Funds. Accordingly, the Company issued a new Prospectus and the Fund issued a new Supplement dated 20 August 2013 to reflect the name changes of the Company and the Fund, respectively.

The Company was originally incorporated in the British Virgin Islands on 29 November 2002 (registration number 1066680) as a company limited by shares under the provisions of the BVI Business Companies Act 2004 as amended. The Company re-domiciled to Ireland on 4 January 2011.

**Principle risks and uncertainties**

The principal risks of the Company are the same as those of the Fund, with the exception that the Company is also potentially exposed to cross liability risks. At the current point in time this risk is considered non-existent by the Directors as there is only one Fund in existence.

As a fund-of-funds, the Fund is exposed to the risks of the underlying funds in which it invests; these risks are diversified by investing in a balanced portfolio.

The Board considers the principal risk sources to be:

- The Fund invests in unregulated funds, which may provide less investor protection than Irish law; and
- The Fund invests in derivative financial instruments. There may be market risk, liquidity risk and credit risk associated with such investments.

For further information on financial risk and management objectives and policies please see note 18.

**Dividends**

The Directors do not propose the payment of a dividend.

**Directors**

The names of persons who were Directors at any time during the year ended 31 December 2013 are presented below:

Peter Murray
Paul Dobbyn
Anton Gildenhuys
Thomas Murray *(appointed 1 October 2013)*

**Directors' interests in shares and contracts**
Peter Murray, a Director of the Company, is also a Director of the Manager, Sanlam Asset Management (Ireland) Limited.

Paul Dobbyn, a Director of the Company, is a Partner in Maples and Calder, the legal advisors to the Company.

Anton Gildenhuys, a Director of the Company, is also an employee of Sanlam Life Insurance Limited, a related party to the Investment Manager and the Manager. He is also a Director of Sanlam Life and Pensions Limited.

**Corporate governance statement**

*Introduction*
The Company is subject to and complies with Irish Statute comprising the Companies Acts 1963 to 2013 and the Listing rules of the Irish Stock Exchange. Each of the service providers engaged by the Company is subject to their own corporate governance requirements.

The Company has adopted the voluntary Irish Funds Industry Association ("IFIA") Corporate Governance Code for Irish domiciled Collective Investment Schemes ("CIS") and Management Companies (the "Code") with effect from 31 December 2012. The Company has reviewed and assessed the requirements of the Code and has attended to matters to ensure compliance with the Code.

*Financial reporting process*
The Board of Directors of the Company (the "Board") is responsible for establishing and maintaining adequate internal control and risk management systems in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing Custom House Fund Services (Ireland) Limited (the "Administrator") to maintain the accounting records of the Company independently. The Administrator is contractually obliged to maintain proper books and records as required by the administration agreement. The Administrator is also contractually obliged to prepare for review and approval by the Board the annual report including financial statements intended to give a true and fair view of the Company. The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time, the Board also examines and evaluates the Administrator's financial accounting and reporting routines and monitors and evaluates the external auditors' performance, qualifications and independence. The Administrator has operating responsibility for internal control in relation to the financial reporting process and the Administrator reports to the Board.

**Corporate governance statement** *(continued)*

*Risk assessment*
The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring that processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements.

*Contros activities*
The Administrator is contractually obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant amount in the financial statements and the related notes in the Company's annual report.

The Company's policies and the Board's instructions for financial reporting are updated and communicated via appropriate channels, such as e-mail, correspondence and meetings to ensure that all financial reporting information requirements are met in a complete and accurate manner.

*Monitoring*
The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors. Given the contractual obligations of the Administrator, the Board has concluded that there is currently no need for the Company to have a separate internal audit function in order for the Board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process. The principal duties of an audit committee are completed by the Board. Therefore, the Company has taken the exemption available not to have a separate audit committee.

*Capital structure*
No person has a significant direct or indirect holding of securities in the Company. No person has any special rights of control over the Company's share capital.

There are no restrictions on voting rights.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association and Irish statue compromising the Companies Acts, 1963 to 2013 which empower the existing Directors to appoint and (if necessary) replace the Directors. The Articles of Association themselves may be amended by special resolution of the shareholders.

*Powers of the Directors*
The Board is responsible for managing the business affairs of the Company in accordance with the Articles of Association, which allow them to enter into contracts and perform all tasks necessary to conduct the business of the Company. The Directors may delegate certain functions to the Administrator and other parties, subject to the supervision and direction by the Directors. The Board of Directors includes four non-executive Directors.

**Books of account**
The Directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing an experienced Administrator with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained by Custom House Fund Services (Ireland) Limited, 25 Eden Quay, Dublin 1, Ireland.

**State of affairs**
The statement of financial position and statement of comprehensive income for the year ended 31 December 2013 are set out on pages 14-15 and 16, respectively.

**Subsequent events**
On 21 and 31 March 2014, Blue Ink Global Circa Fund transferred its remaining investments to the Fund. See table below for details:

| Fund | Number of units transferred | Value at date of transfer US$ |
|---|---|---|
| Sanlam P2 Strategies Emerging Markets Fund - I USD | 4,799,960 | 4,678,041 |
| Sanlam P2 Strategies Europe (ex-UK) - IE | 3,512,446 | 5,301,241 |
| Sanlam P2 Strategies UK Fund - I GBP | 2,967,388 | 5,143,935 |
| Sanlam P2 Strategies Global Fund - I USD | 4,634,536 | 5,081,769 |
| Sanlam P2 Strategies North America Fund | 4,634,670 | 5,061,059 |
| Sanlam Fund of Alternative UCITS Fund - A-US | 495,177 | 507,309 |
| Sanlam Universal Funds Plc - Four European L/S Sh-A USD | 194,901 | 2,016,352 |
| | | **27,789,706** |

These transfers occurred due to the ongoing closure of the Blue Ink Global Circa Fund. No proceeds have yet been paid as the sole remaining shareholder in the Blue Ink Global Circa Fund will receive shares in the Fund for the value of their final holdings in the Blue Ink Global Circa Fund.

There have been no other events subsequent to the year-end that will have an impact on the financial statements for the year ended 31 December 2013.

**Independent auditors**
The auditors, Ernst & Young, have expressed their willingness to continue in office in accordance with Section 160(2) of the Companies Act, 1963.

By order of the Board of Directors:

*Director*

Date: 28 April 2014

*Director*

# Sanlam Global Fund of Hedge Funds plc comprising Sanlam Global Fund of Hedge Funds

## Directors' responsibilities statement

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with Irish law and regulations.

Irish company law requires the Directors to prepare financial statements giving a true and fair view of the state of affairs of the Company and the profit or loss of the Company for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2013. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board of Directors:

*Director* *Director*

Date: 28 April 2014

HSBC

## Report of the Custodian to the Shareholders

We have enquired into the conduct of the Sanlam Global Fund of Hedge Funds plc ('the Company') for the period from 01 January 2013 to 31 December 2013, in our capacity as Custodian to the Company.

This report including the opinion has been prepared for and solely for the shareholders in the Company as a body, in accordance with the Central Bank of Ireland's Non - UCITS Notice 7, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

### Responsibilities of the Custodian

Our duties and responsibilities are outlined in the Central Bank of Ireland's Non - UCITS Notice 7. One of those duties is to enquire into the conduct of the Company in each annual accounting period and report thereon to the shareholders.

Our report shall state whether, in our opinion, the Company has been managed in that period, in accordance with the provisions of the Company's Memorandum and Articles of Association and the Non - UCITS Notices. It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, we as Custodian must state why this is the case and outline the steps which we have taken to rectify the situation.

### Basis of Custodian Opinion

The Custodian conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in Non - UCITS Notice 7 and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the Company's constitutional documentation and the appropriate regulations.

### Opinion

In our opinion, the Company has been managed during the year, in all material respects:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum and Articles of Association and by the Central Bank of Ireland under the powers granted to it by the Companies Act, 1990 Part XIII and the Investment Funds Act, 2005; and

(ii) otherwise in accordance with the provisions of the Memorandum and Articles of Association, the Companies Act, 1990 Part XIII and the Investment Funds, Companies and Miscellaneous Provisions Act 2005

**On behalf of**
HSBC Institutional Trust Services (Ireland) Limited
1 Grand Canal Square
Grand Canal Harbour
Dublin 2
Ireland

**28 April 2014**

**HSBC Institutional Trust Services (Ireland) Limited**
1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland
Tel: 00353 1 635 6000 Fax: 00353 1 649 7542

**Investment Objective**

The Sanlam Global Fund of Hedge Funds (the “Fund”) aims to provide long-term capital growth while outperforming the HFRI Fund of Fund Index.

**Fund Performance**

The Fund underperformed its benchmark in 2013, returning +2.17% versus the benchmark performance of +8.95%. The relative underperformance came post May 2013 and was largely driven by disappointing results from two investments, which accounted for the majority of the underperformance in May and June. Since inception, the Fund has underperformed the benchmark, +1.51% annualised versus +3.03% annualised, respectively.

**Fund Outlook**

Overall we view 2013 as a disappointing year from a return perspective for the Fund. This is despite the bulk of the portfolio performing well and in line with expectations. The current portfolio represents a high quality blend of experienced and skilled hedge fund managers. Action has been taken to reduce the number of positions on the portfolio and in particular to reduce the amount of systematic exposure, which has struggled over the past few years, while increasing the exposure to long/short equity managers and risk premia strategies. We believe the Fund is well positioned to capture upside in the event of risk markets continuing to run up, but also to protect capital in the event of a sharp sell-off.

**2013 Economic Review**

Central bank announcements dominated news flow in financial markets in 2013. In April, the Bank of Japan announced an extraordinarily large asset purchase programme, which was expected to double the size of its monetary base within two years. Subsequently, Japan’s economy bounced.

However, the Bank of Japan’s announcement was overshadowed by the US Federal Reserve Chairman’s comment in May 2013 on possible tapering of US Federal Open Market Committee (“FOMC”) asset purchases as a first step in normalising monetary policy. Following this announcement, US Treasury yields rose and funding and lending conditions in EM tightened as liquidity waned. Attention has been keenly focused on EM countries that run large twin deficits (government budget deficits reflected in current account deficits) and rely on foreign capital inflows, including debt capital inflows, to fund domestic investment. The group includes Turkey, Brazil, India, Indonesia and South Africa.

Meanwhile, the recovery of the US economy continued as domestic demand data surprised to the upside in late 2013. Elsewhere, the Euro area emerged from recession through the year with the marked improvement in the region’s manufacturing purchasing managers’ index (“PMI”) suggesting momentum was maintained through to the year-end. However, there is a material contrast in performance between Germany, where business survey data has been elevated, and France, where a sharp decline in the manufacturing PMI in late 2013 pointed to continued weakness in industrial production.

**2013 Economic Review** *(continued)*

On balance, Europe continues to lag other developed economies ("DM"). Some economies, notably Greece, but also Spain and Portugal, have succeeded in lowering the advance in unit labour costs relative to Germany, implying a relative improvement in competitiveness. Even so, Europe faces a protracted period of adjustment. Although fiscal consolidation in the region (and elsewhere amongst DM countries) is well advanced, the pace of fiscal consolidation in many countries has lagged the official projections first published in 2011, mostly due to weak GDP growth. High levels of debt imply continued risk to unexpected shocks including weaker than expected growth outcomes. Ultimately, lowering government debt ratios to levels that create adequate fiscal space as a buffer against any adverse conditions will ostensibly take many years to achieve.

Amongst emerging market economies ("EM") the advance in real economic activity moderated in 2013, amidst higher wages, softening productivity and weaker corporate profits growth.

Broadly, EM growth has not only been constrained by modest demand growth amongst DM economies, but also by significant domestic constraints. In particular, there has been rapid escalation in domestic credit extension amongst EM countries in the post-recession environment. A shift to riskier off balance sheet bank lending in some implies greater financial sector stability risk, including in China. In the latter, IMF data shows an expanded measure of credit, which includes corporate bonds, trust loans and other sources of debt finance, is not far from 200% of GDP. While local government in China is responsible for a large share of new credit extension, the IMF notes the corporate sector is also a large borrower.

On inflation, DM headline consumer price index ("CPI") remained tepid in 2013, while in aggregate EM headline CPI was more elevated, but stable. Also, the annual advance in global core CPI has been remarkably subdued, remaining at less than 2 per cent in 2H13. Indeed, apart from the period in the immediate aftermath of the credit crunch when inflation slowed sharply, global core inflation has been steady at close to its current low level for at least a decade.

Against this backdrop monetary policy in DM remained loose through last year. Indeed, soft inflation in the Euro area prompted the ECB to cut interest rates in November 2013, while maintaining its forward guidance, which suggests its key interest rates will remain at a low level for an extended period.

Also, even though the US has taken its first steps towards monetary policy "normalisation" the FOMC has been keen to differentiate between "tapering" its asset purchases and increasing its policy rate. The Fed's balance sheet activity should be viewed separately from its interest rate policy. Although complementary, these two instruments have two separate objectives. The former seeks to promote financial stability. The latter is focused on macroeconomic stability.

Finally, on fiscal policy in the US, ongoing differences in opinion on the appropriate fiscal policy framework resulted in the temporary, partial shutdown of the federal government in October 2013 and gridlock in the US Congress over whether or not to raise the US government debt limit. A temporary suspension of the debt ceiling until February 2014 was eventually agreed to.

**2014 Economic Outlook**

The lift in momentum in the global economy towards the end of 2013 is reflected in relatively firm retail sales data and a concomitant lift in manufacturing production, although global capital expenditure data has been more mixed. On balance, positive growth momentum is expected to be maintained in 2014.

However, in Europe, specifically, although the region emerged from recession during 2013, growth has been soft with mixed outcomes between countries. Credit extension in the Euro area is weak and the region faces a protracted period of adjustment to boost its competitiveness.

Also, although progress has been made towards a banking union in the Euro area, unhealthy banks, which need to be recapitalised, and the debt overhang of sovereigns and corporations continue to pose risks. Meanwhile, on risks to the outlook, the US Congress must agree to raise the US debt limit.

Moreover, there is a pressing need for China to address the excessive level of debt in its economy, which includes the corporate sector. A clampdown on credit extension would ostensibly slow fixed investment spending growth.

Overall, despite the apparent success of quantitative easing a return to sustained robust growth in the US and elsewhere amongst DM seems unlikely anytime soon against a backdrop of high government debt levels, which must be stabilised and reduced against the backdrop of unfavourable demographics, and the tightening of financial market regulations in recent years, which is constraining activity.

Meanwhile, the focus of investors has been maintained in early 2014 on EM countries that are running twin deficits and/or have elevated levels of credit relative to the size of their economies. Amidst general downward pressure on EM currencies in early 2014, Argentina devalued the peso as the country's foreign exchange reserves fell markedly against a backdrop of deteriorating economic fundamentals and a small outright decline in GDP growth in 3Q13.

While these factors imply some EM countries face policy challenges and are vulnerable, EM exports and production should benefit if the nascent improvement in DM domestic demand in late 2013 is maintained – even though the response is likely to be mixed. Indeed, indications are, excluding China and India, industrial production in EM Asia gathered momentum towards the end of last year from its slowdown in mid-2013.

Given the current outlook for moderate growth and subdued inflation, monetary policy is expected to remain accommodative in DM through 2014. It should be mentioned one risk to the inflation outlook is any unsustainable fiscal position. But, should inflation in the US remain subdued, tapering of asset purchases need not automatically equate to earlier or more aggressive hikes in the US policy rate than currently indicated by the US Federal Reserve Bank's forecasts. If so, the Fed may remain on hold until the latter half of 2015.

Elsewhere, the weakness of economic activity and low inflation in the Euro area suggest further monetary policy easing by the ECB is more likely than tightening in the foreseeable future.

**Sanlam International Investments Limited**

**28 April 2014**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANLAM GLOBAL FUND OF HEDGE FUNDS PLC**

We have audited the financial statements of Sanlam Global Fund of Hedge Funds plc for the year ended 31 December 2013 which comprise Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Net Assets attributable to holders of redeemable participating shares, Statement of Cash flows and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

***Respective responsibilities of directors and auditors***

As explained more fully in the Directors' Responsibilities Statement set out on page 7 the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

***Scope of the audit of the financial statements***

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report, Investment Manager's Report and the Schedule of Investments to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

*Continued /..*

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANLAM GLOBAL FUND OF HEDGE FUNDS PLC (Continued)**

***Opinion on financial statements***
In our opinion the financial statements:

- give a true and fair view in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended; and

- have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2013.

***Matters on which we are required to report by the Companies Acts 1963 to 2013***

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

- In our opinion proper books of account have been kept by the company.

- The financial statements are in agreement with the books of account.

- In our opinion the information given in the directors' report is consistent with the financial statements.

***Matters on which we are required to report by exception***
We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2013 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Gareth Harman
for and on behalf of Ernst & Young

Dublin

Date April 29, 2014

# Statement of financial position

*as at 31 December 2013*
*(Expressed in US$)*

| | *Note* | **31-December 2013 Class A shares** | **31-December 2013 Designated Class A shares** | **31-December 2013 Total** | 31-December 2012 Class A shares | 31-December 2012 Designated Class A shares | 31-December 2012 Total |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and cash equivalents | *8* | **14,010,584** | **-** | **14,010,584** | 5,229,095 | - | 5,229,095 |
| Receivable for securities sold | *12* | **4,313,563** | **7,669** | **4,321,232** | 3,176,666 | 1,031,013 | 4,207,679 |
| Financial assets (at fair value through profit or loss) | *10* | **200,445,361** | **1,445,142** | **201,890,503** | 233,001,443 | 2,594,275 | 235,595,718 |
| Balances due from broker/counterparty | *7* | **3,873,837** | **-** | **3,873,837** | 2,001,127 | - | 2,001,127 |
| Other receivables | | **25,482** | **-** | **25,482** | 37,353 | - | 37,353 |
| Interclass balances | *17* | **-** | **505,253** | **-*** | - | 415,908 | -* |
| Prepaid investments | *11* | **-** | **-** | **-** | 15,500,000 | - | 15,500,000 |
| Intercompany balances | | **-** | **-** | **-** | 100,606 | - | 100,606 |
| Dividend receivable | | **-** | **-** | **-** | 38,281 | - | 38,281 |
| **Total assets** | | **222,668,827** | **1,958,064** | **224,121,638** | 259,084,571 | 4,041,196 | 262,709,859 |
| **Liabilities** | | | | | | | |
| Management fees payable | *13* | **(692,736)** | **-** | **(692,736)** | (721,217) | - | (721,217) |
| Interclass balances | *17* | **(505,253)** | **-** | **-*** | (415,908) | - | -* |
| Financial liabilities (at fair value through profit or loss) | *10* | **(217,360)** | **-** | **(217,360)** | (434,803) | - | (434,803) |
| Operating fees payable | *13* | **(55,432)** | **(3,432)** | **(58,864)** | (57,711) | (999) | (58,710) |
| Custodian fees payable | *14* | **(55,337)** | **(372)** | **(55,709)** | (86,564) | (1,751) | (88,315) |
| Administration fees payable | *14* | **(30,053)** | **(679)** | **(30,732)** | (33,812) | (749) | (34,561) |
| Audit fees payable | *14* | **(25,510)** | **-** | **(25,510)** | (19,466) | - | (19,466) |
| Directors' fees payable | *15* | **(8,274)** | **-** | **(8,274)** | (5,279) | - | (5,279) |
| Accounts payable and accruals | | **(7,982)** | **-** | **(7,982)** | (13,277) | (43,463) | (56,740) |
| **Total liabilities** | | **(1,597,937)** | **(4,483)** | **(1,097,167)** | (1,788,037) | (46,962) | (1,419,091) |
| **Net assets attributable to the holders of redeemable participating shares** | | **221,070,890** | **1,953,581** | **223,024,471** | 257,296,534 | 3,994,234 | 261,290,768 |

**The total column represents the Fund. The interclass asset balance of the Fund and the interclass liability balance of the Fund are not included in this column.*

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

## Statement of financial position *(continued)*

*as at 31 December 2013*
*(Expressed in US$)*

Details of the net asset value per non-voting redeemable Participating Share are set out in note 4.

The financial statements set out on pages 14 to 65 were approved on behalf of the Board of Directors on 28 April 2014 and signed on its behalf by:

*Director* *Director*

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

## Statement of comprehensive income

*for the year ended 31 December 2013*
*(Expressed in US$)*

| | *Note* | **31-December 2013 Class A shares** | **31-December 2013 Designated Class A shares** | **31-December 2013 Total** | 31-December 2012 Class A shares | 31-December 2012 Designated Class A shares | 31-December 2012 Total |
|---|---|---|---|---|---|---|---|
| **Income** | | | | | | | |
| Net gain on financial assets and liabilities (at fair value through profit or loss) | *9(a)* | **6,867,817** | **349,312** | **7,217,129** | 7,404,575 | 1,632,144 | 9,036,719 |
| Net gain/(loss) on foreign currency transactions | *9(b)* | **39,867** | **1,505** | **41,372** | 33,726 | (4,925) | 28,801 |
| Gross dividend income | | **23,831** | **-** | **23,831** | 243,639 | - | 243,639 |
| Interest income on cash and broker/counterparty balances | | **2,965** | **-** | **2,965** | 1,410 | - | 1,410 |
| **Total income** | | **6,934,480** | **350,817** | **7,285,297** | 7,683,350 | 1,627,219 | 9,310,569 |
| **Expenses** | | | | | | | |
| Management fees | *13* | **(2,969,812)** | **-** | **(2,969,812)** | (2,463,596) | - | (2,463,596) |
| Operating fees | *13* | **(237,641)** | **(2,433)** | **(240,074)** | (197,134) | (6,075) | (203,209) |
| Custodian fees | *14* | **(226,021)** | **(1,825)** | **(227,846)** | (201,065) | (4,557) | (205,622) |
| Administration fees | *14* | **(190,701)** | **(1,825)** | **(192,526)** | (160,326) | (4,555) | (164,881) |
| Other expenses | | **(58,700)** | **(387)** | **(59,087)** | (72,503) | (48,464) | (120,967) |
| Audit fees | *14* | **(29,862)** | **-** | **(29,862)** | (18,066) | - | (18,066) |
| Directors' fees | *15* | **(24,038)** | **-** | **(24,038)** | (20,656) | - | (20,656) |
| Interest expense | | **(1,085)** | **-** | **(1,085)** | (20) | - | (20) |
| Performance fees | *13* | **-** | **-** | **-** | (8,452) | - | (8,452) |
| Legal and professional fees | | **-** | **-** | **-** | (1,936) | - | (1,936) |
| **Total expenses** | | **(3,737,860)** | **(6,470)** | **(3,744,330)** | (3,143,754) | (63,651) | (3,207,405) |
| **Net income from operations before dividend withholding tax** | | **3,196,620** | **344,347** | **3,540,967** | 4,539,596 | 1,563,568 | 6,103,164 |
| Dividend withholding tax (including reversal of prior year accruals for 2013) | | **6,130** | **-** | **6,130** | (36,488) | - | (36,488) |
| **Change in net assets attributable to the holders of redeemable participating shares resulting from continuing operations** | | **3,202,750** | **344,347** | **3,547,097** | 4,503,108 | 1,563,568 | 6,066,676 |

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

# Statement of changes in net assets attributable to the holders of redeemable participating shares

*for the year ended 31 December 2013*
*(Expressed in US$)*

| **Combined total** | **31 December 2013** | 31 December 2012 |
|---|---|---|
| **Balance as at the beginning of the year** | **261,290,768** | 189,178,530 |
| Change in net assets attributable to the holders of redeemable participating shares resulting from continuing operations | **3,547,097** | 6,066,676 |
| Subscriptions during the year | **7,385,000** | 66,631,799* |
| Redemptions during the year | **(49,198,394)** | (586,237)* |
| **Balance as at the end of the year** | **223,024,471** | 261,290,768 |

| **US$ Class A shares** | **31 December 2013** | 31 December 2012 |
|---|---|---|
| **Balance as at the beginning of the year** | **257,296,534** | 175,577,864 |
| Change in net assets attributable to holders of redeemable participating shares resulting from continuing operations | **3,202,750** | 4,503,108 |
| Subscriptions during the year | **7,385,000** | 77,801,799* |
| Redemptions during the year | **(46,813,394)** | (586,237) |
| **Balance as at the end of the year** | **221,070,890** | 257,296,534 |

| **US$ Designated Class A shares** | **31 December 2013** | 31 December 2012 |
|---|---|---|
| **Balance as at the beginning of year** | **3,994,234** | 13,600,666 |
| Change in net assets attributable to holders of redeemable participating shares resulting from continuing operations | **344,347** | 1,563,568 |
| Redemptions during the year | **(2,385,000)** | (11,170,000)* |
| **Balance as at the end of the year** | **1,953,581** | 3,994,234 |

**Designated Class A transferred 8,209.928 shares amounting to US$10,000,000 to Class A on 28 May 2012 using the 2 April 2012 dealing date (see note 17). Designated Class A also transferred 894.143 shares amounting to US$1,170,000 to Class A on 3 December 2012 using the 1 October 2012 dealing date. In the combined total these transfers cancel to show true subscriptions and redemptions of the Fund.*

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

# Sanlam Global Fund of Hedge Funds plc
# comprising Sanlam Global Fund of Hedge Funds

## Statement of cash flows
*for the year ended 31 December 2013*
*(Expressed in US$)*

| | **31 December 2013*** | 31 December 2012* |
|---|---|---|
| **Cash flows from operating activities** | | |
| Change in net assets attributable to the holders of redeemable participating shares resulting from continuing operations | **3,547,097** | 6,066,676 |
| *Adjustments to reconcile change in net assets from operations to net cash provided by/(used in) operating activities:* | | |
| Net gain on financial assets (at fair value through profit or loss) | **(7,217,129)** | (9,036,719) |
| Decrease/(increase) in other receivables | **15,537,205** | (9,414,880) |
| Increase in balances due from broker/counterparty | **(1,872,710)** | (2,001,127) |
| Purchases of financial assets (at fair value through profit or loss) | **(215,230,785)** | (167,729,039) |
| Sales of financial assets (at fair value through profit or loss) | **256,726,661** | 115,985,075 |
| Decrease in accrued expenses and other payables | **(104,481)** | (2,190,214) |
| Change in derivative financial instruments | **(790,975)** | 434,803 |
| **Net cash provided by/(used in) operating activities** | **50,594,883** | (67,885,425) |
| **Cash flows from financing activities** | | |
| Proceeds from issuance of shares | **7,385,000** | 66,631,799 |
| Payments on redemption of shares | **(49,198,394)** | (586,237) |
| **Net cash (used in)/provided by financing activities** | **(41,813,394)** | 66,045,562 |
| **Net increase/(decrease) in cash and cash equivalents** | **8,781,489** | (1,839,863) |
| Cash and cash equivalent at the beginning of the year | **5,229,095** | 7,068,958 |
| **Cash and cash equivalents at the end of the year** | **14,010,584** | 5,229,095 |
| **Cash flows from operating activities include:** | | |
| Interest paid on cash and broker/counterparty balances | (1,085) | (20) |
| Interest received on cash and broker/counterparty balances | 2,965 | 1,127 |
| Dividend received | 62,112 | 205,358 |

**As Designated Class A does not have a bank account the cash flow statement has been prepared on a total Fund basis.*

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

## 1. General information

Sanlam Global Fund of Hedge Funds plc (formerly Blue Ink Global Diversified Fund plc) (the "Company") is registered as an umbrella-type investment company with variable capital under the Companies (Miscellaneous Provisions) Act, 2009 (the "Act") with registration number 493310. It is a designated company pursuant to section 256 of the Act. Accordingly, the Company and each of the Funds are supervised by the Central Bank of Ireland. The Company has been authorised by the Central Bank for marketing as a Qualified Investment Fund ("QIF") in accordance with the Central Bank's Notice NU 24.

The Company is structured as an umbrella fund in that different funds (the "Funds") (which may be open-ended or closed-ended) may be established with the prior approval of the Central Bank of Ireland. There is segregated liability between Funds. At 31 December 2013 and 2012, the Company had one fund, Sanlam Global Fund of Hedge Funds (formerly Blue Ink Global Diversified Fund) (the "Fund"), an open-ended fund.

Pursuant to the Directors' resolution dated 16 August 2013, the Company changed its name from the Blue Ink Global Diversified Fund plc to Sanlam Global Fund of Hedge Funds plc and the Fund changed its name from Blue Ink Global Diversified Fund to Sanlam Global Fund of Hedge Funds.

The Company was originally incorporated in the British Virgin Islands ("BVI") on 29 November 2002 (Registration Number 1066680) as a company limited by shares under the provisions of the BVI Business Companies Act, 2004 as amended. The Company re-domiciled to Ireland on 4 January 2011.

The Company approved new constitutional documents and a new Prospectus by resolution on the 2 December 2010 to come into effect upon the re-domiciliation to Ireland. A further new Prospectus was approved dated 27 February 2012. On 10 October 2012, the Fund issued a new supplement to the Prospectus. The Company issued a new Prospectus and the Fund issued a new Supplement dated 20 August 2013 to reflect the name changes of the Company and the Fund, respectively.

The Company appointed Sanlam Asset Management (Ireland) Limited (the "Manager) as the manager of the Fund on the 4 January 2011. Sanlam International Investments Limited (the "Investment Manager") has been appointed as Investment Manager. The Investment Manager is incorporated in the United Kingdom.

As per an administration agreement dated 4 January 2011, the Company appointed Custom House Fund Services (Ireland) Limited (the "Administrator"), incorporated in Ireland, as the Administrator of the Fund. The Company appointed HSBC Institutional Trust Services (Ireland) Limited (the "Custodian"), incorporated in Ireland, as the Custodian of the Fund, as per a custodial agreement dated 3 December 2010, which came into effect from 4 January 2011. The Company has appointed Barclays Bank Plc and Credit Suisse International as the OTC counterparties (the "counterparties"). Trading commenced with the counterparties in July 2012.

Capitalised terms are defined within the Prospectus and the Supplement unless otherwise defined herein.

## 1. General information *(continued)*

The investment objective for the Fund is to generate moderate absolute returns with low volatility and little correlation to general equity and bond markets. The Fund invests solely into investment funds with the purpose of achieving long-term capital appreciation. To achieve this objective the Investment Manager invests the assets of the Fund globally across all financial markets using a diverse range of investment vehicles and pursuing a multi-theme, multi-manager approach. This approach enables the Fund to reduce its risk by diversifying their exposure among many managers.

The Fund's shares ("Class A shares") have been listed on the Irish Stock Exchange, effective from the 15 April 2011.

The Fund has no employees.

## 2.1 Statement of compliance and basis of preparation

*Statement of compliance*
These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union issued by the International Accounting Standards Board ("IASB").

*Basis of preparation*
The financial statements are prepared on a fair value basis for financial assets and financial liabilities at fair value through profit or loss. Other financial assets and financial liabilities are stated at amortised cost or redemption amount (non-voting redeemable Participating Shares). The financial statements are presented in United States dollar ("US$"), which is the Fund's functional currency.

## 2.2 Adoption of new and amended accounting standards and interpretations

During the year, the Fund adopted the following new and amended accounting standards in the preparation of these financial statements.

IFRS 13, *Fair Value Measurement* ("IFRS 13")
This standard is effective for annual periods beginning on or after 1 January 2013 and accordingly has been adopted for the first time in the current year. This standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.

On adoption of IFRS 13, the Fund maintained its accounting policy for financial assets and liabilities at fair value through profit or loss (see note 2.3 (a)(iii) for details of the Fund's current valuation policy). IFRS 13 also requires additional disclosures and these are provided in note 20.

In accordance with the transitional provisions of IFRS 13, the Fund applied the new fair value measurement guidance prospectively.

**2.2 Adoption of new and amended accounting standards and interpretations** *(continued)*

IFRS 7, *(Amendment) Financial Instruments: Disclosures* ("IFRS 7")
In December 2011, the IASB issued amendments to IFRS 7, "*Disclosures – Offsetting financial assets and liabilities*" to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendments were effective for annual periods beginning on or after 1 January 2013. The adoption of IFRS 7 (amendment) did not have a material impact on the Fund's financial statements. The Fund has provided relevant disclosure in note 19 in relation to offsetting financial assets and liabilities.

**2.3 Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

**(a) Financial instruments**

*(i) Classification*
In accordance with IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"), the Fund has classified all its investments into the financial assets and liabilities at fair value through profit or loss category. The categories of financial assets and financial liabilities at fair value through profit or loss comprise:

- *Financial instruments held for trading.* Financial assets and liabilities held for trading are securities which are either acquired for generating a profit from short-term fluctuations in price or dealer margins, or are included in a portfolio where a pattern of short-term trading exists. Under IAS 39, derivatives and short positions are always classified as held for trading. All derivatives in a net receivable position (positive fair value) are reported as trading assets. All derivatives in a net payable position (negative fair value) are reported as trading liabilities.

- *Financial assets or financial liabilities are classified as at fair value through profit or loss upon initial recognition.* These include investments in investment funds that are held for the purpose of generating long-term capital appreciation. These financial assets or financial liabilities are classified on the basis that they are a component of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Fund, as set out in the Fund's Prospectus. The financial information about these financial assets is provided internally on that basis to the Investment Manager and to the Board of Directors.

At 31 December 2013, the Fund classified the derivative financial instruments as financial assets and financial liabilities held for trading.

The Fund has classified listed and unlisted investment funds as financial assets designated at fair value through profit or loss upon initial recognition. These financial instruments are managed and evaluated by the Investment Manager and the Board of Directors on a fair value basis. Fair value of the investments is examined internally on a regular basis. These investments are not held for short-term trading purposes and may be sold.

**2.3 Summary of significant accounting policies** *(continued)*

**(a) Financial instruments** *(continued)*

*(i) Classification (continued)*

*Loans and receivables*
Loans and receivables include cash and cash equivalents and other receivables.

Other financial liabilities are financial liabilities, other than those classified as at fair value through profit or loss ("other financial liabilities").

*(ii) Recognition*
The Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the investments.

*(iii) Measurement and fair value measurement principles*

*Initial measurement*
Financial assets or financial liabilities at fair value through profit or loss are initially recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in the statement of comprehensive income.

*Subsequent measurement*
Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit or loss are measured at fair value, with changes in their fair value recognised in "*net gain on financial assets and liabilities (at fair value through profit or loss)*" in the statement of comprehensive income. Interest earned and dividend revenue elements of such instruments, if any, are recorded separately in 'Interest income' and 'Dividend income', respectively.

Loans and receivables are measured at amortised cost using the effective interest rate method, less impairment losses, if any.

Other financial liabilities are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

*Fair value measurement principles*
'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 in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

Investments in investment funds are initially recorded at fair value on a trade date basis. Subsequently, investments are stated at fair value as of the reporting date, with any resultant movement in unrealised gain or loss recognised in the statement of comprehensive income.

The fair value of investment funds is based on the unaudited net asset value ("NAV") per share obtained from the respective administrators of the underlying funds. On occasion, the Board of Directors will permit the use of estimated NAV. Estimated NAV will be based on information supplied by the relevant funds. Estimated NAVs were used during the year.

**2.3 Summary of significant accounting policies** *(continued)*

**(a) Financial instruments** *(continued)*

*(iii) Measurement and fair value measurement principles (continued)*

*Fair value measurement principles* *(continued)*
Certain investments within the Fund's portfolio have been deemed by the Board of Directors to be illiquid and not currently capable of being traded at fair market value. Such investments have been allocated to a side pocket (see below for details). The value of the investment funds allocated to side pockets is adjusted as appropriate by the Board of Directors. This determination reflects the lack of liquidity. The determination by the Board of Directors of the Fund is based on the Board's best estimate of the fair value of such assets determined in good faith using information derived from the respective fund administrators.

On 4 January 2011, the Fund introduced a new share class to which they transferred illiquid side pocket investments. Shareholders in the Fund on that date had a proportion of their shares redeemed from Class A and transferred to the side pocket class ("Designated Class A"). The fair value of the side pocketed investments at 31 December 2013 is US$1,445,142 representing 0.65% of the Fund's NAV (2012: US$2,594,275, representing 0.99% of the Fund's NAV). The fair value of the side pocketed investments has been determined by the Board of Directors of the Fund.

When determining fair value, the Board of Directors receives advice from the Manager and the Investment Manager and considers the most recent unaudited NAV per share obtained from the underlying administrators. The Board of Directors also considers liquidity and other factors such as distributions received and secondary market sales. Each investment is individually and regularly reviewed. The ultimate proceeds realised from these investments could differ and the difference could be significant.

An analysis of fair value and financial instruments and further details as to how they are measured are provided in note 20.

*(iv) Derecognition*
The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for derecognition in accordance with IAS 39.

The Fund derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expired.

*(v) Offsetting financial assets and liabilities*
Financial assets and liabilities are offset, and the net amounts reported in the statement of financial position, when a current legal enforceable right to offset exists and there is intent to realise the asset and settle the liability simultaneously or on a net basis.

*(vi) Impairment*
Financial assets that are stated at cost or amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the statement of comprehensive income as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the financial assets original effective interest rate. If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of comprehensive income.

**2.3 Summary of significant accounting policies** *(continued)*

**(b) Revenue recognition**
Interest income is recognised gross of any recoverable withholding tax in the statement of comprehensive income as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Dividend income, if any, is recognised when the right to receive the dividend is established and is recorded gross of any recoverable withholding tax.

**(c) Redeemable Participating Shares**
All redeemable Participating Shares (refer to note 4) issued by the Fund provide investors with the right to require redemption for cash at the value proportionate to the investor's share in the Fund's net assets at the redemption date calculated in accordance with IFRS. In accordance with IAS 32, *Financial Instruments: Recognition and Measurement* ("IAS 32") such instruments meet the definition of puttable instruments.

The Fund has issued two classes of redeemable Participating Shares, Class A shares and Designated Class A shares, and one class of Subscriber Shares. The redeemable Participating Shares do not meet the criteria of an equity instrument under IAS 32 as the Subscriber Shares are a subordinate share class. Consequently, redeemable Participating Shares are classified as a financial liability.

**(d) Net asset value per redeemable Participating Share**
The NAV of each class/series of redeemable Participating Shares will be expressed as a per share figure and will be determined in respect of each Valuation Date by determining the NAV of the Fund as calculated in accordance with IFRS, attributable to each class/series of redeemable Participating Shares, being the value of the assets of the Fund less the liabilities and dividing the NAV by the number of each class/series of redeemable Participating Shares outstanding as at the relevant Valuation Date (refer to note 4). All reference to net assets through the financial statements refers to net assets attributable to holders of redeemable Participating Shares, unless otherwise stated.

**(e) Cash and cash equivalents**
Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts. At 31 December 2013, all cash and cash equivalents were held with HSBC Institutional Trust Services (Ireland) Limited (see note 8 for details).

**(f) Functional and presentation currency**
The Fund's functional currency is US$, which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity is managed in US$. Therefore, the US$ is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's presentation currency is also US$.

**2.3 Summary of significant accounting policies** *(continued)*

**(g) Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into US$ at exchange rates ruling on the date of the financial statements. Non-monetary assets and liabilities are translated into US$ using exchange rates ruling on the date of the transaction. Realised and unrealised gains and losses on foreign currency transactions are presented in the statement of comprehensive income as foreign currency exchange gains or losses and are included within "*Net gain/(loss) on foreign currency transactions*" except where they relate to financial assets (at fair value through profit or loss) where such amounts are included within "*Net gain on financial assets and liabilities (at fair value through profit or loss)*".

Transactions during the year, including purchases and sales of investment funds, income and expense items expressed in currencies other than US$ are translated at rates of exchange prevailing on the dates of such transactions. Differences arising on translation are included in the statement of comprehensive income.

The US$/EUR and US$/GBP exchange rates at the year-end was 1.3789 and 1.6568, respectively (2012: 1.3197 and 1.6242, respectively).

**(h) Fees and commissions**

Fees and commissions are recognised on an accrual basis.

**(i) Interest income and interest expense**

Interest income and interest expense is recognised in the statement of comprehensive income as it accrues, using the historical effective interest rate. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis. Interest income and expense related to investments at fair value through profit or loss, if any, are included within "*Net gain on financial assets and liabilities (at fair value though profit or loss)*".

**(j) Dividend income**

Dividend income relating to investment funds are recognised in the statement of comprehensive income on the ex-dividend date.

**(k) Forward currency contracts**

A forward currency contract involves an obligation to purchase or sell a specific currency at a future date, at a price set at the time the contract is made. Forward currency contracts are valued by reference to the forward price at which a new forward currency contract of the same size and maturity could be undertaken at the valuation date. The unrealised gain or loss on open forward currency contracts is calculated as the difference between the contract rate and this forward price, and is recognised in the statement of comprehensive income.

**(l) Interest rate swaps**

Interest rate swaps are over-the-counter ("OTC") agreements to exchange a series of cash flows according to prescribed terms. The underlying asset is the interest rate. The fair value of interest rate swaps is the estimated amount that the Fund would receive or pay to terminate the swap at the statement of financial position date, taking into account the current interest and currency exchange rates and the current creditworthiness of the swap counterparties.

**2.3 Summary of significant accounting policies** *(continued)*

**(m) Equity swaps**
Equity swaps are derivative instruments, which mirror the economic benefit of holding a position in a security without having the physical ownership of that security having sold it short. The changes in contract values are recorded as unrealised gains or losses and the Fund recognises a realised gain or loss when the contract is closed. Unrealised gains and losses on equity swaps are recognised in the statement of comprehensive income.

**2.4 Standards, interpretations and amendments to published standards that are issued but not yet effective**

A number of new standards, amendments to standards and interpretations, that may be relevant to investment funds, have been issued to date and are not yet effective for the financial statements of the Fund for the year ended 31 December 2013. These new standards, amendments to standards and interpretations have not been applied nor early adopted in preparing these financial statements.

These standards and amendments are listed below.

| **Standard:** | **Narrative:** | **Effective date** ***Annual periods beginning on or after*** |
|---|---|---|
| IAS 32 (amendment) | *Financial instruments: Presentation* – clarifies the requirements for offsetting financial instruments | 1 January 2014 |
| IFRS 9 | *Financial instruments: classification and measurement* | 1 January 2018* |
| IFRS 10 | *Consolidated financial statements* | 1 January 2014** |
| IFRS 12 | *Disclosure of interests in other entities* | 1 January 2014** |
| Investment Entities | *Amendments to IFRS 10, IFRS 12, IAS 27 and IAS 28* | 1 January 2014 |

*This standard has not been endorsed by the EU
**Effective date for non-EU adopters is 1 January 2013

Other than as set out below/overleaf, the Board of Directors anticipate that the adoption of IFRS that were in issue at the date of authorisation of these financial statements, but not yet effective, will have no material impact on the financial statements of the Fund in the year of initial application.

IFRS 9, *Financial Instruments: Classification and Measurement (*"IFRS 9")
IFRS 9 was issued in November 2009 and represents the first part of a three-part project to replace IAS 39. IFRS 9 introduced new requirements for the classification and measurement of financial assets and liabilities.

IFRS 9 uses business models and contractual cash flow characteristics to determine whether a financial asset is measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income, replacing the four category classification in IAS 39. The approach is also based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. Most of the requirements for financial liabilities were carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk.

On 19 November 2013, the IASB issued IFRS 9, *Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)* amending IFRS 9 to include the new general hedge accounting model, allow early adoption of the treatment of fair value changes due to own credit on liabilities designated at fair value through profit or loss.

**2.4 Standards, interpretations and amendments to published standards that are issued but not yet effective** *(continued)*

IFRS 9, *Financial Instruments: Classification and Measurement (*"IFRS 9") *(continued)*
In February 2014, the IASB finalised deliberations on the impairment of financial assets and the limited amendments to classification and measurement. The IASB plans to issue the completed IFRS 9 in the second quarter of 2014. The IASB tentatively decided to require an entity to apply IFRS 9 for annual periods beginning on or after 1 January 2018. Entities will be permitted to apply the impairment requirements early only if the completed version of IFRS 9 is adopted in its entirety. Previous versions of IFRS 9 will no longer be available for early adoption, if the entities' date of initial application is six months or more after the issuance of the completed version of IFRS 9.

As the final completed version of IFRS 9 is not yet available as at the reporting date, it is impracticable to quantify the possible impact of IFRS 9 on the financial statements of the Fund.

IAS 32, *(Amendment) Financial Instruments: Presentation* ("IAS 32")
The amendment, issued in December 2011, clarified the requirements for offsetting financial instruments. The amendment addresses inconsistencies in current practices when applying the offsetting criteria of IAS 32, *Financial Instruments, Presentation.* The amendment will be applicable for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively. The Board of Directors is currently assessing the impact of the amendment on the financial statements of the Fund.

**3. Significant accounting judgements, estimates and assumptions**

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires the Board of Directors to make judgments, estimates and assumptions that affect the reported amounts recognized in the financial statements and accompanying notes. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Actual results could differ from these estimates, in particular the estimates used for the valuation of financial assets as detailed in note 2.3(a).

In the process of applying the Fund's accounting policies, the Board of Directors have made the following judgments, which have the most significant effect on the amounts recognised in the financial statements.

*(i) Fair value of financial instruments*
As detailed in note 2.3(a), the fair value of investments in investment funds is determined based on the unaudited NAV as provided by the underlying administrator. If the Directors are of the view that the fair value provided by the underlying administrator/manager does not represent the fair value, they will fair value such investments based on the information available to them. This determination is a potential area of judgement. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy.

**3. Significant accounting judgements, estimates and assumptions** *(continued)*

*(i) Fair value of financial instruments (continued)*
IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input which is significant to the fair value measurement of the entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, then the measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. To assess the significance of a particular input to the entire measurement, the Fund performs a sensitivity analysis.

*(ii) Fund of funds*
The current market environment as a result of the global financial crisis has a significant impact on the liquidity of the underlying investments of the Fund. The investment portfolio of the Fund consists of underlying funds which may be subject to gates, lock ups, halts to redemptions or side pockets. The valuation of such investments is subject to significant judgement and depends on the availability of market information.

*(iii) Taxes*
No tax will arise in respect of chargeable events in respect of a shareholder who is an Exempt Irish Investor or who is neither resident nor ordinarily resident in Ireland at the time of the chargeable event, provided that the necessary signed declaration is in place. Dividend income, interest received and capital gains may be subject to non-recoverable withholding tax in the country of origin.

*(iv) Going concern*
The Fund’s Board of Directors have made an assessment of the Fund’s ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Fund’s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

**4. Participating and Subscriber Shares**

The Company is authorised to issue the following shares:

i) 2 Subscriber Shares* of one euro (“€”) each with no par value; and
ii) 1,000,000,000,000 shares of no par value, initially designated as unclassified Participating Shares.

*A subscriber share is the initial issued share capital of €2 Shares of no par value, issued at €1 each for the purposes of registering the Company in Ireland.

The Company is structured as an umbrella fund with segregated liability between Funds. Shares of more than one class may be issued in relation to the Fund. Separate accounting records are maintained for all share classes.

At 31 December 2013 and 31 December 2012, Class A shares and Designated Class A shares were the only classes in issue.

**4. Participating and Subscriber Shares** *(continued)*

*Participating Shares*
The Participating Shares may be divided into as many series comprising such number of Participating Shares as the Directors may from time to time determine. Only the Participating Shares are issued to investors. All shares of each class will rank pari passu save as provided for in the relevant supplement. At 31 December 2013, there were seven series of shares in issue for Class A (2012: six) and one series in issue for Designated Class A (2012: one).

The functional currency of the Fund is US$. The Participating Shares in any class may be issued in a different currency as the Directors may determine from time to time.

Participating Shares may be issued on the first business day of each calendar month. Participating Shares may be redeemed as of the last business day of each calendar month or at the discretion of the Directors of the Fund.

Holders of the Participating Shares present in person or by proxy are entitled to one vote at meetings of the shareholders.

Upon a purchase, redemption or other acquisition of Participating Shares, or upon the liquidation of the Fund, each class or series of Participating Shares participate on a pro rata basis with all other shares in the same class or series in the capital and the surplus of the Fund relating to such class or series of shares only.

The Board of Directors at all times maintain separate accounts and separately identify the assets of the Fund as relate to each class or series of Participating Shares in issue and do not hold such assets in any way which would reduce or increase or otherwise vary the rights of the members of each such class or series to the assets so separated for each such class or series.

The assets belonging to each class and/or series are charged with the liabilities of the Fund in respect of such class and/or series and with such class and/or series' share of the general liabilities of the Fund, in the latter case in the proportion that the net value of the assets belonging to such class and/or series bears to the net value of the assets belonging to all classes and/or series of Participating Shares of the Fund.

*Designated Class A shares*
Designated Class A is operated as a "side pocket" class. Accordingly, shares of that class were only issued on the first Dealing Day following the re-registration of the Company in Ireland, and were only issued to holders of Class A shares as of that Dealing Day. The financial assets of Designated Class A may be long-term and less liquid positions or positions without a readily ascertainable market value. The fair value of a Designated Investment may differ materially from its actual or realisable value. As a result, there can be no assurance that shareholders will not experience substantial or complete losses upon the disposition of Designated Investments.

**4. Participating and Subscriber Shares** *(continued)*

*Designated Class A shares (continued)*
In addition, shareholders generally may not redeem their Designated Class A shares prior to disposition of the underlying Designated Investments, and therefore may have to retain their interests in such investments for years after they have otherwise entirely redeemed from the relevant Fund and irrespective of changes in their own or general economic conditions. Furthermore, in cases where Designated Class A shares are redeemed for cash prior to the disposition of the underlying Designated Investments, this will increase the illiquidity of the remaining shareholders' investments by increasing their proportional participation in the Designated Investments owned by the relevant Fund, and may result in the redeeming shareholder receiving redemption proceeds that are less than the full value that may be realisable over time by the relevant Fund from the applicable Designated Investments.

Cross class liability
Separate accounting records are maintained for all share classes. Cross class liability may arise where one class of shares becomes insolvent or and is unable to meet its liabilities. In this scenario, all the assets of the Fund attributable to other classes may be applied to cover the liabilities of the insolvent class. At 31 December 2013, the Fund has two classes of shares in existence (2012: two).

Capital management
As a result of the ability to issue and redeem shares, the capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no restrictions on the issue and redemptions of shares.

The Fund's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in its Prospectus;
- To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise; and
- To maintain sufficient size to make the operation of the Fund cost-efficient.

The following table shows the movement in Participating Shares for the years ending 31 December 2013 and 2012:

| | Class A | Designated Class A |
|---|---|---|
| **Number of Participating Shares in issue at 31 December 2011** | **146,251.892** | **11,022.751** |
| Shares issued | 778,017.986* | - |
| Shares redeemed | (3,161.310) | (9,104.071)* |
| **Number of Participating Shares in issue at 31 December 2012** | **921,108.568** | **1,918.680** |
| Shares issued | 73,850.000 | - |
| Shares redeemed | (302,288.639) | (1,125.304) |
| **Number of Participating Shares in issue at 31 December 2013** | **692,669.929** | **793.376** |

*On 28 May 2012, using the 2 April 2012 deal date, Designated Class A transferred 8,209.928 shares to Class A where they were converted to 100,000.000 shares. On 3 December 2012, using the 1 October 2012 deal date, Designated Class A transferred 894.143 shares to Class A where they were converted to 11,700.000 shares.

Net asset value per Participating Share
The NAV per Participating Share is calculated by dividing the net assets attributable to the holders of redeemable shares included in the statement of financial position of each series of shares by the number of Participating Shares in issue for each series of shares at the year-end. The initial subscriptions price was set at US$1,000 per share. Any additional new series of Class A shares will be open for subscription at each Dealing Day at an Issue Price of US$100 per share.

**4. Participating and Subscriber Shares** *(continued)*

Net asset value per Participating Share *(continued)*

In order to keep the number of different series outstanding to a minimum at any time, all profitable series may be consolidated on the first Dealing Day following the close of each calendar quarter of the relevant Fund. Series will be consolidated on the basis of the respective NAV per share of the original series and that of the particular series being consolidated.

| Date | Class and Series of Shares | Net Asset Value US$ | Number of Shares | Net Asset Value per Share US$ |
|---|---|---|---|---|
| 31 December 2013 | Class A, Series 1 | 163,369,752 | 128,960.604 | 1,266.819 |
| 31 December 2013 | Class A, Dec 2011 Series | 10,367,378 | 100,269.059 | 103.396 |
| 31 December 2013 | Class A, Aug 2012 Series | 70,939 | 699.624 | 101.396 |
| 31 December 2013 | Class A, Oct 2012 Series | 1,211,012 | 11,954.372 | 101.303 |
| 31 December 2013 | Class A, Nov 2012 Series | 45,635,508 | 446,653.318 | 102.172 |
| 31 December 2013 | Class A, Apr 2013 Series | 28,069 | 282.952 | 99.201 |
| 31 December 2013 | Class A, Jul 2013 Series | 388,232 | 3,850.000 | 100.839 |
| 31 December 2013 | Designated Class A | 1,953,581 | 793.376 | 2,462.365 |
| **Total** | | **223,024,471** | | |
| 31 December 2012 | Class A, Series 1 | 178,686,216 | 142,821.523 | 1,251.115 |
| 31 December 2012 | Class A, Dec 2011 Series | 10,238,863 | 100,269.059 | 102.114 |
| 31 December 2012 | Class A Aug 2012 Series | 106,509 | 1,063.614 | 100.139 |
| 31 December 2012 | Class A Oct 2012 Series | 1,196,000 | 11,954.372 | 100.047 |
| 31 December 2012 | Class A Nov 2012 Series | 57,011,646 | 565,000 | 100.906 |
| 31 December 2012 | Class A Dec 2012 Series | 10,057,300 | 100,000 | 100.573 |
| 31 December 2012 | Designated Class A | 3,994,234 | 1,918.68 | 2,081.761 |
| **Total** | | **261,290,768** | | |
| 31 December 2011 | Class A, Series 1 | 175,279,520 | 143,264.653 | 1,223.467 |
| 31 December 2011 | Class A, Dec 2011 Series | 298,344 | 2,987.239 | 99.873 |
| 31 December 2011 | Designated Class A | 13,600,666 | 11,022.751 | 1,233.872 |
| **Total** | | **189,178,530** | | |

**5. Taxation**

Under current law and practice, the Company qualifies as an investment undertaking. It is not chargeable to Irish tax on its income or capital gains. However, a tax can arise on the occurrence of a "chargeable event" in the Company. A chargeable event includes any distribution payments to shareholders or any encashment, redemption or transfer of shares. Any tax arising on a chargeable event is a liability of the shareholders, albeit it is paid by the Company (although if the Company fails to deduct the tax or the correct amount of tax it ultimately becomes a liability of the Company).

**6. Operating segments**

IFRS 8, *Operating Segments* requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the Board of Directors in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

**6. Operating segments** *(continued)*

Financial information used internally by the Board of Directors for evaluating performance and deciding how to allocate resources does not identify separable geographical or operating segments but rather presents information for the Fund as a whole. For this reason, the Fund reports financial information in its financial statements on the basis of the Fund as a whole and does not report by operating or geographic segment.

**7. Balances due from broker/counterparty**

The table below details amounts held with the Fund's broker/counterparty at the reporting date:

| All amounts expressed in US$ | **31 December 2013** | 31 December 2012 |
|---|---|---|
| Barclays Bank Plc | **3,873,837** | 2,001,127 |
| **Balances due from broker/counterparty** | **3,873,837** | 2,001,127 |

The amounts "Balances due from broker/counterparty" includes margin cash held by a broker/counterparty at the reporting date. Margin accounts represent cash deposited with counterparties transferred as collateral against derivative financial instruments held with Barclays Bank Plc.

**8. Cash and cash equivalents**

Cash and cash equivalents are represented by:

| All amounts expressed in US$ | **31 December 2013** | 31 December 2012 |
|---|---|---|
| HSBC Institutional Trust Services (Ireland) Limited | **14,010,584** | 5,229,095 |
| | **14,010,584** | 5,229,095 |

**9a. Net gain on financial assets and liabilities (at fair value through profit or loss)**

| All amounts expressed in US$ | **2013** | 2012 |
|---|---|---|
| *Net realised (loss)/gain on:* | | |
| Financial liabilities held for trading | **(1,176,269)** | (264,611) |
| Financial assets designated at fair value through profit or loss upon initial recognition | **3,862,109** | (1,122,963) |
| *Net change in unrealised gain/(loss) on:* | | |
| Financial liabilities held for trading | **790,975** | (434,803) |
| Financial assets designated at fair value through profit or loss upon initial recognition | **3,740,314** | 10,859,096 |
| *Total net gain on financial assets and liabilities (at fair value through profit or loss)* | **7,217,129** | 9,036,719 |

### 9b. Net gain/(loss) on foreign currency transactions

All amounts expressed in US$

| | **31 December 2013** | 31 December 2012 |
|---|---|---|
| Realised loss on foreign currency | **(5,785)** | (69) |
| Unrealised gain on foreign currency | **47,157** | 28,870 |
| **Net gain on foreign currency transactions** | **41,372** | 28,801 |

### 10. Financial assets and financial liabilities (at fair value through profit or loss)

The cost, fair value and percentage of the NAV of the financial assets and liabilities (at fair value through profit or loss) are as follows:

| **31 December 2013**<br>All amounts expressed in US$ | **Cost** | **Fair value** | **Percentage of NAV** |
|---|---|---|---|
| ***Financial assets (at fair value through profit or loss)*** | | | |
| *Designated at fair value through profit or loss upon initial recognition* | | | |
| - Class A listed and unlisted investment funds | **188,876,830** | **199,871,829** | **89.62%** |
| - Designated Class A unlisted investment funds | **8,937,282** | **1,445,142** | **0.65%** |
| **Total financial assets designated at fair value through profit or loss upon initial recognition** | | **201,316,971** | **90.27%** |
| *Held for trading* | | | |
| - Class A equity swap contracts | | **493,199** | **0.22%** |
| - Class A interest rate swap contracts | | **80,333** | **0.04%** |
| **Total financial assets held for trading** | | **573,532** | **0.26%** |
| **Total financial assets at fair value through profit or loss** | | **201,890,503** | **90.53%** |
| ***Financial liabilities (at fair value through profit or loss)*** | | | |
| *Held for trading* | | | |
| - Class A forward currency contracts | | **(1,006)** | **(0.00)%** |
| - Class A equity swap contracts | | **(149,178)** | **(0.07)%** |
| - Class A interest rate swap contracts | | **(67,176)** | **(0.03)%** |
| **Total financial liabilities at fair value through profit or loss – held for trading** | | **(217,360)** | **(0.10)%** |

**10. Financial assets and financial liabilities (at fair value through profit or loss)** *(continued)*

| **31 December 2012**<br>All amounts expressed in US$ | **Cost** | **Fair value** | **Percentage of NAV** |
|---|---|---|---|
| ***Financial assets (at fair value through profit or loss)*** | | | |
| *Designated at fair value through profit or loss upon initial recognition* | | | |
| - Class A listed and unlisted investment funds | 202,641,250 | 210,599,997 | 80.60% |
| - Class A exchange traded funds | 22,459,955 | 22,401,446 | 8.57% |
| - Designated Class A unlisted investment funds | 10,521,030 | 2,594,275 | 0.99% |
| **Total financial assets designated at fair value through profit or loss upon initial recognition** | | 235,595,718 | 90.16% |
| ***Financial liabilities (at fair value through profit or loss)*** | | | |
| *Held for trading* | | | |
| - Class A forward currency contracts | | (21,280) | (0.01%) |
| - Class A interest rate swap contracts | | (50,492) | (0.02%) |
| - Class A equity swap contracts | | (363,031) | (0.14%) |
| **Total financial liabilities at fair value through profit or loss - held for trading** | | (434,803) | (0.17%) |

**11. Prepaid investments**

At 31 December 2012, there was an amount of prepaid investments of US$15,500,000, representing payments made for investments purchased before the reporting date but not yet delivered.

During 2012, the Fund subscribed for shares of underlying funds which were to be settled on the first business day after the reporting date. Subscribers in underlying funds are required to pay in advance prior to settlement. The prepaid investments represent the amounts paid in advance to the underlying funds. All prepaid investments have been converted into financial assets (at fair value through profit or loss) subsequent to the reporting date.

There were no such prepaid investments at 31 December 2013.

**12. Receivable for securities sold**

During 2013 and 2012, the Fund redeemed shares from underlying funds that only make full and final payment of the redemptions upon completion of their audit of the fiscal year. On these redemptions the Fund received partial payment. Depending on the underlying funds the partial payment represents generally 90% to 95% of the estimated redemption proceeds. The remaining proceeds will be paid to the Fund during 2014 and 2013, respectively. At 31 December 2013, the receivable for securities sold amounts to US$4,321,232 (2012: US$4,207,679).

## 13. Management, operating and performance fees

*Management fees*
The Fund signed a Management agreement with Sanlam Asset Management (Ireland) Limited. The Manager receives from the Fund a management fee equivalent to 1.25% per annum of the NAV of the Fund attributable to the Class A shares. The management fee is calculated, accrued and charged on each Valuation Date and is paid quarterly in arrears.

The Manager is also entitled to be reimbursed out of the assets of the Fund for all of its reasonable out-of-pocket expenses (plus VAT thereon, if any) incurred in the performance of its duties to the Fund.

The management fees for year ended 31 December 2013 amounted to US$2,969,812 (2012: US$2,463,596). At the reporting date, management fees payable amounted to US$692,736 (2012: US$721,217).

The Investment Manager will be paid a management fee by the Manager out of its management fee and shall not be paid out of the assets of the Fund.

*Operating fees*
The Manager is entitled to receive an operating fee at an annual rate of 0.10% of the NAV of the Fund. For the purposes of calculating the operating fees, the NAV of the Fund is not reduced by any fees payable or incurred by the Fund or by any distributions or redemption amounts paid during the relevant Valuation Day by the Fund.

The operating fees accrue on each Valuation Day based on the NAV at the Valuation Point for such Valuation Day and are payable quarterly in arrears.

The operating fee for the year ended 31 December 2013 amounted to US$240,074 (2012: US$203,209). At the reporting date, operating fees payable amounted to US$58,864 (2012: US$58,710).

*Performance fees*
The Investment Manager is also entitled to a half-yearly performance fee. The performance fee is equal to 10% of the difference between the percentage movement in the NAV per series of Class A shares and the percentage movement in the Index during the Performance Period multiplied by the average of the NAV of the Fund attributable to the relevant series of Class A shares as at each Valuation Point during the Performance Period prior to any accrual for performance fees but after accruing for all other fees and expenses.

Where the relevant series of shares has underperformed the Index during a Performance Period, the Investment Manager will not repay any amounts of performance fee paid out of the assets of the Fund attributable to the relevant series of shares in respect of previous Performance Periods but no further performance fees will be charged until such time as any underperformance is recaptured by the relevant series of shares.

The performance fees is calculated by the Administrator, subject to verification by the Custodian and accrued in the NAV per series of shares calculated in respect of each Dealing Day based on the performance to date of the relevant series of shares during that Performance Period.

There were no performance fees charged by the Investment Manager to the Fund for the year ended 31 December 2013 (2012: US$8,452). Accordingly, at the reporting date, there were no performance fees payable (2012: US$Nil).

## 14. Administration, custodian and audit fees

*Administration fees*
As compensation for its services to the Fund, the Administrator receives annual fees (plus disbursements) to be paid monthly in arrears within thirty days. The Administrator of the Fund earns a minimum of €42,000 per annum, up to and including fees at the following rate rates:

- 0.10% per annum of net assets up to US$50 million
- 0.075% per annum of net assets in excess of US$50 million

For the year ended 31 December 2013, the fee due to the Administrator amounted to US$192,526 (2012: US$164,881). At the reporting date, administration fees payable amounted to US$30,732 (2012: US$34,561).

*Custodian fees*
The Custodian to the Fund earns fees not exceeding 0.12% per annum of the NAV of the Fund, subject to a minimum monthly fee of €5,500 plus VAT, if any, to be paid quarterly in arrears. The Custodian is also paid out-of-pocket expenses plus any sub-custodian's fees (which are charged at normal commercial rates) as well as agreed upon transaction charges (which are at normal commercial rates). During the year ended 31 December 2013, the Custodian earned fees of US$227,846 (2012: US$205,622) and at the reporting date was owed US$55,709 (2012: US$88,315).

*Auditor's remuneration*
Auditor remuneration amounted to US$29,862 (2012: US$18,066). At the reporting date, audit fees payable amounted to US$25,510 (2012: US$19,466). The auditor's remuneration related solely to audit fees.

## 15. Directors' fees

The Directors who are not employees of the Manager or its controlling parties are entitled to receive remuneration for their services as Directors provided however that the aggregate fee of each Director in respect of any twelve month accounting period will not exceed €15,000. The Directors are also entitled to be reimbursed for their reasonable out-of-pocket expenses incurred in discharging their duties. The Directors' fees for the year ended 31 December 2013 amounted to US$24,038 (2012: US$20,656). At the reporting date, Directors' fees payable amounted to US$8,274 (2012: US$5,279).

For the year ended 31 December 2013, Peter Murray's Director's fees amounted to US$10,640 (2012: US$10,328), Paul Dobbyn's Director's fees amounted to US$10,640 (2012: US$10,328), Thomas Murray's Director's fees amounted to US$2,758 and Anton Gildenhuys waived his fees.

## 16. Other expenses

Brokerage commissions and transaction charges are charged in connection with the Fund's trading activities and are paid out of the Fund's assets. Brokerage commissions and transaction charges for the year amounted to US$11,743 (2012: US$70,350).

These expenses are included within the other expense caption in the statement of comprehensive income.

**17. Interclass balances**

Separate accounting records are maintained for each of the share classes (see note 4). The HSBC Institutional Trust Services (Ireland) Limited bank account is in the name of Class A. Designated Class A does not operate a separate bank account. The Designated Class A transactions are reflected in the interclass balances. The interclass balance represents amounts realised from investments held by Designated Class A, which were received into the bank account in the name of Class A. At 31 December 2013, the interclass balances amounted to US$505,253 (2012: US$415,908)

**18. Financial risk management objectives and policies**

The Fund's activities expose it to various types of risks that are associated with the financial assets and liabilities and markets in which it invests. The Fund is exposed to market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk arising from the financial instruments it holds. The Fund's risk is managed through a careful selection of securities and other financial instruments. The risk management policies employed by the Fund to manage these risks are discussed hereafter.

The Fund's Investment Manager is responsible for identifying and controlling risks. The Board of Directors supervises the Investment Manager and is ultimately responsible for the overall risk management approach within the Fund.

The Fund's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss based on statistical models. The model makes use of the probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks are primarily set up to be performed based on limits established by the Board of Directors. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. In addition, the Fund monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities. During the year ended 31 December 2013, the aim of spreading investment risk has been maintained.

The Fund has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentration of risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

**(a) Market risk**

Market risk is the risk that the fair value on future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates. The Fund's investments and financial instruments are also susceptible to market price risk arising from factors specific to the individual security and financial instrument or its issuer or factors affecting all traded assets in the market.

**18. Financial risk management objectives and policies** *(continued)*

**(a) Market risk** *(continued)*

Asset allocation is determined by the Fund's Investment Manager, who manages the distribution of the assets to achieve the investment objective. The Investment Manager seeks to identify, research and monitor underlying funds with the objective of forming a judgement as to how they can ensure the Fund best exploits global markets using diverse market approaches. On this basis the Investment Manager has constructed and maintains a portfolio composed of a selection of underlying funds pursuant to the Fund's objectives.

The Investment Manager's selection process focuses on investment strategy and historical performance at the underlying fund level (including the underlying entities) as well as analysis from an overall portfolio level. Risk control procedures are integrated into the underlying manager selection and asset allocation processes. This ensures that the Investment Manager conducts thorough analysis before proposing an investment with an underlying fund, as well as during the life of such investments.

Investing in underlying funds is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for financial instruments change rapidly and are affected by a variety of factors, including interest rates and general trends in the overall economy or particular industrial or other economic sectors. Government actions, especially those of the Federal Reserve Board, have a profound effect on interest rates which, in turn, affect the price of financial instruments. In addition, a variety of other factors which are inherently difficult to predict, such as domestic and international political developments, governmental trade and fiscal policies, patterns of trade and war or other military conflict can also have significant effects on the markets.

The Fund may have only limited ability to vary its portfolio in response to changing economic, financial and investment conditions. Those risks may be enhanced significantly by the concentration of the Fund's investments.

Even in the absence of adverse events, which could cause significant and immediate loss in value of the Fund's portfolio, trading shares/units of investment funds can quickly lead to large losses. Such trading losses could sharply reduce the NAV of the Fund and, consequently, the value of the shares.

The portfolio of funds of funds is categorised below by investment strategy and expressed as a percentage of the portfolio.

| Strategy | **2013 % Portfolio** | 2012 % Portfolio |
|---|---|---|
| Long/short equity | 26.84% | 31.34% |
| Multi strategy | 14.34% | 10.75% |
| Event driven | 12.71% | 8.20% |
| Fund of funds | 11.85% | - |
| CTA | 9.34% | 9.20% |
| Global macro | 7.76% | 16.39% |
| Mortgage backed security arbitrage | 7.73% | 8.34% |
| Cash | 6.51% | 2.17% |
| Fixed income | 2.25% | 3.22% |
| Illiquid* | 0.67% | 1.08% |
| Other | - | 9.31% |
| **Total** | 100.00% | 100.00% |

*The Designated Class A investments are included in this caption, the Investment Manager does not complete an investment strategy breakdown for these investments due to their illiquidity.

**18. Financial risk management objectives and policies** *(continued)*

**(a) Market risk** *(continued)*

The performance of the Fund's investments depends on correct assessments of the future course of market price movements and other investments by managers of the underlying funds. There can be no assurance that underlying fund managers will be able to predict accurately these price movements.

The nature of the Fund's exposure to market risk and its objectives, policies and processes for managing market risk have not changed significantly from the prior year. The above analysis does not include exposure of the underlying funds to this risk.

<u>Concentration</u>

The investment objectives of the Fund require a degree of position concentration. Accordingly, at 31 December 2013, the Fund had four positions (2012: one) which exceeded 5% of the NAV.

**(b) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund may invest in trading instruments denominated in currencies other than US$. Consequently, the Fund may be exposed to risks that the exchange rate of US$ relative to other currencies may change in a manner that has an adverse effect on the reported value of that portion of the Fund's assets that are denominated in currencies other than US$.

Concentration of foreign exchange risk may arise if the Fund has a significant net open position in a single foreign currency, or aggregate net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together.

Class A and Designated Class A is US$ denominated. The Fund invested in three (2012: three) non-US$ denominated currency securities at 31 December 2013, with a value of US$4,173,551 (2012: US$ 2,640,284) representing 1.87% of the NAV. The Fund's currency risk exposure as of 31 December 2013 and 2012 is not material. The Fund invests in forward currency contracts. See note 18(g) for further details of the specific instruments.

The underlying funds, to which the Fund subscribes, may invest in currencies different to the functional currency of the Fund and therefore indirectly exposing the Fund to currency risk. This risk is monitored and managed by the Investment Managers and Investment Advisors of the underlying funds.

The above analysis does not include exposure of the underlying funds to currency risk.

**(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the Fund's investments are non-interest bearing and as a result the Fund is not subject to significant amounts of risk on the value of its investments due to fluctuations in the prevailing levels of market interest rates.

The Fund's interest rate risk is monitored by the Investment Manager on a regular basis. However, currently interest rate risk is not mitigated through hedging.

The following table details the Fund's exposure to interest rate risk. It includes the Fund's assets and trading liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity date measured by the carrying value of the assets and liabilities.

## 18. Financial risk management objectives and policies *(continued)*

### (c) Interest rate risk *(continued)*

As at the 31 December 2013, the Fund's exposure to interest rate risk was as follows:

| *All amounts stated in US$* | | | | | |
|---|---|---|---|---|---|
| **Assets** | **Less than 3 month** | **3 months to 1 year** | **No stated maturity** | **Non-interest bearing** | **Total** |
| *Financial assets (at fair value through profit or loss);* | | | | | |
| Listed and unlisted investment funds | - | - | - | 201,316,971 | 201,316,971 |
| Financial assets held for trading | - | - | - | 573,532* | 573,532 |
| *Loans and receivables* | | | | | |
| Cash and cash equivalents | 14,010,584 | - | - | - | 14,010,584 |
| Balances due from broker/counterparty | 3,873,837 | - | - | - | 3,873,837 |
| Receivable for securities sold | - | - | - | 4,321,232 | 4,321,232 |
| Other receivables | - | - | - | 25,482 | 25,482 |
| **Total Assets** | **17,884,421** | **-** | **-** | **206,237,217** | **224,121,638** |
| **Liabilities excluding non-voting redeemable participating shares** | | | | | |
| *Financial liabilities measured at amortised cost:* | | | | | |
| Financial liabilities held for trading | - | - | - | (217,360)* | (217,360) |
| Accrued expenses and other payables | - | - | - | (879,807) | (879,807) |
| **Total Liabilities** | **-** | **-** | **-** | **(1,097,167)** | **(1,097,167)** |
| **Total Interest Sensitivity Gap** | **17,884,421** | **-** | **-** | | |

***See note 18(g) for further detail in relation to the interest rate swaps with a net fair value of US$13,157 at 31 December 2013.***

As at the 31 December 2012, the Fund's exposure to interest rate risk was as follows:

| *All amounts stated in US$* | | | | | |
|---|---|---|---|---|---|
| **Assets** | **Less than 3 month** | **3 months to 1 year** | **No stated maturity** | **Non-interest bearing** | **Total** |
| *Financial assets (at fair value through profit or loss);* | | | | | |
| Listed and unlisted investment funds | - | - | - | 213,194,272 | 213,194,272 |
| Exchange traded funds | - | - | - | 22,401,446 | 22,401,446 |
| *Loans and receivables* | | | | | |
| Cash and cash equivalents | 5,229,095 | - | - | - | 5,229,095 |
| Balances due from broker/counterparty | 2,001,127 | - | - | - | 2,001,127 |
| Receivable for securities sold | - | - | - | 4,207,679 | 4,207,679 |
| Prepaid investments | | | | 15,500,000 | 15,500,000 |
| Other receivables | - | - | - | 176,240 | 176,240 |
| **Total Assets** | **7,230,222** | **-** | **-** | **255,479,637** | **262,709,859** |
| **Liabilities excluding non-voting redeemable participating shares** | | | | | |
| *Financial liabilities measured at amortised cost:* | | | | | |
| Financial liabilities held for trading | - | - | - | (434,803)* | (434,803) |
| Accrued expenses and other payables | - | - | - | (984,288) | (984,288) |
| **Total Liabilities** | **-** | **-** | **-** | **(1,419,091)** | **(1,419,091)** |
| **Total Interest Sensitivity Gap** | **7,230,222** | **-** | **-** | | |

***See note 18(g) for further detail in relation to the interest rate swap with a fair value of (US$50,492) at 31 December 2012.***

**18. Financial risk and management objectives and policies** *(continued)*

**(c) Interest rate risk** *(continued)*

*Interest rate sensitivity*
An increase of 100 basis points in the interest rate as at 31 December 2013, would have increased the net assets attributable to the holders of redeemable participating shares and changes in net assets attributable to the holders of redeemable participating shares by US$178,844 (2012: US$72,302). A decrease of 100 basis points would have had an equal but opposite effect.

Designated Class A does not have a separate bank account, therefore there is no cash or interest rate risk in Designated Class A.

The above analysis does not include exposure of the underlying funds to interest rate risk.

**(d) Other price risk**
Other price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As a material element of the Fund’s financial instruments are carried at fair value with fair value changes recognised in the statement of comprehensive income, all changes in market conditions will directly affect investment income.

Price risk is managed by the Fund’s Investment Manager by constructing a diversified portfolio of funds which trade instruments on various markets and follow various investment strategies. In addition, price risk may be alleviated within those funds using derivative financial instruments such as options or futures contracts. The Investment Manager monitors the underlying funds along with news flow and economic data, to monitor and assess the overall price risk faced by the Fund.

*Other price risk sensitivity analysis*
Beta is a measure of the Fund’s return sensitivity to movements in a specified benchmark index, and is estimated using regression analysis based on historical returns. The Fund forecasts the change in future value of the Fund by multiplying the expected change in the benchmark index with the beta coefficient of the Fund. The Investment Manager has selected the MSCI World Index as the appropriate benchmark for this purpose.

The Investment Manager uses the benchmark index for reference purposes only. The composition of the Fund’s portfolio and the correlation to the index is expected to change over time. The sensitivity analysis prepared as at 31 December 2013 and 2012, is not necessarily indicative of the effect on the Fund’s net assets attributed to the holders of redeemable participating shares of future price movements in the level of the index.

Considering a reasonably possible index increase of 5%, the effect on the Fund total comprehensive income and net assets attributable to holders of participating redeemable shares is a percentage increase of 1.45% at 31 December 2013 (2012: 1.41%). A 5% weakening of the index would have resulted in a percentage decrease of 0.85% at 31 December 2013 (2012: 0.94%). This sensitivity analysis does not include the portfolio related to Designated Class A. The Investment Manager does not complete a sensitivity analysis as this portfolio is illiquid.

**18. Financial risk and management objectives and policies** *(continued)*

**(e) Credit risk**

Credit risk represents the maximum financial loss that would be recognised by the Fund at the reporting date if counterparties failed to discharge an obligation. The Fund manages its credit risk by evaluating the creditworthiness of entities with which the Fund has a credit risk exposure.

As at the reporting date, the Fund's maximum exposure to credit risk amounted to the following:

| All amounts expressed in US$ | **31 December 2013** | 31 December 2012 |
|---|---|---|
| Cash and cash equivalents | **14,010,584** | 5,229,095 |
| Balances due from broker/counterparty | **3,873,837** | 2,001,127 |
| Other receivables and prepayments | **4,339,045** | 4,383,919 |
| **Total** | **22,223,466** | 11,614,141 |

Financial assets which potentially expose the Fund to credit risk consist principally of cash balances and deposits with and receivables from banks and balances due from broker/counterparty. The Fund holds unrestricted cash with the Custodian. Bankruptcy or insolvency of the Custodian may cause the Fund's rights with respect to the cash and/or its investments to be delayed or limited. The Fund regularly monitors its risk by monitoring the credit quality of the Custodian as reported.

The credit rating of the Custodian's parent company HSBC Holding PLC was A+ (2012: A+) as per Standard & Poor's at 31 December 2013. If the credit quality or the financial position of this entity deteriorates significantly the Investment Manager will deal with another provider.

*Balances due from broker/counterparty*

Balances due from broker/counterparty consists of an amount held with the counterparties. Bankruptcy or insolvency of these companies may cause the Fund's rights with respect to its amounts held in broker/counterparty accounts to be delayed or limited.

The current credit ratings of the counterparties are disclosed in the table below:

| | **Standard and Poor's Credit Rating** |
|---|---|
| Barclays Bank Plc | A |
| Credit Suisse International | A |

* the credit ratings relate to Standard & Poor's ratings of the entity or its ultimate parent(s)

If the credit quality or the financial position of either of these entities deteriorates significantly the investment manager will deal with another provider.

*Credit risk/price risk*

Under the terms of the Custodian agreement, the Fund's non-cash assets are held separately from the Custodian's property and must be identified in the clients' names. The assets cannot be used to discharge, directly or indirectly, liabilities or claims against any other undertaking or entity or any other fund and are not available for such purpose.

The Custodian has established and maintained on its records a separate securities account for the Fund. In the event of the Custodian's insolvency, the portion of the Fund's non-cash assets held in the custodian's customer-segregated custodial accounts would be accounted for as an identifiable separate pool of assets and, as such, would not be available for distribution to the Custodian's general creditors.

**18. Financial risk and management objectives and policies** *(continued)*

**(e) Credit risk** *(continued)*

*Credit risk/price risk (continued)*
Each underlying fund is individually exposed to various counterparty and credit risks. The credit quality of the underlying funds counterparties is monitored by the underlying managers. Some strategies of the underlying funds are more exposed to credit risk than others due to the strategies they employ and the type of securities they invest in.

However, since the Fund maintains a diversified fund portfolio, the Investment Manager considers that credit risk at the underlying funds is well diversified across strategies, counterparties, security types, company ratings, regions etc.

The Investment Manager incorporates an assessment of those risks into their management selection and portfolio construction process, with a view to maintaining an exposure which is consistent with the Fund's objectives and risk targets. This form of credit risk, in essence, constitutes a market or other price risk rather than a credit risk.

Other than outlined above, there were no significant concentrations of credit risk to counterparties.

None of the Fund's financial assets measured at amortised cost were considered to be past due or impaired for the years ending 31 December 2013 and 2012.

**(f) Liquidity risk**
Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity risk may arise from a requirement to pay its liabilities earlier than expected.

The Fund's Prospectus provides for the creation and cancellation of shares and it is therefore exposed to the liquidity risk of meeting shareholder redemptions at any time. As described in note 4 to the financial statements, the Fund's Participating Shares are redeemable at the shareholders' option at any time for cash equal to the proportionate share of the Fund's NAV. The Fund's redemption policy only allows for redemptions on the last business day of each calendar month and shareholders must provide 30 calendar days' notice. The Fund is therefore potentially exposed to the liquidity risk of meeting redemption requests.

At the 31 December 2013, the Fund holds US$14,010,584 (2012: US$5,229,095) in cash and cash equivalents which is available if required. Designated Class A does not have a separate bank account, any cash movements for Designated Class A goes through the Class A bank account.

At the 31 December 2013, the Fund's portfolio is made up of cash and cash equivalents (6.28% of the NAV), receivable for securities sold (1.94% of the NAV) and financial assets (at fair value through profit or loss) (90.52% of the NAV).

At the 31 December 2012, the Fund's portfolio is made up of cash and cash equivalents (2.00% of the NAV), receivable for securities sold (1.61% of the NAV), prepaid investments (5.93% of the NAV) and financial assets (at fair value through profit or loss) (90.17% of the NAV).

The tables overleaf detail the Fund's liquidity analysis for 31 December 2013 and 2012, breaking down underlying funds by redemption frequency (from bi-monthly to annually) and notice period (from 1 day to 90 days). The information on "financial assets percentages" refers to the proportion of the portfolio which can be redeemed in the relevant number of days given.

## 18. Financial risk and management objectives and policies *(continued)*

### (f) Liquidity risk *(continued)*

**2013**

| **Redemption Frequency** | | **<15** | **16-30** | **31-45** | **46-60** | **61-90** | **Undeter-mined** | **Grand total** |
|---|---|---|---|---|---|---|---|---|
| Side Pockets* | Number of underlying investments | - | - | - | - | - | - | |
| | Financial assets % | - | - | - | - | - | 0.67% | **0.67%** |
| Annually | Number of underlying investments | - | - | - | - | - | - | **-** |
| | Financial assets % | - | - | - | - | - | - | **-** |
| Quarterly | Number of underlying investments | - | - | 1 | 4 | 1 | - | **6** |
| | Financial assets % | - | - | 4.29% | 17.91% | 9.25% | - | **31.45%** |
| Monthly | Number of underlying investments | - | 8 | 1 | - | 1 | - | **10** |
| | Financial assets % | - | 32.40% | 9.17% | - | 5.01% | - | **46.58%** |
| Weekly | Number of underlying investments | - | - | - | - | - | - | **-<br>-** |
| | Financial assets % | - | - | - | - | - | - | **-** |
| Daily | Number of underlying investments | 3 | - | - | - | - | - | **-<br>3** |
| | Financial assets % | 21.30% | - | - | - | - | - | **21.30%** |
| **Total** | **Number of underlying investments** | **3** | **8** | **2** | **4** | **2** | **-** | **19** |
| | **Financial assets %** | **21.30%** | **32.40%** | **13.46%** | **17.91%** | **14.26%** | **0.67%** | **100.00%** |

**These relate to positions held by Designated Class A.*

**2012**

| **Redemption Frequency** | | **<15** | **16-30** | **31-45** | **46-60** | **61-90** | **Undeter-mined** | **Grand total** |
|---|---|---|---|---|---|---|---|---|
| Side Pockets* | Number of underlying investments | - | - | - | - | - | - | **-** |
| | Financial assets % | - | - | - | - | - | 1.08% | **1.08%** |
| Annually | Number of underlying investments | - | - | - | - | - | - | **-** |
| | Financial assets % | - | - | - | - | - | - | **-** |
| Quarterly | Number of underlying investments | - | - | 2 | 5 | 1 | - | **8** |
| | Financial assets % | - | | 6.26% | 17.02% | 7.31% | - | **30.59%** |
| Monthly | Number of underlying investments | - | 12 | 2 | 1 | 2 | - | **17** |
| | Financial assets % | - | 41.30% | 9.43% | 1.88% | 4.25% | - | **56.86%** |
| Weekly | Number of underlying investments | - | - | - | - | - | - | **-** |
| | Financial assets % | - | - | - | - | - | - | **-** |
| Daily | Number of underlying investments | 2 | - | - | - | - | - | **2** |
| | Financial assets % | 11.47% | - | - | - | - | - | **11.47%** |
| **Total** | **Number of underlying investments** | **2** | **12** | **4** | **6** | **3** | **-** | **27** |
| | **Financial assets %** | **11.47%** | **41.30%** | **15.69%** | **18.90%** | **11.56%** | **1.08%** | **100.00%** |

**These relate to positions held by Designated Class A.*

The liquidity of the Fund is monitored monthly by the Investment Manager to ensure that redemption requests can be met.

**18. Financial risk and management objectives and policies** *(continued)*

**(f) Liquidity risk** *(continued)*

The Fund's ability to withdraw monies from or invest monies in underlying funds with such restrictions will be limited and such restrictions will limit the Fund's flexibility to reallocate such assets among underlying funds. The Fund may be affected by gates or redemption suspensions, applied by the managers of the underlying funds, which will affect its liquidity. To deal with this risk the Fund has allocated the affected underlying funds to a side pocket as described in note 2.3(a).

Underlying funds may have the ability to suspend redemptions from the fund. Investment funds may suspend redemption for a number of reasons, including, liquidity issues in the underlying portfolio and unsustainable redemptions requests from investors. Restrictions on redemptions through the use of pro-rata reductions to investors' redemption amounts due to a high level of overall investor redemption requests are commonly referred to as gates. At 31 December 2013, one of the underlying funds has gates (2012: one) and one underlying funds has suspended redemptions (2012: one).

The following table shows the contractual, undiscounted cash flows of the Fund's financial liabilities at 31 December 2013.

| All amounts stated in US$ | **Less than 1 month** | **1-3 months** | **3 months to 1 year** | **Greater than 1 year** | **No stated maturity** |
|---|---|---|---|---|---|
| *Financial liabilities:* | | | | | |
| Derivative financial liabilities | 1,006 | - | 67,176 | 149,178 | - |
| Management fee payable | - | 692,736 | - | - | - |
| Operating fee payable | - | 58,864 | - | - | - |
| Custodian fees | - | 55,709 | - | - | - |
| Administration fee payable | - | 30,732 | - | - | - |
| Audit fee payable | - | 25,510 | - | - | - |
| Directors fees payable | - | 8,274 | - | - | - |
| Accounts payable and accruals | - | 7,982 | - | - | - |
| Net asset value attributable to the holders of redeemable participating shares | - | - | 221,579,329 | - | 1,445,142 |

The following table shows the contractual, undiscounted cash flows of the Fund's financial liabilities at 31 December 2012.

| All amounts stated in US$ | **Less than 1 month** | **1-3 months** | **3 months to 1 year** | **Greater than 1 year** | **No stated maturity** |
|---|---|---|---|---|---|
| *Financial liabilities:* | | | | | |
| Derivative financial liabilities | - | - | 434,803 | - | - |
| Management fee payable | - | 721,217 | - | - | - |
| Custodian fees | - | 88,315 | - | - | - |
| Operating fee payable | - | 58,710 | - | - | - |
| Accounts payable and accruals | - | 56,740 | - | - | - |
| Administration fee payable | - | 34,561 | - | - | - |
| Audit fee payable | - | 19,466 | - | - | - |
| Directors fees payable | - | 5,279 | - | - | - |
| Net asset value attributable to the holders of redeemable participating shares | - | - | 258,696,493 | - | 2,594,275 |

The above analysis does not include exposure of the underlying funds to liquidity risk.

**18. Financial risk and management objectives and policies** *(continued)*

**(f) Liquidity risk** *(continued)*

Concentration

Concentration of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets. The Fund has no concentration of liquidity risk at the reporting date.

On the 1 February 2011, the Fund entered into an uncommitted multi-currency overdraft facility agreement with the Custodian. Under the terms of the agreement, the Fund has the ability to borrow in the short-term to ensure settlement of its liabilities. The maximum amount available to the Fund from this borrowing facility is limited to US$40,000,000 or 10% of NVAC (the value of the eligible assets less the aggregate amount of the Fund's outstanding indebtedness) and would be secured by financial assets of the Fund. Drawdown of the facility is conditional upon certain financial conditions which are stated in the agreement. Interest shall be charged monthly in arrears on the amount of the facility outstanding from time to time at the aggregate rate of 1.50% per annum. A fee of €5,000 per annum is paid to the Custodian for this facility.

As per a signed amendment to the agreement on 22 March 2012, the maximum amount available to the Fund from this borrowing facility was changed from a limit of US$40,000,000 to US$20,000,000. All other details remained the same. On 28 February 2013, the Manager approved the facility for the year ended 31 December 2013. As at the 31 December 2013 and 2012, the Fund had no borrowings under the facility.

**(g) Specific derivative instruments**

At 31 December 2013, the Fund's holdings in interest rate swap contracts were as specified below:

| **Type of Contract** | **Expiration** | **Underlying** | **Notional** | **Fair value at the year-end** |
|---|---|---|---|---|
| ***OTC*** | | | | **US$** |
| *Interest rate swaps* | Sep 2014 | Interest rates | 4,000,000 | 80,333 |
| *Interest rate swaps* | Sep 2014 | Interest rates | 4,000,000 | (67,176) |
| | | | | **13,157** |

At 31 December 2012, the Fund's holdings in interest rate swap contracts were as specified below:

| **Type of Contract** | **Expiration** | **Underlying** | **Notional** | **Fair value at the year-end** |
|---|---|---|---|---|
| ***OTC*** | | | | **US$** |
| *Interest rate swaps* | July 2013 | Interest rates | 8,000,000 | (50,492) |
| | | | | **(50,492)** |

Interest rate swaps are OTC agreements to exchange a series of cash flows according to prescribed terms. The underlying asset is the interest rate. The fair value of interest rate swaps is the estimated amount that the Fund would receive or pay to terminate the swap at the reporting date, taking into account the current interest rates and currency exchange rates and the current credit worthiness of the swap counterparties.

**18. Financial risk and management objectives and policies** *(continued)*

**(g) Specific derivative instruments** *(continued)*

At 31 December 2013, the Fund's holdings in equity swap contracts were as specified below:

| Type of Contract | Expiration | Underlying | Notional | Fair value at the year-end |
|---|---|---|---|---|
| ***OTC*** | | | | **US$** |
| *Equity swaps* | July 2017 | Index | 15,000,000 | 342,677 |
| *Equity swaps* | Oct 2014 | Index | 3,500,000 | 1,344 |
| | | | | **344,021** |

At 31 December 2012, the Fund's holdings in equity swap contracts were as specified below:

| Type of Contract | Expiration | Underlying | Notional | Fair value at the year-end |
|---|---|---|---|---|
| ***OTC*** | | | | **US$** |
| *Equity swaps* | July 2013 | Index | 10,000,000 | (363,031) |
| | | | | **(363,031)** |

Equity swaps are agreements between the Fund and third parties, which allow the Fund to acquire an exposure to the price movement of specific securities without actually purchasing the security. An equity swap transaction is a derivative transaction providing synthetic exposure to an underlying asset. The underlying exposure for the Fund is in equities and exchange traded indices.

At 31 December 2013, the Fund's holdings in forward contracts were as specified below:

| Type of Contract | Expiration | Details | Fair value at the year-end |
|---|---|---|---|
| ***OTC*** | | | **US$** |
| *Forward* | January 2014 | Buy 4,153,232 US$/Sell 2,514,672 GBP | **(1,006)** |
| | | | **(1,006)** |

At 31 December 2012, the Fund's holdings in forward contracts were as specified below:

| Type of Contract | Expiration | Details | Fair value at the year-end |
|---|---|---|---|
| ***OTC*** | | | **US$** |
| *Forward* | January 2013 | Buy 2,578,880 US$/ Sell 1,600,000 GBP | **(21,280)** |
| | | | **(21,280)** |

Forward contracts are commitments to either purchase or sell a designated financial instrument, currency, commodity or an index at a future date for a specified price and may be settled in cash or another financial asset. Forward contracts are individually traded over-the-counter contracts. Forward contracts result in credit exposure to the counterparty.

Forward contracts result in exposure to market risk based on changes in market prices relative to contracted amounts. Market risks arise due to the possible movement in foreign currency, exchange rates, indices, and securities' values underlying these instruments. In addition, because of the low margin deposits normally related to contract sizes, a high degree of leverage may be typical of a forward trading account. As a result, a relatively small price movement in an underlying forward contract may result in substantial losses to the company. Forward contracts are generally subject to liquidity risk.

## 19. Offsetting financial assets and liabilities

The Fund presents the gross amount of certain financial assets and financial liabilities on its statement of financial position.

The column "Related amounts not set off in the statement of financial position" in tables 19.2 and 19.4 disclose the amounts with respect to derivative financial instruments which are subject to an enforceable master netting arrangement or similar agreement but were not offset on its statement of financial position because they do not meet some or all of the criteria for offsetting in paragraph 42 of IAS 32.

The cash balances held with the counterparties and margin and other collateral posted is disclosed in note 7 and 8, respectively.

The following tables (tables 19.1 and 19.2) provide information on the financial impact of netting for instruments subject to an enforceable master netting arrangement or similar agreement at 31 December 2013.

*Table 19.1*

| | **Gross amount of recognised financial assets/liabilities US$** | **Gross amount of recognised financial liabilities/assets set off in the statement of financial position US$** | **Amounts of financial assets/liabilities presented in the statement of financial position US$** |
|---|---|---|---|
| **Derivative financial assets** | | | |
| Barclays Bank Plc | 573,532 | - | 573,532 |
| | 573,532 | - | 573,532 |
| Other financial assets at fair value through profit or loss | 201,316,971 | - | 201,316,971 |
| **Total financial assets at fair value through profit or loss** | **201,890,503** | - | **201,890,503** |
| **Derivative financial liabilities** | | | |
| Barclays Bank Plc | (216,354) | - | (216,354) |
| HSBC Institutional Trust Services (Ireland) Ltd | (1,006) | - | (1,006) |
| | (217,360) | - | (217,360) |
| Other financial liabilities at fair value through profit or loss | - | - | - |
| **Total financial liabilities at fair value through profit or loss** | **(217,360)** | - | **(217,360)** |

**19. Offsetting financial assets and liabilities** *(continued)*

*Table 19.2*

| | Amounts of financial assets/liabilities presented in the statement of financial position | Related amounts not set off in the statement of financial position | | |
|---|---|---|---|---|
| | | **Financial instruments** | **Cash collateral** | **Net amount** |
| | **US$** | **US$** | **US$** | **US$** |
| **Derivative financial assets** | | | | |
| Barclays Bank Plc | 573,532 | (216,354) | - | 357,178 |
| | 573,532 | (216,354) | - | 357,178 |
| Other financial assets at fair value through profit or loss | 201,316,971 | - | - | 201,316,971 |
| **Total financial assets at fair value through profit or loss** | **201,890,503** | **(216,354)** | **-** | **201,674,149** |
| **Derivative financial liabilities** | | | | |
| Barclays Bank Plc | (216,354) | 216,354 | - | - |
| HSBC Institutional Trust Services (Ireland) Ltd | (1,006) | - | 1,006 | - |
| | (217,360) | 216,354 | 1,006 | - |
| Other financial liabilities at fair value through profit or loss | - | - | - | - |
| **Total financial liabilities at fair value through profit or loss** | **(217,360)** | **216,354** | **1,006** | **-** |

**19. Offsetting financial assets and liabilities** *(continued)*

The following tables (tables 19.3 and 19.4) provide information on the financial impact of netting for instruments subject to an enforceable master netting arrangement or similar agreement at 31 December 2012.

*Table 19.3*

| | Gross amount of recognised financial assets/liabilities US$ | Gross amount of recognised financial liabilities/assets set off in the statement of financial position US$ | Amounts of financial assets/liabilities presented in the statement of financial position US$ |
|---|---|---|---|
| Other financial assets at fair value through profit or loss | 235,160,259 | - | 235,160,259 |
| **Total financial assets at fair value through profit or loss** | **235,160,259** | - | **235,160,259** |
| **Derivative financial liabilities** | | | |
| Barclays Bank Plc | (50,492) | - | (50,492) |
| Credit Suisse International | (363,031) | - | (363,031) |
| HSBC Institutional Trust Services (Ireland) Ltd | (21,280) | - | (21,280) |
| | (434,803) | - | (434,803) |
| Other financial liabilities at fair value through profit or loss | - | - | - |
| **Total financial liabilities at fair value through profit or loss** | **(434,803)** | - | **(434,803)** |

## 19. Offsetting financial assets and liabilities *(continued)*

*Table 19.4*

| | Amounts of financial assets/liabilities presented in the statement of financial position | Related amounts not set off in the statement of financial position | | Net amount |
|---|---|---|---|---|
| | | Financial instruments | Cash collateral | |
| | US$ | US$ | US$ | US$ |
| Other financial assets at fair value through profit or loss | 235,160,259 | - | - | 235,160,259 |
| **Total financial assets at fair value through profit or loss** | **235,160,259** | **-** | **-** | **235,160,259** |
| **Derivative financial liabilities** | | | | |
| Credit Suisse International | (50,492) | - | - | (50,492) |
| Barclays Bank Plc | (363,031) | - | 363,031 | - |
| HSBC Institutional Trust Services (Ireland) Ltd | (21,280) | - | 21,280 | - |
| | (434,803) | - | 384,311 | (50,492) |
| Other financial liabilities at fair value through profit or loss | - | - | - | - |
| **Total financial liabilities at fair value through profit or loss** | **(434,803)** | **-** | **384,311** | **(50,492)** |

## 20. Fair value measurements recognised in the statement of financial position

The tables overleaf provide an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**20. Fair value measurements recognised in the statement of financial position** *(continued)*

| 31 December 2013 | Total US$ | Level 1 US$ | Level 2 US$ | Level 3 US$ |
|---|---|---|---|---|
| *Financial assets designated at fair value through profit or loss upon initial recognition* | | | | |
| - Class A listed and unlisted investment funds | 199,871,829 | - | 178,826,809 | 21,045,020 |
| - Designated Class A unlisted investment funds | 1,445,142 | - | - | 1,445,142 |
| *Financial assets at fair value through profit or loss – held for trading* | | | | |
| - Class A interest rate swap contracts | 80,333 | - | 80,333 | - |
| - Class A equity swap contracts | 493,199 | - | 493,199 | - |
| **Total financial assets at fair value through profit or loss** | **201,890,503** | **-** | **179,400,341** | **22,490,162** |
| *Financial liabilities at fair value through profit or loss – held for trading* | | | | |
| - Class A forward currency contracts | (1,006) | - | (1,006) | - |
| - Class A interest rate swap contracts | (67,176) | - | (67,176) | - |
| - Class A equity swap contracts | (149,178) | - | (149,178) | - |
| **Total financial liabilities at fair value through profit or loss** | **(217,360)** | **-** | **(217,360)** | **-** |

| 31 December 2012 | Total US$ | Level 1 US$ | Level 2 US$ | Level 3 US$ |
|---|---|---|---|---|
| *Financial assets designated at fair value through profit or loss upon initial recognition* | | | | |
| - Class A listed and unlisted investment funds | 210,599,997 | - | 197,583,722 | 13,016,275 |
| - Class A exchange traded funds | 22,401,446 | 22,401,446 | - | - |
| - Designated Class A unlisted investment funds | 2,594,275 | - | - | 2,594,275 |
| **Total financial assets at fair value through profit or loss** | **235,595,718** | **22,401,446** | **197,583,722** | **15,610,550** |
| *Financial liabilities at fair value through profit or loss – held for trading* | | | | |
| - Class A forward currency contracts | (21,280) | - | (21,280) | - |
| - Class A interest rate swap contracts | (50,492) | - | (50,492) | - |
| - Class A equity swap contracts | (363,031) | - | (363,031) | - |
| **Total financial liabilities at fair value through profit or loss** | **(434,803)** | **-** | **(434,803)** | **-** |

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement, and considers factors specific to the investment.

**20. Fair value measurements recognised in the statement of financial position** *(continued)*

**Valuation methods**

*Listed and unlisted investment funds*
The Fund primarily invests in investment funds which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets. Transactions in the shares of such funds do not occur on a regular basis. Investments in those funds are valued based on the NAV per share published by the administrator of those funds. Such a NAV is adjusted when necessary, to reflect the effect of the time passed since the calculation date, liquidity risk, limitations on redemptions and other factors. Depending on the fair value level of an underlying fund's assets and liabilities and on the adjustments needed to the NAV per share published by that fund, the Fund classifies the fair value of that investment as either level 2 or level 3.

The Investment Manager will then consider subscription and redemption rights, including any restrictions on the disposals of the interest in its determination of fair value. As described in note 2.3(a) the fair value of the side pocketed investments has been determined by the Board of Directors of the Fund.

*OTC derivative financial instruments*
Derivative instruments can be exchange-traded or privately negotiated OTC. OTC derivative contracts include forward, interest rate swap, and equity swap contracts related to interest rates or index prices. Depending on the product and the terms of the transaction, the fair value of the OTC derivative products can be modelled taking into account the counterparties' creditworthiness and using a series of techniques, including simulation models. Many pricing models do not entail material subjectivity because the methodologies employed do not necessitate significant judgments and the pricing inputs are observed from actively quoted markets, as is the case with forward, interest rate swap, and equity swap contracts. The OTC derivative products valued by the Fund using pricing models fall into this category and are therefore categorised within level 2 of the fair value hierarchy.

**Valuation process – level 3 investments**
Where an adjustment has been made to the NAV as provided to account for liquidity concerns e.g. redemption restrictions, side pockets etc., the investments in these unlisted investment funds are included in level 3 of the fair value hierarchy, since the adjustments are partly based on unobservable inputs. At 31 December 2013 and 2012, adjustments have been made to the NAV as provided and such investments were categorised within level 3 of the fair value hierarchy.

The level 3 valuations of the Designated Class A unlisted investment funds are reviewed on a quarterly basis by the Fund's valuation committee (the "valuation committee"), made up of personnel from the Manager and the Investment Manager, who report to the Board of Directors and all other relevant parties on a regular basis. In selecting the most appropriate valuation model, the valuation committee and the Board of Directors consider the most recent unaudited NAV per share obtained from the underlying administrators. The valuation committee and the Board of Directors also consider liquidity and other factors such as distributions received and secondary market sales. Each investment is individually reviewed on a quarterly basis.

The level 3 Class A listed and unlisted investment funds are subject to gates, suspended redemptions or estimated NAVs. Listed and unlisted investments subject to gates or suspended redemptions are valued using the most recent unaudited NAV per share obtained from the underlying administrators. The NAV is not adjusted using a valuation technique for any investments in Class A. Listed and unlisted investment funds valued using estimated NAVs use the most recent estimated NAV per share obtained from the underlying administrators or underlying investment managers.

## 20. Fair value measurements recognised in the statement of financial position *(continued)*

**Transfers during the years**

The transfers into level 3, which occurred during the year, were the following:

| **2013** | **Level 3 US$** |
|---|---|
| Alphabridge Fixed Income Fund Voting Series 1 | 5,056,421 |
| Alphabridge Fixed Income Fund Voting Series 12/12 | 1,283,276 |

At 31 December 2013, estimated NAVs were used to fair value Alphabridge Fixed Income Fund Voting Series 1 and 12/12 as the fund had been suspended.

The Fund's transfers between levels are assumed to occur on the last day of the reporting period. There were no other transfers between the levels during the years.

| **Level 3 reconciliation** | **2013 Class A US$** | **2013 Designated Class A US$** | **2012 Class A US$** | **2012 Designated Class A US$** |
|---|---|---|---|---|
| **Balance at 1 January** | **13,016,275** | **2,594,275** | 7,248,281 | 3,038,231 |
| Total gains and losses recognised in profit or loss: - Included within net gain on financial assets and liabilities (at fair value through profit or loss) | **1,689,048** | **315,851** | 606,825 | 555,338 |
| Purchases | **-** | **128,361** | 5,161,169 | - |
| Sales | **-** | **(1,593,345)** | - | (999,294) |
| Transfers into (out of) level 3 | **6,339,697** | **-** | - | - |
| **Balance at 31 December** | **21,045,020** | **1,445,142** | 13,016,275 | 2,594,275 |
| Total gains and losses recognised in profit or loss for the period includes profit or loss for assets held at the end of the reporting period | **1,689,048*** | **434,616** | 606,825 | 424,581 |

**This figure does not include total gains and losses recognised in profit or loss for the period for assets held at the end of the reporting period as transfers are assumed to occur on the last day of the reporting period.*

**Quantitative information of significant unobservable inputs - level 3**

The following table discloses the quantitative information regarding the significant unobservable inputs used in measuring the Fund's financial instruments, categorised as level 3 in the fair value hierarchy as at 31 December 2013.

| **Description** | **2013 US$** | **Valuation technique** | **Unobservable Input** |
|---|---|---|---|
| Class A listed and unlisted investment funds | 14,705,323 | Unadjusted NAV | N/A* |
| Class A listed and unlisted investment funds | 6,339,697 | Estimated NAV | Judgement on the estimate of a stale price |
| Designated Class A unlisted investment funds | 1,445,142 | Adjusted NAV | 0%-100% discount for lack of liquidity (see table overleaf) |

**These listed and unlisted investment funds are included in level 3 of the fair value hierarchy as they are subject to lock-ups, gates or suspended redemptions. These investment funds are priced in line with the valuation policy for level 2 investments and are not adjusted using a valuation technique.*

**20. Fair value measurements recognised in the statement of financial position** *(continued)*

The following table discloses the discount applied by the valuation committee and the Board of Directors to the Designated Class A unlisted investment funds:

| | **No market value at 31 December 2013** | **0% discount** | **50-69% discount** | **70-89% discount** | **90-100% discount** | **Total** |
|---|---|---|---|---|---|---|
| Number of unlisted investment funds | 7 | 1 | 18 | 9 | 6 | **41** |
| Value at 31 December 2013* | - | 48,856 | 567,026 | 713,011 | 116,249 | **1,445,142** |

**This value is calculated after the discount has been applied.*

**Sensitivity analysis to significant changes in unobservable inputs within level 3 hierarchy**
The significant unobservable inputs used in the fair value measurements categorised within level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2013 is shown below:

| **Description** | **Input** | **Sensitivity used** | **Effect on fair value in US$** |
|---|---|---|---|
| Class A listed and unlisted investment funds | Estimated NAV | 5% increase | 316,985 |
| Class A listed and unlisted investment funds | Estimated NAV | 5% decrease | (316,985) |
| Designated Class A unlisted investment funds | Discount for lack of liquidity | 5% increase | (275,515) |
| Designated Class A unlisted investment funds | Discount for lack of liquidity | 5% decrease | 274,783 |

Significant increases/(decreases) in the discount in isolation would result in a significantly (lower)/higher fair value measurement.

**21. Assets and liabilities not carried at fair value but for which fair value is disclosed**

For all non-financial assets and liabilities at fair value through profit and loss, their carrying values are a reasonable approximation of fair value.

**22. Related parties**

During the year, the Fund entered into transactions with related parties. Related parties are considered to be a party that has the ability to control the Fund or exercise significant influence over the Fund in making financial or operational decisions.

The Manager, Investment Manager and Directors are related parties to the Fund.

The Fund is managed and controlled by its Board of Directors, consisting of Peter Murray, Paul Dobbyn, Anton Gildenhuys and Thomas Murray (*appointed 1 October 2013*).

Peter Murray, Paul Dobbyn, Anton Gildenhuys and Thomas Murray were also Directors of other Blue Ink Funds during the reporting period. Transactions between the Fund and the other Blue Ink Funds can be found overleaf.

None of the Directors held shares in the Fund at the year-end.

**22. Related parties** *(continued)*

Peter Murray, a Director of the Company, is also a Director of the Manager, Sanlam Asset Management (Ireland) Limited. Amounts paid and payable to the Manager are disclosed in note 13. Amounts paid and payable to the Directors are disclosed in note 15.

Paul Dobbyn, a Director of the Company, is a Partner in Maples and Calder, the legal advisors to the Company. Legal fees for the year ended 31 December 2013 amounted to US$Nil (2012: US$1,936). Accordingly, there were no amounts due at the end of the years.

Anton Gildenhuys is also an employee of Sanlam Life Insurance Limited, a related party to the Investment Manager and the Manager. He is also a Director of Sanlam Life and Pensions Limited.

At 31 December 2012, the Fund had invested into Drexel Hamilton Centre US L/S Equity Fund Class A and B with fair values of US$8,151,828 and US$2,599,536, respectively. Sanlam International Investment Partners, a division of Sanlam Group, is a substantial shareholder in the Investment Manager of this underlying fund, Centre Asset Management, LLC. The Manager and Investment Manager are related parties of Sanlam Group. These positions were sold during the year ended 31 December 2013 for an amount of US$10,361,526.

On 1 January 2013, two illiquid investments, Harbinger L Series 2 and Harbinger PE series 2, were sold by Blue Ink Global Circa Fund to the Fund for their fair value at 31 December 2012 amounting to US$16,234 and US$111,928, respectively.

At 31 December 2013, the Fund holds investments in Sanlam Universal Funds Plc – Four European L/S Sh-A USD and Sanlam Fund of Alternative UCITS Funds Class E both of which are sub-funds of Sanlam Universal Funds plc. The Manager and the Investment Manager of the Fund are related parties of Sanlam Universal Funds plc. In addition, the Directors of the Fund are also Directors of Sanlam Universal Funds plc. The value of these investments at 31 December 2013 is US$6,329,726 and US$25,521,476, respectively (2012: US$Nil and US$Nil).

On 21 and 31 March 2014, Blue Ink Global Circa Fund transferred its remaining investments to the Fund (see note 23).

**23. Subsequent events**

On 21 and 31 March 2014, Blue Ink Global Circa Fund transferred its remaining investments to the Fund. See table below for details:

| **Fund** | **Number of units transferred** | **Value at date of transfer US$** |
|---|---|---|
| Sanlam P2 Strategies Emerging Markets Fund - I USD | 4,799,960 | 4,678,041 |
| Sanlam P2 Strategies Europe (ex-UK) - IE | 3,512,446 | 5,301,241 |
| Sanlam P2 Strategies UK Fund - I GBP | 2,967,388 | 5,143,935 |
| Sanlam P2 Strategies Global Fund - I USD | 4,634,536 | 5,081,769 |
| Sanlam P2 Strategies North America Fund | 4,634,670 | 5,061,059 |
| Sanlam Fund of Alternative UCITS Fund - A-US | 495,177 | 507,309 |
| Sanlam Universal Funds Plc - Four European L/S Sh-A USD | 194,901 | 2,016,352 |
| | | **27,789,706** |

No proceeds have yet been paid as the sole remaining shareholder in the Blue Ink Global Circa Fund will receive shares in the Fund for the value of their holdings in the Blue Ink Global Circa Fund.

There have been no other events subsequent to the year-end that will have an impact on the financial statements for the year ended 31 December 2013.

**24. Soft commission arrangements**

The Investment Manager may effect transactions through the agency of another person with whom the Investment Manager has an arrangement under which that party will from time to time provide or procure for the Investment Manager goods, services or other benefits such as research and advisory services, computer hardware associated with specialised software or research services and performance measures etc. Under such arrangements, no direct payment is made for such services or benefits, but instead the Investment Manager undertakes to place business with that party.

In such case, the Investment Manager ensures that such benefits provided under the arrangements assist in the provision of investment services to the relevant Fund and the broker/counterparty to the arrangement has agreed to provide best execution to the relevant Fund. During the years ended 31 December 2013 and 2012, the Investment Manager did not enter into any soft commission arrangements.

**25. Efficient portfolio management**

The Fund may employ financial derivative instruments for efficient portfolio management purposes and for direct investment purposes. The Fund may employ (subject to the conditions and within the limits laid down by the Central Bank of Ireland) techniques and instruments relating to transferable securities and money market instruments, provided that such techniques and instruments are used for efficient portfolio management purposes. Such techniques and instruments may also include foreign exchange transactions which alter the currency characteristics of transferable securities held by the Fund. The Fund may also employ (subject to the conditions and within the limits laid down by the Central Bank of Ireland) techniques and instruments intended to provide protection against exchange risks in the context of the management of its assets and liabilities.

Realised gains and losses on financial instruments used for efficient portfolio management are included in the statement of comprehensive income.

**26. Commitments and contingencies**

There are no commitments or contingencies at the reporting date (2012: Nil).

**27. Dividend payable**

There were no proposed dividends for the years ended 31 December 2013 or 2012.

**28. Comparative period and review**

The current financial statements are for the year ended 31 December 2013. The comparative period portrayed in these accounts is the year ended 31 December 2012.

There has been no reclassification of prior year comparative figures in 2013.

**29. Statement of changes in the portfolio**

A statement of changes in the portfolio is available to shareholders from the Administrator, free of charge, upon request.

**30. Approval of financial statements**

The Financial Statements of Sanlam Global Fund of Hedge Funds plc comprising Sanlam Global Fund of Hedge Funds for the year ended 31 December 2013 were approved on behalf of the Board of Directors on 28 April 2014.

# Sanlam Global Fund of Hedge Funds plc
# comprising Sanlam Global Fund of Hedge Funds

## Schedule of investments
*for the year ended 31 December 2013*
*(Expressed in US$)*

### Financial assets designated at fair value through profit or loss upon initial recognition

| Class A Investment Funds – GBP | Number of Shares | Fair Value | % of Net Asset Value |
|---|---|---|---|
| Cazenove Absolute UK Dynamic P2 Sterling | 1,612,279 | 4,173,551 | 1.87% |
| | | | |
| **Class A Investment Funds - US$** | | | |
| Alphabridge Fixed Income Fund Voting Series 1 | 2,778 | 5,056,421 | 2.27% |
| Alphabridge Fixed Income Fund Voting Series 12/12 | 2,000 | 1,283,276 | 0.58% |
| Capricorn GEM Fund Inc. Class A | 33,169 | 6,423,593 | 2.88% |
| CCP Quantitative UCITS Fund Aristarchus | 7,420 | 10,861,013 | 4.87% |
| Coatue Offshore Fund Cl B Tranche C2R Ser 1 | 2,538 | 1,107,480 | 0.50% |
| Coatue Offshore Fund Cl B Tranche C3R Ser 1 | 7,500 | 2,564,494 | 1.15% |
| Coatue Offshore Fund Cl B Tranche C6R Ser 12/09 | 96,354 | 16,066,064 | 7.20% |
| Cumulus Energy Fund Ltd Class A USD | 8,958 | 5,090,139 | 2.28% |
| Davidson Kempner Intl (BVI) Ltd T4 Class C 01JAN13 | 56,833 | 8,436,799 | 3.78% |
| GLG Investments VI EUR EQT ALT-IN-HKD | 89,124 | 10,341,979 | 4.64% |
| Kepos Alpha Fund Ltd Class A-R Ser 66 | 9,597 | 9,245,838 | 4.15% |
| Maga Smaller Companies Fund Limited, Class A USD | 10,177 | 2,738,360 | 1.23% |
| Maga Smaller Companies Fund Limited, Class B USD | 57,324 | 8,060,794 | 3.61% |
| Millennium Intl Ltd. Cl DD Sub Cl I Ser 01A | 3,251 | 5,212,830 | 2.34% |
| Millennium Intl Ltd - Cl. FF Sub Cl. III - S01A | 9,161 | 13,670,948 | 6.13% |
| Millennium Intl Ltd - Cl. FF Sub Cl. III – S10A | 1,000 | 1,034,375 | 0.46% |
| Omni Macro Fund I Ltd, Class I-1 | 100,000 | 9,486,000 | 4.25% |
| Omni Macro Fund I Ltd, Ordinary Share Class | 11,469 | 2,125,732 | 0.95% |
| Pamli Global Credit Strategy Class B1 Ser 02/13 | 5,000 | 4,850,155 | 2.17% |
| Pine River Liquid Mortgage Fund Class B Series Nov10 | 7,356 | 10,305,388 | 4.62% |
| Sanlam Universal Funds Plc - Four European L/S Sh-A USD | 610,000 | 6,329,726 | 2.84% |
| Sanlam Fund of Alternative UCITS Funds Class E | 24,802,211 | 25,521,476 | 11.44% |
| Third Point Offshore Fund Ltd. Class D Series 1 | 6,954 | 3,890,875 | 1.74% |
| Third Point Offshore Fund Ltd. Class F Series 1 | 41,364 | 12,924,468 | 5.80% |
| Third Point Offshore Fund Ltd. Class F Series 4 | 18,532 | 2,116,188 | 0.95% |
| Visium Global Offshore Class A Ser 10/13 | 7,000 | 7,324,337 | 3.28% |
| Visium Global Offshore Class A Ser 11/13 | 3,500 | 3,629,530 | 1.64% |
| | | | |
| **Total Class A Investment Funds** | | **199,871,829** | **89.62%** |
| | | | |
| **Designated Class A Bonds – AUD** | | | |
| Octaviar Ltd 8.25% 12/11 | 1,640 | - | 0.00% |
| | | | |
| **Designated Class A Investment Funds - EUR** | | | |
| Discus Non US Side Holdings Ltd. Class S | 715 | - | 0.00% |

## Schedule of investments *(continued)*

*for the year ended 31 December 2013*
*(Expressed in US$)*

**Financial assets designated at fair value through profit or loss upon initial recognition** *(continued)*

| **Designated Class A Investment Funds - US$** | **Number of Shares** | **Fair Value** | **% of Net Asset Value** |
|---|---|---|---|
| Amaranth International Ltd. | 199 | 22,840 | 0.01% |
| Harbinger Class L Holdings, Ltd. Cl L Ser 11-10 | 42 | 17,294 | 0.01% |
| Harbinger Class L Holdings, Ltd. Cl L Ser 2 | 21 | 32,289 | 0.02% |
| Harbinger Class L Holdings, Ltd. Cl L Ser 3 | 2 | 2,676 | 0.00% |
| Harbinger Class LS Holdings, Ltd. Cl LS Ser 04-11 | 845 | 5,442 | 0.00% |
| Harbinger Class LS Holdings, Ltd. Cl LS Ser 07-11 | 837 | 5,421 | 0.00% |
| Harbinger Class PE Holdings, Ltd. Cl PE Ser 01-11 | 123 | 29,048 | 0.01% |
| Harbinger Class PE Holdings, Ltd. Cl PE Ser 04-11 | 109 | 29,048 | 0.01% |
| Harbinger Class PE Holdings, Ltd. Cl PE Ser 07-11 | 116 | 29,048 | 0.01% |
| Harbinger Class PE Holdings, Ltd. Cl PE Ser 1 | 1,909 | 323,790 | 0.15% |
| Harbinger Class PE Holdings, Ltd. Cl PE Ser 10-10 | 127 | 29,048 | 0.01% |
| Harbinger Class PE Holdings, Ltd. Cl PE Ser 2 | 145 | 26,369 | 0.01% |
| King Street Capital, Ltd. Class S Series 13 | 94 | 2,944 | 0.00% |
| King Street Capital, Ltd. Class S Series 14 | 14 | 1,303 | 0.00% |
| King Street Capital, Ltd. Class S Series 18 | 82 | 5,302 | 0.00% |
| King Street Capital, Ltd. Class S Series 20 | 155 | 9,145 | 0.01% |
| King Street Capital, Ltd. Class S Series 28 | 4 | 349 | 0.00% |
| King Street Capital, Ltd. Class S Series 32 | 66 | 3,844 | 0.00% |
| King Street Capital, Ltd. Class S Series 34 | 65 | 2,133 | 0.00% |
| King Street Capital, Ltd. Class S Series 40 | 3 | 558 | 0.00% |
| Laurus Offshore Fund Ltd. Class B - Benchmark 2 | 11,057 | 21,780 | 0.01% |
| Litespeed Offshore Fund Ltd Series S | 335 | - | 0.00% |
| Millennium Global Emerging Credit Fund Ltd. | 15,226 | - | 0.00% |
| MKM Longboat M/S Fund Ltd. USD Class R Non Voting | 287 | - | 0.00% |
| MKM Longboat M/S Fund Ltd. USD Class R Voting | 291 | - | 0.00% |
| MLO Private Investment Ltd. Class USD Series 12/10 | 43 | 48,856 | 0.02% |
| Ritchie Energy, Ltd. Class B Series 03 2005 | 2,413 | - | 0.00% |
| Ritchie Energy, Ltd. Class B Series 05 | 607 | - | 0.00% |
| Schultze Offshore Fund, Ltd Class A Oct07 SP | 697 | 73,642 | 0.03% |
| Schultze Offshore Fund, Ltd Class B Oct07 SP | 161 | 17,902 | 0.01% |
| Scoggin Overseas Fund Ltd. Class I-R | 103 | 9,585 | 0.01% |
| The Raptor Global Portfolio Liquidating Trust | 1 | 2,926 | 0.00% |
| Valens Offshore Fund Class A Series 07O8 | 836 | 68,310 | 0.03% |
| Valens Offshore Fund Class A Series 0807 | 163 | 15,585 | 0.01% |
| Valens Offshore Fund Class S Series 0708 | 583 | 23,083 | 0.01% |
| Valens Offshore Fund Class S Series 0807 | 140 | 5,557 | 0.00% |
| White Oak Strategic Fund, Ltd. Cl B Series Initial | 1,699 | 579,033 | 0.27% |
| White Oak Strategic SRV, Ltd. Series Initial | 21 | 992 | 0.00% |
| **Designated Class A Investment Funds** | | **1,445,142** | **0.65%** |

# Schedule of investments *(continued)*
*for the year ended 31 December 2013*
*(Expressed in US$)*

**Financial assets designated at fair value through profit or loss upon initial recognition** *(continued)*

| | Number of Shares | Fair Value | % of Net Asset Value |
|---|---|---|---|
| **Private Equity - US$** | | | |
| Homeland Renewable Energy | 751 | - | 0.00% |
| **Total Designated Class A** | | **1,445,142** | **0.65%** |
| **Financial liabilities at fair value through profit or loss held for trading** | | | |
| **Forward Contracts*** | | **(1,006)** | **(0.00)%** |
| **Interest Rate Swaps*** | | **13,157** | **0.01%** |
| **Equity Swaps*** | | **344,021** | **0.15%** |
| Cash and cash equivalents | | 14,010,584 | 6.28% |
| Balances due from broker/counterparty | | 3,873,837 | 1.74% |
| Other net assets | | 3,466,907 | 1.55% |
| **Net Asset Value** | | **223,024,471** | **100.00%** |

****See note 18(g) for further detail.**

# Schedule of investments
*for the year ended 31 December 2012*
*(Expressed in US$)*

**Financial assets designated at fair value through profit or loss upon initial recognition**

| **Class A Investment Funds – GBP** | **Number of Shares** | **Fair Value** | **% of Net Asset Value** |
|---|---|---|---|
| Cazenove Absolute UK Dynamic P2 Sterling | 1,239,017 | 2,640,284 | 1.01% |
| | | | |
| **Class A Investment Funds - US$** | | | |
| Alphabridge Fixed Income Fund Voting Series 04/12 | 1,000 | 1,017,145 | 0.39% |
| Alphabridge Fixed Income Fund Voting Series 1 | 1,776 | 5,028,477 | 1.92% |
| Alphabridge Fixed Income Fund Voting Series 12/12 | 2,000 | 1,995,969 | 0.76% |
| Alphabridge Fixed Income Fund Non-Voting Series 1 | 643 | 1,822,133 | 0.70% |
| Argonaut Global Macro Fund Ltd. Class B Ser 04-12 | 5,000 | 490,786 | 0.19% |
| Argonaut Global Macro Fund Ltd. Class B Ser 11-10 | 10,717 | 910,865 | 0.35% |
| Argonaut Global Macro Fund Ltd. Class B Ser 12-05 | 29,051 | 4,045,931 | 1.55% |
| Argonaut Global Macro Fund Ltd. Class B Ser 12-10 | 15,000 | 1,313,946 | 0.50% |
| Arrowgrass International Fund Class B Series 2/11 | 30,000 | 3,106,773 | 1.19% |
| Arrowgrass International Fund Class B Series 3/11 | 10,000 | 1,026,598 | 0.39% |
| Arrowgrass International Fund Class B Series 4/12 | 5,000 | 519,957 | 0.20% |
| Arrowgrass International Fund Class B Ser Mar 2008 | 8,837 | 1,236,022 | 0.47% |
| Balestra Global Ltd Cl B Res Ser 04/12 | 500 | 465,671 | 0.18% |
| Balestra Global Ltd Cl B Res Ser 11/10 | 3,249 | 3,130,799 | 1.20% |
| Balestra Global Ltd Cl B Res Ser 12/10 | 1,000 | 934,778 | 0.36% |
| Brevan Howard Emerging Markets Strats Fund Cl A-US | 16,418 | 2,391,261 | 0.92% |
| Capricorn GEM Fund Inc. Class A | 33,142 | 5,453,414 | 2.09% |
| CCP Quantitative UCITS Fund Faraday US$ | 1,904 | 2,002,700 | 0.77% |
| CCP Quantitative UCITS Fund Aristarchus | 2,756 | 1,161 | 0.00% |
| CCP Quantitative UCITS Fund  Aristarchus | 7,432 | 15,010,541 | 5.74% |
| Coatue Offshore Fund Cl B Tranche C2R Ser 1 | 2,538 | 946,732 | 0.36% |
| Coatue Offshore Fund Cl B Tranche C3R Ser 1 | 7,500 | 2,202,501 | 0.84% |
| Coatue Offshore Fund Cl B Tranche C6R Ser 12/09 | 61,457 | 8,800,861 | 3.37% |
| Davidson Kempner Intl (BVI) Ltd T4 Class C 01JAN12 | 38,365 | 5,193,896 | 1.99% |
| Drexel Hamilton Centre US L/S Equity Fund Cl A | 289 | 7,499,792 | 2.87% |
| Drexel Hamilton Centre US L/S Equity Fund Cl A Res | 25 | 652,036 | 0.25% |
| Drexel Hamilton Centre US L/S Equity Fund Cl B | 100 | 2,599,536 | 0.99% |
| GLC Diversified Fund Ltd Class A Series Jul-10 | 71,670 | 4,480,647 | 1.71% |
| GLC Diversified Fund Ltd Class A Series Lead | 10,567 | 662,597 | 0.25% |
| GLG Atlas Macro Fund Class A USD Apr 2012 | 8,500 | 846,685 | 0.32% |
| GLG Atlas Macro Fund Class A USD Dec 2011 | 10,000 | 998,100 | 0.38% |
| GLG Atlas Macro Fund Class A USD Dec 2012 | 15,000 | 1,548,150 | 0.59% |
| GLG Atlas Macro Fund Class A USD Oct 2011 | 30,000 | 2,833,200 | 1.08% |
| GLG Investments VI EUR EQT ALT-IN-HKD | 92,618 | 10,013,893 | 3.83% |
| Granada Europe Fund Ltd AUD | 3,912 | 6,136,474 | 2.35% |
| Maga Smaller Companies Fund Limited, Class A USD | 11,825 | 2,731,478 | 1.05% |
| Maga Smaller Companies Fund Limited, Class B USD | 57,324 | 6,924,649 | 2.65% |
| Marathon EM Opportunity Fund Ltd Class D Series 19 | 1,000 | 1,003,932 | 0.38% |
| Marathon EM Opportunity Fund Ltd Class D Series 10 | 1,000 | 1,040,460 | 0.40% |
| Marathon EM Opportunity Fund Ltd Class D Series 11 | 2,000 | 2,066,924 | 0.79% |

# Schedule of investments *(continued)*
*for the year ended 31 December 2012*
*(Expressed in US$)*

**Financial assets designated at fair value through profit or loss upon initial recognition** *(continued)*

| **Class A Investment Funds – US$** *(continued)* | **Number of Shares** | **Fair Value** | **% of Net Asset Value** |
|---|---|---|---|
| Marathon EM Opportunity Fund Ltd Class D Series 13 | 500 | 511,109 | 0.20% |
| Marathon EM Opportunity Fund Ltd Class D Series 7 | 3,000 | 3,123,024 | 1.20% |
| Millennium Intl Ltd. Cl DD Sub Cl I Ser 01A | 3,244 | 4,597,407 | 1.76% |
| Millennium Intl Ltd - Cl. FF Sub Cl. III - S01A | 8,107 | 10,707,765 | 4.11% |
| Millennium Intl Ltd - Cl. FF Sub Cl. III – S12A | 2,300 | 2,308,510 | 0.88% |
| Omni Macro Fund I Ltd, Ordinary Share Cla No Eq.Cr/DD | 21,344 | 7,470 | 0.00% |
| Omni Macro Fund I Ltd, Ordinary Share Class | 65,499 | 12,757,603 | 4.89% |
| Omni Macro Fund I Ltd, Ordinary Share Cla Eq.Cr/DD | 7,163 | 2,507 | 0.00% |
| Otter Creek International Fund Class A Series 1 | 1,158 | 2,861,697 | 1.10% |
| Otter Creek International Fund Class A Series 12/12 | 900 | 894,463 | 0.34% |
| Otter Creek International Fund Class A Series 2/11 | 3,000 | 2,957,953 | 1.13% |
| Otter Creek International Fund Class A Series 04/12 | 750 | 715,810 | 0.27% |
| Pine River Liquid Mortgage Fund Class B Series Dec12 | 10,000 | 10,223,393 | 3.92% |
| QFR Victoria Fund, Ltd. Class C Series 01/12 | 8,051 | 9,185,888 | 3.52% |
| Severn River Capital Offshore Class B Serie 09-10 | 1,013 | 916,825 | 0.35% |
| Severn River Capital Offshore ClB Serie 2010-11 | 2,000 | 1,807,264 | 0.69% |
| Severn River Capital Offshore ClB Serie 2010-12 | 1,000 | 894,438 | 0.34% |
| The Alphagen Octanis Fund Ltd. Class A | 38,549 | 7,833,404 | 3.00% |
| Third Point Offshore Fund Ltd. Class D Series 1-28 | 3,703 | 780,644 | 0.30% |
| Third Point Offshore Fund Ltd. Class D Series 1-6 | 5,590 | 2,589,693 | 0.99% |
| Third Point Offshore Fund Ltd. Class F Series 14 | 10,000 | 1,761,182 | 0.67% |
| Third Point Offshore Fund Ltd. Class F Series 15 | 10,000 | 1,678,478 | 0.64% |
| Third Point Offshore Fund Ltd. Class F Series 36 | 10,000 | 1,122,891 | 0.43% |
| Third Point Offshore Fund Ltd. Class F Series 46 | 19,244 | 2,297,649 | 0.88% |
| Third Point Offshore Fund Ltd. Class F Series 58 | 40,000 | 4,335,176 | 1.66% |
| **Class A Investment Funds - US$** | | **207,959,713** | **79.59%** |
| | | | |
| **Class A Exchange Traded Funds - US$** | | | |
| iShares Barclays MBS Bond Fund | 41,117 | 4,440,225 | 1.70% |
| iShares iBoxx High Yield Corporate Bond Fund | 21,803 | 2,035,310 | 0.78% |
| iShares iBoxx Investment Grade Corporate Bond Fund | 28,465 | 3,443,980 | 1.32% |
| iShares JP Morgan EM Bond Fund (us listing) | 16,545 | 2,031,561 | 0.77% |
| PIMCO Total Return ETF | 95,831 | 10,450,370 | 4.00% |
| **Total Class A Exchange Traded Funds - US$** | | **22,401,446** | **8.57%** |
| | | | |
| **Total Class A Investment Funds** | | **233,001,443** | **89.17%** |
| | | | |
| **Designated Class A Bonds – AUD** | | | |
| Octaviar Ltd 8.25% 12/11 | 1,640 | - | 0.00% |
| | | | |
| **Designated Class A - Investment Funds -EUR** | | | |
| Discus Non US Side Holdings Ltd. Class S | 715 | - | 0.00% |

Schedule of investments *(continued)*
*for the year ended 31 December 2012*
*(Expressed in US$)*

**Financial assets designated at fair value through profit or loss upon initial recognition** *(continued)*

| **Designated Class A - Investment Funds -US$** | **Number of Shares** | **Fair Value** | **% of Net Asset Value** |
|---|---|---|---|
| Amaranth International Ltd. | 531 | 68,784 | 0.03% |
| Harbinger Class L Holdings, Ltd. Cl L Ser 11-10 | 77 | 20,434 | 0.01% |
| Harbinger Class L Holdings, Ltd. Cl L Ser 2 | 22 | 21,923 | 0.01% |
| Harbinger Class L Holdings, Ltd. Cl L Ser 3 | 4 | 3,162 | 0.00% |
| Harbinger Class LS Holdings, Ltd. Cl LS Ser 04-11 | 845 | 42,475 | 0.02% |
| Harbinger Class LS Holdings, Ltd. Cl LS Ser 07-11 | 837 | 42,314 | 0.02% |
| Harbinger Class PE Holdings, Ltd. Cl PE Ser 01-11 | 153 | 23,654 | 0.01% |
| Harbinger Class PE Holdings, Ltd. Cl PE Ser 04-11 | 136 | 23,654 | 0.01% |
| Harbinger Class PE Holdings, Ltd. Cl PE Ser 07-11 | 144 | 23,654 | 0.01% |
| Harbinger Class PE Holdings, Ltd. Cl PE Ser 1 | 1,368 | 151,747 | 0.06% |
| Harbinger Class PE Holdings, Ltd. Cl PE Ser 10-10 | 158 | 23,654 | 0.01% |
| Harbinger Class PE Holdings, Ltd. Cl PE Ser 2 | 180 | 21,473 | 0.01% |
| Investcorp Interlachen M/S Fund Ltd. Cl A Ser D4 | 5 | 673 | 0.00% |
| King Street Capital, Ltd. Class S Series 13 | 94 | 1,742 | 0.00% |
| King Street Capital, Ltd. Class S Series 14 | 14 | 766 | 0.00% |
| King Street Capital, Ltd. Class S Series 18 | 82 | 3,182 | 0.00% |
| King Street Capital, Ltd. Class S Series 20 | 155 | 4,636 | 0.00% |
| King Street Capital, Ltd. Class S Series 24 | 17 | 577 | 0.00% |
| King Street Capital, Ltd. Class S Series 28 | 50 | 2,354 | 0.00% |
| King Street Capital, Ltd. Class S Series 30 | 7 | 11 | 0.00% |
| King Street Capital, Ltd. Class S Series 32 | 66 | 2,177 | 0.00% |
| King Street Capital, Ltd. Class S Series 34 | 65 | 1,943 | 0.00% |
| King Street Capital, Ltd. Class S Series 40 | 25 | 1,214 | 0.00% |
| King Street Capital, Ltd. Class S Series 46 | 14 | 433 | 0.00% |
| Laurus Offshore Fund Ltd. Class B - Benchmark 2 | 11,057 | 43,559 | 0.02% |
| Litespeed Offshore Fund Ltd Series S | 335 | - | 0.00% |
| Maple Leaf Macro Volatility Fund, Class S USD | 4,219 | 84,730 | 0.03% |
| Millennium Global Emerging Credit Fund Ltd. | 15,226 | - | 0.00% |
| MKM Longboat M/S Fund Ltd. USD Class R Non Voting | 287 | - | 0.00% |
| MKM Longboat M/S Fund Ltd. USD Class R Voting | 291 | - | 0.00% |
| MLO Private Investment Ltd. Class USD Series 12/10 | 43 | 47,382 | 0.02% |
| Owl Creek Overseas Fund CLC Ser 3AB Mar09 | 102 | 123,637 | 0.05% |
| Owl Creek Overseas Fund, Ltd. (Side Pocket) Reserv | 107,768 | 51,560 | 0.02% |
| Owl Creek Overseas Fund, Ltd. Cl C Ser 4 Jul 07 | 652 | 488,067 | 0.19% |
| Ritchie Energy, Ltd. Class B Series 03 2005 | 2,413 | - | 0.00% |
| Ritchie Energy, Ltd. Class B Series 05 | 607 | - | 0.00% |
| Schultze Offshore Fund, Ltd Class A Oct07 SP | 697 | 63,668 | 0.02% |
| Schultze Offshore Fund, Ltd Class B Oct07 SP | 161 | 15,514 | 0.00% |
| Scoggin Overseas Fund Ltd. Class I-R | 135 | 14,694 | 0.00% |
| Taconic Opportunity Offsh. Fund Ltd Cl SP4-A Ser 1 | 96 | - | 0.00% |

## Schedule of investments *(continued)*
*for the year ended 31 December 2012*
*(Expressed in US$)*

### Financial assets designated at fair value through profit or loss upon initial recognition *(continued)*

| **Designated Class A - Investment Funds -US$** *(continued)* | **Number of Shares** | **Fair Value** | **% of Net Asset Value** |
|---|---|---|---|
| The Raptor Global Portfolio Liquidating Trust | 1 | 2,795 | 0.00% |
| Valens Offshore Fund Class A Series 07O8 | 908 | 137,770 | 0.05% |
| Valens Offshore Fund Class A Series 0807 | 177 | 31,431 | 0.01% |
| Valens Offshore Fund Class S Series 0708 | 583 | 56,122 | 0.02% |
| Valens Offshore Fund Class S Series 0807 | 140 | 13,510 | 0.00% |
| White Oak Strategic Fund, Ltd. Cl B Series Initial | 1,778 | 800,437 | 0.31% |
| White Oak Strategic SRV, Ltd. Series Initial | 198 | 2,126 | 0.00% |
| | | **2,463,638** | **0.94%** |
| **Private Equity - US$** | | | |
| Homeland Renewable Energy | 751 | - | 0.00% |
| **Partnership Interest - US$** | | | |
| Highland Credit Strategies Fund, Ltd. | 6,181 | 130,637 | 0.05% |

### Financial liabilities at fair value through profit or loss held for trading

| | | |
|---|---|---|
| **Forward Contracts*** | **(21,280)** | **(0.01)%** |
| **Interest Rate Swaps*** | **(50,492)** | **(0.02)%** |
| **Equity Swaps*** | **(363,031)** | **(0.14)%** |
| Cash and cash equivalents | 5,229,095 | 2.00% |
| Balances due from broker/counterparty | 2,001,127 | 0.77% |
| Other net assets | 18,899,631 | 7.24% |
| **Net Asset Value** | **261,290,768** | **100.00%** |

***See note 18(g) for further detail.***

**NOTICE OF GENERAL MEETING**

**Of**

**SANLAM GLOBAL FUND OF HEDGE FUNDS PLC**

Notice is hereby given that the annual general meeting of Sanlam Global Fund of Hedge Funds plc will be held at the offices of Sanlam Asset Management (Ireland) Limited, Beech House, Beech Hill Road, Dublin 4 on 27 June 2014 at 12pm for the following purposes:

- To receive and consider the financial statements for the year ended 31 December 2013 and the reports of the Directors and auditors thereon.
- To appoint Ernst & Young as auditors of the Company.
- To authorise the Directors to fix the remuneration of the auditors.
- And to transact any other business which may properly be brought before the meeting.

By Order of the Board

Sanlam Asset Management (Ireland) Limited

Dated: 28 April 2014

Registered Office:
Beech House, Beech Hill Road, Dublin 4.

A member entitled to attend and vote may appoint a proxy to attend, speak and vote on his behalf. A proxy need not be a member of the Company.

**PROXY FORM**

**SANLAM GLOBAL FUND OF HEDGE FUNDS PLC**

I/We…………………………………………………………………………………………………………………
………
*Please insert your name in block capitals*

……………………………………………………………………………………………………………………
…………
*Please insert your name in block capitals*

being a Shareholder in Sanlam Global Fund of Hedge Funds plc hereby appoint

……………………………………………………………………………………………………………………
…………
*Please insert the name of someone who can attend on your behalf or else leave this space blank – see notes below*

or failing him/her the Chairman of the Meeting or failing him/her Gerardine Kelly

to vote on my/our behalf at the Meeting of the shareholders of the Company to be held on 27 June 2014 at 12 pm and at any adjournment thereof. I/We instruct my/our proxy to vote in the manner indicated below in respect of each of the Resolutions. Failing any specific instruction, the proxy will vote at his/her complete discretion.

**IN FAVOUR OF / AGAINST**
**Please tick appropriate box**

| | | IN FAVOUR OF | AGAINST |
|---|---|---|---|
| 1. | To receive and consider the financial statements for the year ended 31 December 2013 and the reports of the Directors and auditors thereon. | ☐ | ☐ |
| 2. | To appoint Ernst & Young as auditors of the Company. | ☐ | ☐ |
| 3. | To authorise the Directors to fix the remuneration of the auditors. | ☐ | ☐ |

Signature …………………………………………………………………………………….

Date ………………………………

PROXY FORM *(continued)*

**SANLAM GLOBAL FUND OF HEDGE FUNDS PLC**

**Notes:**

A Shareholder entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him/her. If you wish to appoint as your proxy some person other than the Chairman of the meeting or Gerardine Kelly, insert in block capitals the full name of the person of your choice in the space provided. A proxy need not be a Shareholder of the Company.

The proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting on the resolutions referred to above if no instruction is given of the resolutions, and on any business or resolution considered at the meeting other than the resolutions to above.

This proxy form (and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) must be deposited at the registered office of the Company, Beech House, Beech Hill Road, Dublin 4, Ireland attention Gerardine Kelly (or fax to: 353 1 205 3521) no later than the time appointed for the meeting. If the appointer is a corporation, this proxy form must be executed under the seal or under the hand of some officer or attorney duly authorised on its behalf. In the case of joint holders, any one holder may sign. The completion and return of the proxy form will not preclude Shareholders from attending and voting at the meeting should they decide to do so.