

**CHEYNE SELECT UCITS FUND plc**

(an open-ended variable capital investment company incorporated under the laws of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities Regulations 2011) and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019).

**Report and Audited Financial Statements**

**For the year ended 31 December 2019**

**Registration No: 472277**

# CHEYNE SELECT UCITS FUND plc

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# CHEYNE SELECT UCITS FUND plc

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## COMPANY INFORMATION

### DIRECTORS

Jeff Bronheim (British resident)<sup>1</sup>(resigned 31 March 2019)

Bronwyn Wright (Irish resident)<sup>1</sup>

Noel Ford (Irish resident)<sup>1</sup>

Peter Head (British resident)<sup>1</sup> (appointed 31 March 2019)

<sup>1</sup> independent non-executive Director

### REGISTERED OFFICE

La Touche House

Custom House Dock

IFSC

Dublin 1, D01 T8Y1

Ireland

### INVESTMENT MANAGER AND PORTFOLIO SUPPORT PROVIDER

Cheyne Capital Management (UK) LLP

Stornoway House

13 Cleveland Row

London SW1A 1DH

United Kingdom

### MANAGER(Effective 13 May 2019)

Cheyne Capital SMC Limited

Second Floor

5 Earlsfort Terrace

Dublin 2

Ireland

### INVESTMENT ADVISOR

Cheyne Capital International L.P.

Mercury House

1st Floor, 101 Front Street

Hamilton HM12

Bermuda

### DEPOSITARY

Citi Depository Services Ireland DAC

1 North Wall Quay

Dublin 1, D01 T8Y1

Ireland

### ADMINISTRATOR AND SECRETARY (ceased 15 May 2019)

SS&C Financial Services (Ireland) Limited

(resigned 15 May 2019)

La Touche House

Custom House Dock

IFSC

Dublin 1, D01 T8Y1

Ireland

### AUDITORS

KPMG LLP

15 Canada Square

Canary Wharf

London, E14 5GL

United Kingdom

### SECRETARY

Dechert Secretarial Limited (appointed 15 May 2019)

Second Floor

5 Earlsfort Terrace

Dublin 2

Ireland

**COMPANY INFORMATION (Continued)**

**LEGAL ADVISORS**

*(as to Irish law)*  
Dechert  
Second Floor  
5 Earlsfort Terrace  
Dublin 2  
Ireland

*(as to United States and English law)*  
Dechert LLP  
160 Queen Victoria Street  
London EC4V 4QQ  
United Kingdom

## INVESTMENT MANAGER'S REPORTS

### Cheyne Convertibles Absolute Return Fund

The Cheyne Convertibles Absolute Return Fund Class I2 (UCITS IV) returned +8.42% in 2019 with annualised volatility of 3.8%. This compares with the Hedge Fund Research HFRX Relative Value Fixed Income Convertible Arbitrage Index which returned +5.52% on the year with annualised volatility of 4.4%. Meanwhile, the MSCI ACWI Index returned +24.05% (volatility 11.1%).

The combination of looser monetary policy by the US Fed and a path to resolution for the trade war between the US and China fuelled a strong rally in risk assets, leading to the S&P posting one of the strongest annual performances since the financial crisis. While there were periods of volatility through the year around trade negotiations and the potential for a hard Brexit, volatility, as measured by the VIX index, remained largely subdued closing the year at an absolute level of 13.78, down -46% compared with the liquidity squeezed level witnessed at the end of 2018.

Convertible bonds delivered on their promise to participate strongly in any equity upside and to minimise volatility in drawdowns. Alongside the strong performance in underlying securities, the asset class gained in valuation, reversing some of the valuation loss from 2018. Even with a robust new issuance pipeline, global convertible valuations ended the year higher.

Convertible bond issuance totalled \$71 billion globally in the full-year according to Nomura International, a slight decline in comparison to 2018. As is becoming the norm, the US contributed the lion's share of issuance providing 60% of the total new paper issued. Of note, European issuance was up an impressive +60% year-on-year to \$20 billion while AsiaEx-Japan issue halved to \$5.7 billion. Reassuringly, the issuance was characterised by a healthy mix of new entrants and repeat issuers.

2020 has the potential to present financial markets with numerous headwinds, even as risk assets are signalling optimism and markets have climbed to all-time highs. We expect interest rate direction, the pace of global growth and uncertainty regarding the upcoming US elections to be the main determinants of market direction in the coming months, with the latter perhaps the most notable in terms of inspiring volatility. We believe that strong underlying equity performance together with headline and/or late cycle volatility should drive issuance and valuation gains in the convertible asset class. In turn, this should provide a fertile environment for the strategy to capture idiosyncratic opportunities – particularly around sectors and individual names that become the focus of policy discussion - and rising dispersion.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a global health emergency on the 30th January 2020, has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets, which the investment management team continue to monitor closely. The NAV of the fund is made publically available on a daily basis and communicated to investors periodically. The Manager is monitoring developments relating to COVID-19 and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, UK government and general pandemic response best practice.

## INVESTMENT MANAGER'S REPORTS (Continued)

### Cheyne Global Credit Fund

The Cheyne Global Credit Fund Class GCD-IJ3 (£) returned 12.7% during 2019, taking annualised net returns since inception of the class in May 2017 to 4.5% with a Sharpe ratio of 0.9. Class GCDH-I1 (€) returned 6.3% during 2019, taking annualised net returns since inception of the class in April 2012 to 3.3% with a Sharpe ratio of 0.9.

December 2019 brought to a firm close what was one of the best years for credit markets as we have seen since the global financial crisis. Credit spreads of CDS in both Europe and North America rallied significantly throughout the year. Similarly, bond yields fell, with the U.S. 10-year yield dropping more than 0.75% throughout the year and the German and British equivalents each falling around 0.5%.

While there were periods of volatility through the year around trade negotiations and the potential for a hard Brexit, performance in risk assets was helped along by political news from the U.S., where the first phase of a trade deal with China was said to be cemented, a claim later substantiated by Chinese authorities. The deal, which covers agricultural products, food, technology transfers and intellectual property, led the U.S. to scrap the tariff increases announced in mid December. The general election in the UK was a major catalyst for the rally on the European front, as the Conservative Party comfortably secured a majority, easing market concerns that the race might result in government intervention in some industry sectors.

During the year the fund performed much as expected, benefitting from the strength of the broader market, the persistent default risk premium in investment-grade credit and from roll-down in relatively steep credit curves. As a directionally long fund, it capitalised on an approximate 50% tightening in investment-grade credit spreads where the strong performance in January and June and the drawdown in May reflected underlying market-wide moves in credit spreads rather than any idiosyncratic developments. The portfolio suffered no defaults or material realised losses on single names during 2019.

2020 has the potential to present financial markets with numerous headwinds, even as risk assets are signalling optimism and markets have climbed to all-time highs. We expect interest rate direction, the pace of global growth and uncertainty regarding the upcoming US elections to be the main determinants of market direction in the coming months, with the latter perhaps the most notable in terms of inspiring volatility. We believe our highly diversified portfolio of predominately investment grade credit, combined with a prudent downside-protection strategy, is defensively positioned to insulate the fund from such macro shocks.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a global health emergency on the 30th January 2020, has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets, which the investment management team continue to monitor closely. The NAV of the fund is made publically available on a daily basis and communicated to investors periodically. The Manager is monitoring developments relating to COVID-19 and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, UK government and general pandemic response best practice.

**INVESTMENT MANAGER'S REPORTS (Continued)**

**Cheyne Enhanced Global Credit Fund**

The Cheyne Enhanced Global Credit Fund Class EGC-I1 (\$) returned 11.9% during 2019, taking annualised net returns since inception of the fund in December 2017 to 4.1% with a Sharpe ratio of 0.5.

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During the year the fund performed much as expected, benefitting from the strength of the broader market, the persistent default risk premium in investment-grade credit and from roll-down in relatively steep credit curves. As a directionally long fund, it capitalised on an approximate 50% tightening in investment-grade credit spreads where the strong performance in January and June and the drawdown in May reflected underlying market-wide moves in credit spreads rather than any idiosyncratic developments. The portfolio suffered no defaults or material realised losses on single names during 2019.

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**CHEYNE SELECT UCITS FUND plc**

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**AFFIRMATION OF THE COMMODITY POOL OPERATOR**

To the best of my knowledge and belief, the information contained in this document is accurate and complete.

Signed:  \_\_\_\_\_

David Hill: Partner and Chief Financial Officer

Cheyne Capital Management (UK) LLP as the commodity pool operator (CPO) for Cheyne Select UCITS Fund plc - Cheyne Convertibles Absolute Return Fund, Cheyne Select UCITS Fund plc and Cheyne Global Credit Fund, Cheyne Select UCITS Fund plc.

Date: 26 March 2020

# CHEYNE SELECT UCITS FUND plc

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## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report together with the audited financial statements of Cheyne Select UCITS Fund plc (the "Company") for the year ended 31 December 2019.

### Company Background

The Company is structured in the form of an open-ended umbrella type investment company with variable capital incorporated in Ireland under the Companies Act, 2014 on 23 June 2009 under registration number 472277 and authorised by the Central Bank of Ireland (the "Central Bank") and the pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, (as amended) (the "UCITS Regulations") and the Central Bank (Supervision and Enforcement Act) 2013 (Section 48(1) (Undertaking for Collective Investment in Transferable Securities) Regulations 2019 ("the Central Bank UCITS Regulations"). The Company is structured in the form of an umbrella funds which can consist of different Funds comprising of one or more Classes. As at 31 December 2019, the Company had three Funds in existence, Cheyne Convertibles Absolute Return Fund, Cheyne Global Credit Fund and Cheyne Enhanced Global Credit Fund.

### Principal Activities

A review of the principal activities and future developments is included in the Investment Manager's Reports on pages 4 to 6 and outlined below.

#### Cheyne Convertibles Absolute Return Fund

The Fund's investment objective is to provide total return through a combination of yield and capital appreciation. The Fund will invest primarily in global Convertible Securities. The Fund may also invest in global non-Convertible Securities including fixed income securities, such as fixed and floating rate corporate and government bonds, equities and certain derivative products, such as contracts for difference (CFD), futures, forwards, options and swaps (including credit default swaps (CDS)).

#### Cheyne Global Credit Fund

The Fund's investment objective is to maximise total rates of return, meaning capital appreciation plus income from its investments, over the medium term from returns on corporate debt and derivatives thereof, with prudent levels of risk while maintaining generally moderate levels of volatility. The Fund seeks to achieve its objective primarily through long or synthetic short exposure to the credit risk of corporates in developed markets via CDS and/or direct investment in corporate debt securities (or via Financial Derivative Instruments (FDI)). The Fund may also invest in interest rates swaps, interest rate futures, forward rate agreements, options and credit linked notes.

#### Cheyne Enhanced Global Credit Fund

The Fund's investment objective is to maximise total rates of return, meaning capital appreciation plus income from its investments, over the medium term primarily from returns on corporate debt and derivatives thereof, with prudent levels of risk while maintaining generally moderate levels of volatility. The Fund seeks to achieve its objective primarily through long or synthetic short exposure to the credit risk of corporates in developed markets via CDS and/or direct investment in debt securities or via FDI. The Fund may also invest in interest rate swaps, interest rate futures, forward rate agreements, options and credit linked notes.

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)**

**Corporate Governance Code**

The Irish Funds voluntary Corporate Governance Code for Collective Investment Schemes and Management Companies (the "IF Code") was issued by Irish Funds ("IF") in December 2011 which may have been adopted on a voluntary basis by Irish authorised collective investment schemes effective 1 January 2012 with a twelve month transitional period. The IF Code may be inspected on/obtained from [www.irishfunds.ie](http://www.irishfunds.ie).

In December 2012, the Board adopted the IF Code having regard for certain other key pillars of governance within the collective investment fund governance structure, including the uniqueness of the independent segregation of duties as between the investment manager, the administrator (with responsibility for the calculation of the net asset value (NAV), amongst other duties) and the independent custodian and depositary services provider (with responsibility for safeguarding the assets of the Company and overseeing how the Company is managed), such segregation of duties/functions being achieved through delegation of respective responsibilities to and appointment of suitably qualified and also regulated third party entities who are subject to regulatory supervision.

**Management Objectives and Policies**

The Company has no employees and all of the Directors are non-executive. Consistent with the regulatory framework applicable to investment fund companies, the Company, consequently, operates under the delegated model whereby it has delegated management (including investment management), administration and distribution functions to third parties (without abrogating the Board's overall responsibility). The Board has in place mechanisms for monitoring the exercise of such delegated functions which are always subject to the supervision and direction of the Board. These delegations of functions and the appointment of regulated third party entities are detailed in the Company's Prospectus and Supplements. In summary, they are:

1. The Board has delegated the performance of the UCITS management functions in respect of the Company and of its Funds to Cheyne Capital SMC Limited (the "Manager") who has delegated the investment management to Cheyne Capital Management (UK) LLP (the "Investment Manager"). The Manager has overall responsibility to oversee and supervise the Investment Manager. The Investment Manager has direct responsibility for the decisions relating to the day to day running of the Funds and is accountable to the Manager and the Board of the Company for the investment performance and risk management of the Funds. The Investment Manager has internal controls and risk management processes in place to ensure that all applicable risks pertaining to their management of the Funds are identified, monitored and managed at all times and appropriate reporting is made to the Manager and the Board of the Company on a regular basis. The Manager and the Investment Manager are regulated by and under the supervision of the regulators of their operating jurisdiction, respectively the Central Bank of Ireland (the "CBI") and the Financial Conduct Authority of the United Kingdom (the "FCA");
2. The Board has delegated its responsibilities for administration to SS&C Financial Services (Ireland) Limited (the "Administrator") which has responsibility for the day to day administration of the Company and the Funds including the calculation of the NAVs. The Administrator is regulated by and under the supervision of the Central Bank.

The Company also has appointed Citi Depositary Services Ireland DAC (the "Depositary") as depositary of its assets which has responsibility for the safekeeping of such assets in accordance with the UCITS Regulations and exercising independent oversight over how the Company is managed. The Depositary is regulated by and under the supervision of the Central Bank.

The Board receives reports on a regular (and at least quarterly) basis from each of its delegate service providers and the Depositary which enable it to assess the performance of the delegate service providers and the Depositary (as the case may be).

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)**

**Future Developments**

The Directors expect to increase the level of assets and potentially launch new Funds going forward.

**Results**

The assets and liabilities and financial position of the Company at the end of the financial year are shown in the Aggregated Statement of Financial Position on page 20. The performance of the business of the Company for the financial year are shown in the Aggregated Statement of Comprehensive Income on page 21.

**Accounting Records**

The measures taken by the Directors to secure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures. In this regard SS&C Financial Services (Ireland) Limited, La Touche House, Custom House Dock, IFSC, Dublin D01 R5P3, Ireland, has been appointed for the purpose of maintaining adequate accounting records.

**Risk Management Objectives and Policies**

The primary risks the Directors have assessed as being relevant to the Company are market risk, credit risk and liquidity risk. A detailed assessment of the risk management objectives and policies mitigating these risks are detailed in Note 6 of the aggregated financial statements. Additional risk disclosures such as cybersecurity, custody and title risk are included in the additional information section on page 165. A more detailed list of risks are set out in the Company's Prospectus and Supplements.

**Directors**

All Directors of the Company at any time during the financial year are as follows:

Jeff Bronheim (British resident) (resigned 31 March 2019)  
Bronwyn Wright (Irish resident)  
Noel Ford (Irish resident)  
Peter Head (British resident) (appointed 31 March 2019)

**Company Secretary**

The secretary of the Company is Dechert Secretarial Limited. For the year ended 31 December 2019, the Company Secretary held no interest in the shares of the Company.

**Directors' Interests**

As at 31 December 2019 none of the Directors held shares in the Company. For details of Directors' fees, see Note 4 of the aggregated financial statements and the individual Funds' notes for details on the amount charged to the individual funds and balance remaining unpaid at year end.

**Political Donations**

No political donations were made during the year (2018: Nil).

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)**

**Statutory Auditors**

The Company's Statutory Auditors, KPMG LLP, have indicated their willingness to continue in office in accordance with Section 383(2) of the Companies Act, 2014.

**Directors' Compliance Statement**

The Directors acknowledge that they are responsible for securing the Company's compliance with the relevant obligations as set out in section 225 of the Companies Act, 2014.

The Directors confirm that:

- 1) A compliance policy document has been drawn up that sets out policies, that in their opinion are appropriate to the company, respecting compliance by the Company with its relevant obligations;
- 2) appropriate arrangements or structures are in place that are, in their opinion, designed to secure material compliance with the Company's relevant obligations, and
- 3) during the financial year, the arrangements or structures referred to in 2) have been reviewed.

**Relevant Audit Information**

All relevant information in connection with preparing the Auditor's Report has been disclosed to the auditors, and that each Director at the time of this report has taken all necessary steps to make himself or herself aware of all relevant audit information.

**Audit Committee**

The Directors believe that there is no requirement to form an audit committee as the Board is formed of independent non-executive Directors and the Company complies with the provisions of the Irish Funds Corporate Governance Code. The Directors have delegated the day to day investment management and administration of the Company to the Manager and to the Administrator, respectively.

**Distributions**

There were no distributions made by the Company during the year.

**Dividends**

No dividends were paid or proposed during the year (2018: Nil).

**Transactions with Connected Persons**

In accordance with Regulations 41(1) of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (the "Central Bank UCITS Regulations"), the Directors are satisfied that there are in place arrangements, evidenced by written procedures, to ensure that all transactions with its Investment Manager, Depositary, and the delegates or sub-delegates of the Investment Manager or Depositary; and any associated or group companies of these ("Connected Persons") are conducted at arm's length and are in the best interests of the shareholders of the Company. The Directors are satisfied that all transactions with the Connected Persons that were entered into during the year complied with the obligations set out in this paragraph.

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)**

**Significant Events During the Year**

Mr Head was appointed as Director effective 31 March 2019.

Mr Bronheim, a Director, resigned from the Board effective 31 March 2019.

Effective 13th May 2019 Cheyne Capital SMC Limited ("SMC") has been authorised by the Central Bank of Ireland under both the UCITS and AIFM Directives.

Effective 13th May 2019 the Manager was appointed as Manager to the Company and has delegated discretionary portfolio management services to the Investment Manager.

A revised prospectus and supplements were issued on 13 May 2019. The primary purpose of the changes made to the prospectus dated 13 May 2019 was to incorporate Cheyne Capital SMC Limited as the UCITS management company to Cheyne Select UCITS Fund plc under the UCITS Regulations.

SS&C Financial Services resigned as Company Secretary effective 15 May 2019.

Dechert Secretarial Limited was appointed as Company Secretary effective 15 May 2019.

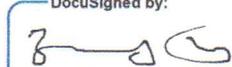
**Subsequent Events Since the Year End**

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a global health emergency on the 30th January 2020, has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets, which the investment management team continue to monitor closely. The NAV of the fund is made publically available on a daily basis and communicated to investors periodically. The Manager is monitoring developments relating to COVID-19 and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, UK government and general pandemic response best practice.

In the opinion of the Directors, whilst the situation continues to develop, it is not possible to judge the effect of Coronavirus outbreak on the financial position of the Company. As such no adjustment for any potential impact has been made in these financial statements

There are no other significant events affecting the Company since the year end.

The Directors' Report is signed by Bronwyn Wright and Noel Ford on behalf of the Board.

DocuSigned by:  
  
B60E9F8E39EC4D2...

Bronwyn Wright, Director

  
Noel Ford, Director

Date: 26 March 2020

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Report and financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law.

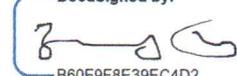
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its increase in net assets attributable to holders of redeemable participating shares for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that its financial statements comply with the Companies Act 2014, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company. In this regard they have entrusted the assets of the Company to a depository for safe-keeping. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

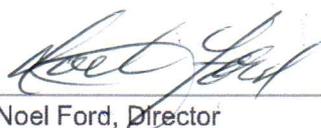
**On behalf of the Board**

DocuSigned by:



B60E9F8E39EC4D2...

Bronwyn Wright, Director



Noel Ford, Director

Date: 26 March 2020



## Cheyne Select UCITS Funds plc

### Report of the Depositary to the Shareholders

We have enquired into the conduct of Cheyne Select UCITS Fund plc ("the Company") for the year ended 31 December 2019, in our capacity as Depositary 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 UCITS Regulations, as amended, 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 Depositary

Our duties and responsibilities are outlined in the UCITS Regulations, as amended. 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 UCITS Regulations, as amended. It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, we as Depositary must state why this is the case and outline the steps which we have taken to rectify the situation.

#### Basis of Depositary Opinion

The Depositary conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in UCITS Regulations, as amended, 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 & Articles of Association and by the UCITS Regulations, as amended; and

(ii) otherwise in accordance with the provisions of the Memorandum & Articles of Association and the UCITS Regulations, as amended.

Yours sincerely,

**Authorised Signatory**  
**Citibank Depositary Services Ireland DAC**

**STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES**

The Depositary is required under Central Bank (Supervision And Enforcement) Act 2013 (Section 48(1)) (Undertakings For Collective Investment In Transferable Securities) Regulations 2019 to:

1. ensure that the sale, issue, repurchase, redemption and cancellation of shares affected by or on behalf of the Company are carried out in accordance with the Regulations and in accordance with the Memorandum and Articles of Association.
2. ensure that the value of shares is calculated in accordance with the Regulations and the Memorandum and Articles of Association.
3. carry out the instructions of the Company unless they conflict with the Regulations or the Memorandum and Articles of Association.
4. ensure that in transactions involving the Company's assets, any consideration is remitted to it within time limits which are acceptable market practice in the context of a particular transaction.
5. ensure that the Company's income is applied in accordance with the Regulations and the Memorandum and Articles of Association.
6. enquire into the conduct of the Company in each annual accounting period and report thereon to the shareholders. The Depositary's report shall be delivered to the Company in good time to enable the Company to include a copy of the report in its Annual Report. The Depositary's Report shall state whether in the Depositary's opinion the Company has been managed in that period:
  - (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company and Depositary by the Memorandum and Articles of Association and the Regulations; and
  - (ii) otherwise in accordance with the provisions of the Memorandum and Articles of Association and the Regulations.

If the Company does not comply with (i) or (ii) above, the Depositary must state why this is the case and outline the steps which the Depositary has taken to rectify the situation.

7. to establish and implement written procedures for the purpose of dealing with any breach by the relevant UCITS or by the depositary of any of the following:
  - (i) the UCITS Regulations;
  - (ii) any requirement that the Bank imposes on the relevant UCITS or on the Depositary, including the UCITS Regulations; or
  - (iii) any provision of the prospectus of the Company.
8. notify the Central Bank promptly of any material breach of requirement, obligation or conditions imposed by the Central Bank or provisions of the Prospectus with regard to the Company.
9. notify the Central Bank promptly of any non-material breach of requirement, obligation or conditions imposed by the Central Bank or provisions of the Prospectus with regard to the Company, if the relevant breach is not resolved within four weeks of the Depositary becoming aware of that breach.
10. ensure that there is legal separation of non-cash assets that are held under custody and that such assets are held on a fiduciary basis; and

**STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES (Continued)**

11. maintain appropriate internal controls to ensure that records identify the nature and amount of every asset in custody, the ownership of each asset and where the documents of title to that asset are located.

In any jurisdiction that does not recognise fiduciary duties, the Depositary shall ensure that, under the law governing the relevant asset, the legal entitlement of the Company to the relevant asset is assured.

The Depositary also takes into its custody or under its control all the assets of the Company and holds them in safekeeping for the shareholders.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHEYNE SELECT UCITS FUND plc**

**Report on the audit of the financial statements**

***Opinion***

We have audited the financial statements of Cheyne Select UCITS Fund plc ('the Company') for the year ended 31 December 2019, which comprise the Aggregated Statement of Financial Position, the Aggregated Statement of Comprehensive Income, the Aggregated Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares, the Aggregated Statement of Cash Flows, the Notes to the Aggregated Financial Statements and the Financial Statements for the Funds and related notes, including the summary of significant accounting policies set out in note 3. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2019 and of its increase in net assets attributable to holders of redeemable participating shares for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019.

***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***The impact of uncertainties due to the UK exiting the European Union on our audit***

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHEYNE SELECT UCITS FUND  
plc (Continued)**

***We have nothing to report on going concern***

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company or its sub-funds will continue in operation.

***Other information***

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Directors' report, Investment Manager's report, Report of the Depositary to the Shareholders, Significant Portfolio Changes and Additional Information. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. Based solely on our work on the other information, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

***Opinions on other matters prescribed by the Companies Act 2014***

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

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHEYNE SELECT UCITS FUND  
plc (Continued)**

***Matters on which we are required to report by exception***

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

**Respective responsibilities and restrictions on use**

***Responsibilities of directors for the financial statements***

As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

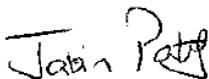
***Auditor's responsibilities for the audit of the financial statements***

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

A fuller description of our responsibilities is provided on IAASA's website at [https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf).

***The purpose of our audit work and to whom we owe our responsibilities***

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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.



Jatin Patel (Senior Statutory Auditor)  
for and on behalf of KPMG LLP  
Chartered Accountants  
15 Canada Square  
London E14 5GL  
United Kingdom

Date 26 March 2020

**CHEYNE SELECT UCITS FUND plc**

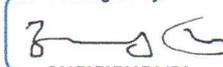
**AGGREGATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

	Note	31-Dec-19 EUR	31-Dec-18 EUR*
<b>Assets</b>			
Cash and cash equivalents	3(h)	43,086,323	48,173,961
Margin cash due from brokers		34,553,299	25,978,025
<i>Financial assets at fair value through profit or loss:</i>			
Investments in transferable securities		334,947,851	295,954,358
Investments in financial derivative instruments		33,134,531	28,704,213
Sales awaiting settlement		-	1,019
Other receivables		1,700,114	2,021,862
<b>Total assets</b>		<b>447,422,118</b>	<b>400,833,438</b>
<b>Liabilities</b>			
Bank overdraft	3(h)	(2,868,377)	(1,817,577)
Margin cash due to brokers		(11,488,877)	(8,805,441)
<i>Financial liabilities at fair value through profit or loss:</i>			
Investments in financial derivative instruments		(4,587,829)	(8,423,547)
Purchases awaiting settlement		-	(3,902)
Investment advisor fee payable	4(c)	-	(97,386)
Investment management fee payable	4(d)	-	(155,380)
Management fee payable	4(e)	(261,684)	-
Performance fee payable	4(f)	(390,432)	(336)
Portfolio support fee payable	4(g)	(29,840)	(26,466)
Market data recharge fee payable	4(j)	(167,747)	(239,925)
Third party research charge fee payable	4(h)	(31,742)	-
Accrued expenses		(495,888)	(342,431)
<b>Total liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b>		<b>(20,322,416)</b>	<b>(19,912,391)</b>
<b>Net Assets Attributable to Holders of Redeemable Shares</b>		<b>427,099,702</b>	<b>380,921,047</b>

For the purposes of aggregating the financial statements of the Funds, the Statement of Financial Position figures for the years ended 31 December 2019 and 31 December 2018 for the Cheyne Enhanced Global Credit Fund have been translated from US Dollar to Euro at the exchange rate at 31 December 2019 and 31 December 2018.

\*Refer to note 3(h)(a).

On behalf of the Board

DocuSigned by:  
  
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Bronwyn Wright, Director

  
 Noel Ford, Director

Date: 26 March 2020

**CHEYNE SELECT UCITS FUND plc**

**AGGREGATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>Note</b>	<b>31-Dec-19</b>	<b>31-Dec-18</b>
		<b>EUR</b>	<b>EUR</b>
<b>Income</b>			
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss		43,362,777	(28,992,245)
Net gain/(loss) on foreign exchange		584,020	(347,211)
Interest income		18,856,061	27,353,978
Dividend income		191,217	360,855
<b>Total income</b>		<b>62,994,075</b>	<b>(1,624,623)</b>
<b>Expenses</b>			
Interest expense		(3,803,349)	(7,441,520)
Dividend expense		(1,211,068)	(1,909,577)
Administration fee	4(a)	(564,032)	(587,728)
Custodian fee	4(b)	(61,387)	(77,238)
Depositary services fees	4(b)	(100,833)	(106,195)
Investment advisor fee	4(c)	(378,025)	(1,341,720)
Investment management fee	4(d)	(587,014)	(2,094,082)
Management fee	4(e)	(1,809,560)	-
Performance fee	4(f)	(401,549)	(6,547)
Portfolio support fee	4(g)	(320,169)	(337,576)
Market data recharge fee	4(i)	(326,463)	(407,372)
Third party research fee	4(h)	(175,165)	(206,189)
Directors' fees	4(j)	(53,728)	(70,648)
Audit fee	4(k)	(132,667)	(61,566)
Other expenses	4(l)	(713,507)	(713,603)
Commission fees		(10,943)	(15,150)
<b>Total expenses</b>		<b>(10,649,459)</b>	<b>(15,376,711)</b>
<b>Increase/(Decrease) in Net Assets Attributable to Holders of Redeemable Shares</b>		<b>52,344,616</b>	<b>(17,001,334)</b>

For the purposes of aggregating the financial statements of the Funds, the Statement of Comprehensive Income figures for the Cheyne Enhanced Global Credit Fund had been translated from US Dollar to Euro at the average exchange rate for the years ended 31 December 2019 and 31 December 2018.

The Company had no recognised gains or losses during the financial year other than those reported in the Statement of Comprehensive Income. All results are from continuing operations.

**CHEYNE SELECT UCITS FUND plc**

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**AGGREGATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS  
OF REDEEMABLE SHARES FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>EUR</b>	<b>EUR</b>
<b>Net assets attributable to holders of redeemable shares at beginning of the Year</b>	380,921,047	395,663,705
Increase/(Decrease)in net assets attributable to holders of redeemable shares from operations	52,344,616	(17,001,334)
Issue of redeemable shares during the year	88,987,033	234,076,788
Redemption of redeemable shares during the year	(96,833,869)	(235,660,612)
Foreign exchange translation	1,680,875	3,842,500
<b>Net assets attributable to holders of redeemable shares at end of the year</b>	<b><u>427,099,702</u></b>	<b><u>380,921,047</u></b>

For the purposes of aggregating the financial statements of the Funds, the Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares have been translated at the average exchange rate for the years ended 31 December 2019 and 31 December 2018. The resulting gain or loss that arose at the Company level had no effect on the Net Asset Value per share attributable to the individual Funds.

**CHEYNE SELECT UCITS FUND plc**

**AGGREGATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>EUR</b>	<b>EUR</b>
<b>Cash flows from operating activities</b>		
Increase/(Decrease) in net assets attributable to holders of redeemable shares from operations	52,344,616	(17,001,334)
<b>Adjusted for working capital changes</b>		
(Increase)/Decrease in margin cash due from brokers	(8,575,274)	709,535
(Increase)/Decrease in investments in transferable securities	(38,993,493)	8,365,480
(Increase)/Decrease investments in financial derivative instruments	(8,266,036)	13,102,275
Decrease in sales awaited settlement	961	17,582
Decrease in other receivables and assets	321,748	1,180,797
Increase/(Decrease) in margin cash due to brokers	2,683,436	(1,219,890)
Decrease in purchases awaiting settlement	(3,844)	(182,372)
Increase/(Decrease) in accrued expenses and other payables	515,410	(54,820)
<b>Net cash Inflow from operating activities</b>	<b>27,526</b>	<b>4,917,253</b>
<b>Financing</b>		
Proceeds from issuance of redeemable shares	88,987,033	234,076,788
Redemptions paid on redeemable shares	(96,833,869)	(235,660,612)
<b>Net cash Outflow from financing activities</b>	<b>(7,846,836)</b>	<b>(1,583,824)</b>
<b>(Decrease)/Increase in cash and cash equivalents</b>	<b>(7,819,310)</b>	<b>3,333,429</b>
Cash and cash equivalents at start of year	46,356,384	39,180,455
Notional foreign exchange adjustment	1,680,875	3,842,500
<b>Cash and cash equivalents at end of the year</b>	<b>40,217,949</b>	<b>46,356,384</b>
<b>Supplemental cash flow information</b>		
Net cash from operating activities includes:		
Interest received	19,130,884	28,665,008
Interest paid	(3,799,706)	(7,460,021)
Dividend received	191,217	360,855
Dividend paid	(1,205,235)	(1,987,377)

For the purposes of aggregating the financial statements of the Funds for the years ended 31 December 2019 and 31 December 2018, the Statement of Cash Flows figures for the Cheyne Enhanced Global Credit Fund had been translated from US Dollar to Euro at the average exchange rate for the years ended 31 December 2019 and 31 December 2018.

## NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 1. General Information

Cheyne Select UCITS Fund plc (the “Company” or the “Umbrella”) is an open-ended umbrella investment company with variable capital and segregated liability between its Funds (each a “Fund”, together the “Funds”), incorporated in Ireland under the Companies Act, 2014 on 23 June 2009 under registration number 472277 and authorised by the Central Bank of Ireland (the “Central Bank”) and the pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, (as amended) (the “UCITS Regulations”) and the Central Bank (Supervision and Enforcement Act) 2013 (Section 48(1) (Undertaking for Collective Investment in Transferable Securities) Regulations 2019 (“the Central Bank UCITS Regulations”). The Company was authorised by the Central Bank on 3 September 2009. Segregated liability under Irish law applies as between the Funds.

The Company is organised as an umbrella fund with constituent Funds. As at 31 December 2019, there were three Funds in existence, the Cheyne Convertibles Absolute Return Fund, the Cheyne Global Credit Fund and the Cheyne Enhanced Global Credit Fund. Each Fund will be treated as bearing its own liabilities and the Company is not liable as a whole to third parties provided, however, if the Directors are of the opinion that a particular liability does not relate to any particular Fund or Funds, that liability shall be borne jointly by all Funds *pro rata* to their respective net asset values at the time when the allocation is made.

The investment objective of each Fund is disclosed in the Directors’ Report and notes of the individual Funds.

All Funds have base currency of EUR except Cheyne Enhanced Global Credit Fund which has USD.

As at 31 December 2019 the Company had no employees.

#### **Manager and Investment Manager Registration**

Cheyne Capital SMC Limited (the “Manager”) has been authorised by the Central Bank of Ireland under both the UCITS and AIFM Directives. Effective 13th May 2019 Cheyne Capital SMC Limited has been appointed as the Manager (the “Manager”) to the funds and will delegate discretionary portfolio management services to Cheyne Capital Management (UK) LLP (the “Investment Manager”). The Manager operates under the EU management passports, which allows for the continued management of all Cheyne’s EU Funds.

The Investment Manager is authorised by the Financial Conduct Authority (FCA).

The Investment Manager is registered with the Commodity Futures Trading Commission (CFTC) and the National Futures Association (NFA).

The Investment Manager is also registered with the U.S. Securities and Exchange Commission (SEC) under Section 203 of the Investment Advisors Act of 1940.

### 2. Basis of Preparation

#### (a) **Statement of Compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, the requirements of the Companies Act 2014 and the UCITS Regulations.

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019  
(Continued)

2. **Basis of Preparation (continued)**

(b) **Basis of Measurement**

The financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss which have been measured at fair value and for cash and cash equivalents, margin cash due to/from brokers, redeemable participating shares and other accrued assets and liabilities, which are classified at amortised cost.

(c) **Functional and Presentation Currency**

Items included in the Company's financial statements are measured in Euro (EUR) which is the currency of the primary economic environment in which it operates (the "functional currency").

(d) **Use of Estimates and Judgements**

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. There are no significant judgements or estimates.

(e) **Other Accounting Developments**

***New standards and amendments – applicable 1 January 2019:***

**IFRIC 23 Uncertainty over Income Tax Treatments**

IFRIC 23 was published in June 2017. It addresses whether an entity considers uncertain tax treatments separately; the assumptions an entity makes about the examination of tax treatments by taxation authorities; how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and how an entity considers changes in fact and circumstances.

Guidance contained in IFRIC 23 include (i) if an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings; (ii) if an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates. An entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either of the following methods, depending on which method the entity expects to better predict the resolution of the uncertainty; (a) the most likely amount – the single most likely amount in a range of possible outcomes. The most likely amount may better predict the resolution of the uncertainty if the possible outcomes are binary or are concentrated on one value; (b) the expected value – the sum of the probability-weighted amounts in a range of possible outcomes. The expected value may better predict the resolution of the uncertainty if there is a range of possible outcomes that are neither binary nor concentrated on one value.

IFRIC 23 is effective for annual periods beginning on or after 1 January 2019. The Company adopted IFRIC 23, and it did not have a material impact on the financial statements in the period of initial application.

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019  
(Continued)

2. **Basis of Preparation (continued)**

(e) **Other Accounting Developments (continued)**

*New standards and amendments – not yet applicable:*

**Amendments to IAS 1 and IAS 8: Definition of Material**

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of “material” across the standards and to clarify certain aspects of the definition. The new definition states that: “Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”. The amendments must be applied prospectively for annual periods beginning on or after 1 January 2020 with earlier application permitted. The amendments are not expected to have a significant impact on the Company’s financial statements.

**Amendments to IFRS 3: Definition of a Business**

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. The amendments must be applied prospectively for annual periods beginning on or after 1 January 2020 with earlier application permitted. The amendments are not expected to have a significant impact on the Company’s financial statements.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that is expected to have a significant impact on the financial statements of the Company.

**NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019  
(Continued)**

**2. Basis of Preparation (continued)**

**(f) Going Concern**

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements are prepared on the going concern basis.

**3. Significant Accounting Policies**

**(a) Interest Income and Expense Recognition**

Interest income and expense are recognised in the Aggregated Statement of Comprehensive Income on an accrual basis.

**(b) Expenses**

Expenses are accounted for on an accrual basis and are charged to the Aggregated Statement of Comprehensive Income.

**(c) Foreign Currency**

Transactions in foreign currencies were translated into United States Dollar (USD) for Cheyne Enhanced Global Credit Fund and EUR for the remaining Funds, at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date were retranslated into USD for Cheyne Enhanced Global Credit Fund and EUR for the remaining Funds, at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss were retranslated into USD for Cheyne Enhanced Global Credit Fund and EUR for the remaining Funds, at the spot exchange rate at the date that the fair value was determined. For the aggregated Financial Statements Cheyne Enhanced Global Credit Fund was translated from USD to EUR. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation and on financial instruments at fair value through profit or loss are recognised in the Statement of Comprehensive Income.

**(d) Investments**

*Classification*

In accordance with IFRS 9, the Company classifies its investments as financial assets and liabilities at fair value through profit or loss. Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purposes of selling or repurchasing in the short term. The Board of Directors agreed to classify all investments held by the Company.

Financial assets that are classified as amortised cost include cash and cash equivalents, margin cash due from brokers and receivable accounts.

Financial liabilities that are classified as held at amortised cost include bank overdraft, margin cash due to brokers and payable accounts.

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019  
(Continued)

**3. Significant Accounting Policies (continued)**

**(d) Investments (continued)**

*Recognition/de-recognition*

The Company recognises financial assets and financial liabilities at fair value through profit or loss on the trade date; that is the date it commits to purchase the instruments. From this date any gains and losses arising from changes in fair value of the assets or liabilities are recognised. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership of the financial assets or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial assets.

*Valuation of investments*

The Investment Manager has established an internal control infrastructure over the valuation of financial instruments that requires ongoing oversight by the pricing committee. These management control functions are segregated from the trading and investing functions. The Investment Manager employs resources to help ensure that the pricing committee is able to function at an appropriate level of quality and effectiveness. The Investment Manager reviews the segregation of duties within its internal control infrastructure. Specifically, the pricing committee is responsible for establishing and monitoring compliance with valuation policies. Within the trading and investing functions, the Investment Manager has established policies and procedures that relate to the approval of all new transaction types, transaction pricing sources and fair value hierarchy coding within the financial reporting system.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and securities) are based on quoted market prices at the Statement of Financial Position date. The financial instruments held by the Company are presented in the Statement of Financial Position at the current quoted mid-price in accordance with the valuation provisions of the Prospectus.

The Company may from time to time invest in financial instruments that are not traded in an active market (for example in over-the-counter derivatives). The fair value is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each Statement of Financial Position. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Exchange traded derivative instruments dealt on a recognised exchange shall be valued at the settlement price on the relevant Valuation Day for such instruments on such a market. If the settlement price is not available, their probable realisation value shall be as determined with care and in good faith by the Directors and approved for that purpose by the Custodian.

*Forward currency contracts*

Forward foreign exchange contracts will be valued by reference to the forward price at which a new forward 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 Aggregated Statement of Comprehensive Income.

*Futures*

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market. Unrealised gains or losses on futures are recognised in the Statement of Comprehensive Income.

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019  
(Continued)

3. **Significant Accounting Policies (continued)**

(d) **Investments (continued)**

*Convertible Bonds*

A convertible bond is a fixed-income debt security that yields interest payments, but can be converted into a predetermined number of common stock or equity shares. The conversion from the bond to stock can be done at certain times during the bond's life and is usually at the discretion of the bondholder. All the Company's convertible bonds are recognised through fair value through profit and loss.

*Credit default swaps*

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts. A credit default swap (CDS) is a swap designed to transfer the credit exposure of fixed income products between parties. The buyer of a credit default swap receives credit protection, whereas the seller of the swap guarantees the credit worthiness of the product. Payment flows are usually netted against each other, with the difference being paid by one party to the other. The change in value is included in the Statement of Comprehensive Income.

*Contracts for difference*

Contracts for difference are agreements between the Company and third parties, which allow the Company to acquire an exposure to the price movement of specific securities without actually purchasing the securities. The changes in contract values are recorded as unrealised gains or losses and the Company recognise a realised gain or loss when the contract is closed. Unrealised gains or losses on contracts for difference are recognised in the Statement of Comprehensive Income.

*Options*

The Company purchases and sells put and call options through listed exchanges and OTC markets. Options purchased by the Company provide the Company with the opportunity to purchase or sell the underlying asset at an agreed-upon value either on or before the expiration of the option. The options are traded on recognised exchanges and OTC markets and are valued by reference to last traded price or quoted prices respectively. Realised and change in unrealised gains and losses are recorded in the Statement of Comprehensive Income.

*Fixed income security*

A fixed income security is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest ("SPPI"). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. All the Company's fixed income securities are recognised through fair value through profit and loss.

(e) **Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount reported in the Aggregated Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts, there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019  
(Continued)

3. **Significant Accounting Policies (continued)**

(f) **Realised and Unrealised Gains and Losses**

All realised and unrealised gains and losses on securities are recognised as net gain/loss on financial assets and liabilities at fair value through profit or loss in the Aggregated Statement of Comprehensive Income. Foreign currency gains/losses on cash and cash equivalents are included in net gain on foreign exchange in the Aggregated Statement of Comprehensive Income. Realised gains and losses on disposals of financial instruments are calculated using the first-in-first-out (FIFO) method.

The unrealised gain or loss on open forward exchange contracts is calculated as the difference between the contracted rate and the rate to close out the contract. Realised gains or losses include net gains on contracts, which have been settled or offset by other contracts.

(g) **Taxation**

Under current law and practice the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended. On this basis, it is not chargeable to Irish tax on its income or gains. However, Irish tax may arise on the occurrence of a "chargeable event".

A chargeable event includes any distribution payments to shareholders or any encashment, redemption or transfer of shares on the ending of a "relevant period". A relevant period is an eight year period beginning with the acquisition of shares by the shareholders. Each subsequent period of eight years immediately after the preceding relevant period will also constitute a relevant period.

A gain on a chargeable event does not arise in respect of:

- (i) any transactions in relation to units held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland; or
- (ii) an exchange of shares arising on a qualifying amalgamation or reconstruction of the Company with another Company; or
- (iii) certain exchanges of shares between spouses and former spouses; or
- (iv) an exchange by a shareholder, effected by way of an arm's length bargain where no payment is made to the shareholder of shares in the Company for other shares in the Company.

No Irish tax will arise on the Fund in respect of chargeable events in respect of:

- (a) a shareholder who is not Irish resident and not ordinarily resident in Ireland at the time of the chargeable event, provided appropriate valid statutory declarations in accordance with the provisions of the Taxes Consolidation Act, 1997, as amended are held by the Company; and
- (b) certain exempted Irish tax resident shareholders who have provided the Company with the necessary signed statutory declarations.

In the absence of an appropriate declaration, the Company will be liable to Irish tax on the occurrence of a chargeable event.

There were no chargeable events during the year under review. Dividends, interest and capital gains (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Company or its shareholders.

**NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019  
(Continued)**

**3. Significant Accounting Policies (continued)**

**(h) Cash and Cash Equivalents**

Cash and cash equivalents, with the exception of margin cash and collateral, is held with Citibank N.A. in the name of Citi Depository Services Ireland DAC (the "Depository"). Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Funds in the management of short-term commitments, other than cash collateral provided in respect of derivatives and securities borrowing transactions.

*(a) Restatement of cash and cash equivalents and bank overdraft balances*

During the year management identified that the cash and cash equivalents and bank overdraft amounts in the prior year were both overstated by EUR59,085,122 each. This amount should not have been recognized and as a result the prior year cash and cash equivalents and bank overdraft in the financial statements have been restated as follows:

31 December 2018	As previously reported EUR	Adjustment EUR	As restated EUR
Cash and cash equivalents	107,259,082	(59,085,122)	48,173,961
Bank overdraft	(60,902,699)	59,085,122	(1,817,577)
Net total	46,356,383	-	46,356,383

The above restatement has no impact on the results or net asset value of the Company as at 31 December 2018.

**(i) Margin cash due from/to brokers**

Margin cash due from/to brokers represent margin accounts, cash collaterals secured against open derivative financial instruments and unsettled investment transactions with the Company's clearing brokers: Bank of America, Bank of Nomura, Bank of New York, Barclays, BNP Paribas, Citibank, Credit Suisse, Daiwa, Deutsche Bank, Goldman Sachs, JP Morgan Chase, Morgan Stanley, Societe Generale and UBS at year end.

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019  
(Continued)

3. **Significant Accounting Policies (continued)**

(j) **Transaction Costs**

Transaction costs are defined as the incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value through profit or loss plus, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on the purchase and sale of bonds and forwards are included in the purchase and sale price of the investment. They cannot be practically or reliably gathered as they are embedded in the cost of the investment and cannot be separately verified or disclosed.

Transaction costs on purchases and sales of investments for which transaction costs cannot be practically or reliably gathered are included in net gains/(losses) on financial assets and liabilities through profit or loss are included in the Statement of Comprehensive Income for each Fund.

(k) **Redeemable participating shares**

All redeemable participating shares issued by the Funds provide the investors with the right to require redemption for cash at the value proportionate to the investor's share in the Funds' net assets at the redemption date. Therefore such instruments give rise to a financial liability for the present value of the redemption amount.

4. **Fees and Expenses**

(a) **Administration Fee**

SS&C Financial Services (Ireland) Limited is the "Administrator" of the Company pursuant to the Administration Agreement dated 12 March 2016. The Company shall pay the Administration fee out of the relevant Funds as disclosed in the notes to the financial statements of the individual Funds.

The Administration fee is subject to aggregate minimums, the scale fee or minimum fees will be charged *pro rata* (based on assets) to the Funds in the Umbrella. In the event that some Funds would otherwise have been on scale fees and other Funds would have been on minimums then those Funds that would have been on scale fees are allocated, out of the total fee, the amount they would have paid under the scale fee and the other Funds are allocated the balance of the total fee. This balance is then allocated *pro rata*, to asset size, across the relevant Funds.

In addition to such base remuneration, the Administrator shall also be entitled to charge the Funds fees relating to any additional services required in relation to corporate secretarial, audit support, tax assistance or investor rebate services, as may be agreed with the Company and which shall be charged at normal commercial rates.

The Administrator is also entitled to be reimbursed by the Company for all of its out-of-pocket expenses reasonably incurred on behalf of the Funds.

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019  
(Continued)

4. **Fees and Expenses (continued)**

(b) **Depositary and Global Transaction Services Fee**

Citi Depositary Services Ireland DAC acts as the “Depositary” of the Company pursuant to the Depositary Services agreement originally dated 9 November 2015 and updated on 13 October 2016 following the 18 March 2016 UCITS V Directive, which gave the Depositary additional operational and oversight responsibilities.

Depositary fees are subject to aggregate minimums, the scale fee or minimum fees will be charged pro rata (based on assets) to the Funds in the Umbrella. In the event that some Funds would otherwise have been on scale fees and other Funds would have been on minimums then those Funds that would have been on scale fees are allocated, out of the total fee, the amount they would have paid under the scale fee and the other Funds are allocated the balance of the total fee. This balance is then allocated pro rata, to asset size, across the relevant Funds.

In addition to such remuneration, Citibank N.A shall also be entitled, on behalf of the Depositary to charge the Funds fees relating to any custody or transactional services, as may be agreed with the Company and which shall be charged at standard commercial rates, subject to an annual minimum.

(c) **Investment Advisor Fee**

Up until 12 May 2019 the Company appointed Cheyne Capital International LP as Investment Adviser to provide advisory services in respect of the Company pursuant to the Investment Advisory Agreement.

The Investment Advisor was entitled to receive out of the assets of each Fund attributable to shares of each Class and/or Series such periodic investment advisory fee or fees (each an ‘Investment Advisory Fee’) as may be set out in the notes to the financial statements of the individual Funds.

(d) **Investment Management Fee**

Up until 12 May 2019 the Company appointed Cheyne Capital Management (UK) LLP, an investment management entity incorporated in England, as Investment Manager to implement the investment strategy as specified in the Prospectus and the Supplements to the Prospectus. The Investment Manager was entitled to receive out of the assets of the Company an annual Investment Management Fee, accrued daily and payable monthly in arrears as may be set out in the notes to the financial statements of the individual Funds. The Manager will remunerate the Investment Manager for its discretionary portfolio management services from the Investment Management Fee.

The Investment Advisor and Investment Manager were also entitled to be reimbursed by the Funds for all of its out-of-pocket expenses and vouched internal legal costs reasonably incurred on behalf of the Funds.

(e) **Management fee**

Cheyne Capital SMC Limited was appointed as the Manager on the 13 May 2019 and both Cheyne Capital International LP and Cheyne Capital Management (UK) LLP are appointed via sub delegations as Investment Adviser and Investment Manager respectively. The Manager is entitled to receive out of the assets of the Fund an annual Investment Management Fee, accrued at each Valuation Point and payable monthly in arrears, which will be allocated between the Manager, the Investment Manager and the Investment Advisor as agreed between the parties from time to time

The Manager is also entitled to be reimbursed by the Fund for all of its out-of-pocket expenses and vouched internal legal costs reasonably incurred on behalf of the Fund.

Both Cheyne Capital International LP and Cheyne Capital Management (UK) LLP are appointed via sub delegations as Investment Adviser and Investment Manager respectively.

**NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019  
(Continued)**

**(f) Performance fee**

The performance fee charged to the Funds for the year is shown in the Statement of Comprehensive Income of the individual Funds and is set out in the notes to the financial statements of the individual Funds.

**(g) Portfolio Support Fee**

The Investment Manager shall be entitled to receive a monthly fee for providing certain middle office and operational support services to the Company (the "Portfolio Support Fee") as may be set out in the notes to the financial statements of the individual Funds.

**(h) Third Party Research**

The Investment Manager may use research from brokers or a third party research provider ("third party research"). The costs of third party research may be allocated by the Investment Manager on a fair basis to the fund (each such allocation a "research charge"). Any such cost allocations will be based on a written policy and annual research budget set by the Investment Manager and agreed by the Directors of the fund and an assessment of the potential value of third party research to the Investment Manager and the fund. Research charges may be paid into a separate research payment account controlled by the Investment Manager. This may include deducting the research charge directly from the Funds assets and then transferring it into the research payment account at periodic intervals.

**(i) Market Data Recharge**

The Funds will also reimburse the Investment Manager for expenses incurred by the Investment Manager in obtaining market data, corporate access, analysis, pricing and valuation services and/or other similar information and/or services for the Funds ("market data recharge"), up to a maximum of 0.10 per cent. per annum of the average net asset value of the Funds.

**(j) Directors' Fees**

The Articles authorise the Directors to charge a fee for their services at a rate determined by the Directors up to a maximum fee per Director of GBP25,000 per annum for the Umbrella. All Directors will be entitled to reimbursement by the Company of expenses properly incurred in connection with the business of the Company or the discharge of their duties. Each Fund bears the cost of Directors' fees and expenses payable in respect of the relevant Fund. The Directors' fees for each Fund are shown in the notes to the financial statements of the individual Fund. The Company has engaged Grant Thornton to provide Directors payroll services on a quarterly basis.

**(k) Audit Fee**

In accordance with the European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010 (S.I. No. 220 of 2010), the Company is obliged to disclose fees paid to the Funds Auditor. The Audit fees for each Fund are shown in the notes to the financial statements of the individual Funds.

**(l) Other expenses**

Other expenses are made up of Director, insurance, legal and other miscellaneous expenses. The other expenses for each fund are shown in the notes to financial statements of the individual Funds.

**NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019  
(Continued)**

**(m) Carne Global Financial Services Limited Fee**

Carne Global Financial Services Limited provide Money Laundering Reporting Officer (MLRO) and Designated Person Oversight services to the Company. During the year, EUR29,215 (31 December 2018: EUR63,341) was paid to Carne Global Financial Services Limited. These fees are included with Other expenses and Accrued expenses on the Statement of Comprehensive Income and Statement of Financial Position respectively.

**5. Redeemable Shares**

The authorised share capital of the Company is 500,000,000,000 shares of no par value and 300,000 redeemable Non-Participating shares of EUR1.00 each.

Non-Participating shares do not entitle the holders thereof to any dividend and on winding up entitle the holders thereof to receive the amount paid up thereon but do not otherwise entitle them to participate in the assets of the Company.

The rights attached to the shares issued in any Class or Fund may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the shareholders of three-quarters of the issued shares of that Class or Fund, or with the sanction of an ordinary resolution passed at a general meeting of the shareholders of that Class or Fund. Every shareholder or holder of Non-Participating shares present in person or by proxy who votes on a show of hands shall be entitled to one vote.

There are two Non-Participating shares currently in issue which were taken by the subscribers to the Company and are held by nominees of the Investment Manager.

**6. Risk Associated with Financial Instruments**

**Market risk**

The Company is exposed to market risk (which includes interest rate risk, currency risk, other price risk) arising from the financial instruments it holds. The Company uses derivatives and other instruments for trading purposes and in connection with its risk management activities. The Company has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy and has established processes to monitor and control economic hedging transactions in a timely and accurate manner.

The Company's assets and liabilities comprise financial instruments which include:

- Investments in preference shares, ordinary shares, convertible bonds, forward currency contracts, future currency and index contracts, contracts for difference (CFD), options, corporate and sovereign bonds, commercial and residential mortgage backed securities (CMBS & RMBS), credit default swaps (CDS), asset swapped convertible option transactions (ASCOT) and closed ended funds. These are held in accordance with the Company's investment objectives and policies; and
- Cash, liquid resources and short-term debtors and creditors that arise directly from its investment activities.

As an investment company, the Company buys, sells or holds financial assets and liabilities in order to take advantage of changes in market prices. The Company trades in financial instruments and may take positions in over the counter instruments including derivatives, to take advantage of the market movements in the global capital markets.

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019  
(Continued)

6. Risk Associated with Financial Instruments (continued)

**Market risk (continued)**

The Investment Manager actively monitors market prices throughout the year and reports to the Board of Directors, which meets periodically in order to consider investment performance. The risk management function of the Investment Manager monitors the market, credit and liquidity risk of the portfolio on a daily basis and reports periodically to the Board of Directors. Stress testing is performed on a daily basis and is part of the daily risk management reports available to the Investment Manager and the risk management team. Leverage and diversification of the Company's investments is monitored and reported on daily in order to maintain a clear understanding of the portfolio risk.

The Investment Manager operates a risk management process on behalf of the Company in relation to its use of derivatives which allows it to accurately measure, monitor and manage the various risks associated with derivatives and which is intended to ensure that the Company's derivatives exposure remains within the limits described within this note.

This risk management process will also take into account any exposure created through derivatives embedded in transferable securities which the Investment Manager may acquire for the Company in accordance with its investment objective and policies. Global exposure is measured using the "Commitment approach" or "Value-at-Risk" on a daily basis.

The Investment Manager may also use future currency contracts, forward currency contracts, options, swaps (including CDS), CFD and ASCOT as an alternative to acquiring the underlying or the related securities, alone or in conjunction with the securities, in any case where such investment may be accomplished in a more efficient or less costly way through the use of derivatives. Such instruments may also be used to maintain or reduce exposure to the market while managing the cash flows from subscriptions and redemptions into and out of the Company more efficiently than by buying and selling transferable securities.

The key risk metrics that are monitored on a daily basis are the following:

- Gross exposure
- Net exposure
- Sector exposure
- Country exposure
- Ratings exposure
- Top 10 long/short positions
- Gross leverage (Gross assets/NAV)
- Foreign exchange exposure
- Interest rate exposure
- Credit risk – Spread exposure & Jump-to-Default
- Optionality exposure – Gamma & Vega
- Worst case loss exposure along stresses
- Value-at-Risk (VaR)
- Limits (in all above risk metrics)

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019  
(Continued)

6. **Risk Associated with Financial Instruments (continued)**

**Market risk (continued)**

*Sensitivity analysis*

These financial statements contain a number of sensitivity analyses. These are typically based on a change in one variable while holding all other variables constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated – for example, changes in foreign currency rates and changes in market values.

In addition, as the sensitivity analyses use historical data as a basis for determining future events, they do not encompass all possible scenarios, particularly those that are of an extreme nature.

Please refer to the individual Funds' notes for details on their market risk.

**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 Company can be exposed to both fair value and cash flow interest rate risk through its investments. Cash flow interest rate risk also arises on the balances held with the Custodian. The rest of the Company's financial assets are equity shares which neither pay interest nor have a maturity date and non-interest bearing derivative instruments.

Please refer to the individual Funds' notes for details on their interest rate risk.

**Foreign 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 currency exchange rates.

To help mitigate this risk/exposure the Company engages in currency economic hedging activities to protect against the volatility associated with investments denominated in foreign currencies and other assets and liabilities created in the normal course of business. The Company primarily utilises forward exchange contracts with maturities of less than twelve months to hedge foreign-currency-denominated financial assets and financial liabilities.

Increases or decreases in the Company's foreign-currency-denominated financial assets and financial liabilities are partially offset by gains and losses on the economic hedging instruments.

The Company's total net exposure to foreign currencies is monitored and the risk is managed in accordance with predefined risk limits, which are based on historical performance of exchange rates and their impact on the NAV.

Please refer to the individual Funds' notes for details on their foreign currency risk.

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019  
(Continued)

6. **Risks Associated with Financial Instruments (continued)**

***Other price risk***

Other price risk is the risk that the value of the instrument/portfolio will fluctuate as a result of changes in market prices.

The NAV of the Company is therefore exposed to the daily market movements of the international equity and capital markets and related indices. The Investment Manager, on an on-going basis, will actively trade principal and hedging positions and manage the portfolio risk in accordance with parameters set out in the Company's Prospectus. All relevant underlying equity, credit spread and index risk factors are monitored and stressed on a daily basis in order to mitigate all unnecessary market risk.

The Company is managed so as to observe the following restrictions:

- no more than 10% of the value of the net assets of the Company will be invested in transferable securities or money market instruments issued by the same issuer calculated at the time of investment, provided that the total value of transferable securities and money market instruments held in the issuers in each of which the Company invests more than 5% is less than 40%;
- no more than 20% of the value of the net assets of the Company will be invested in deposits made with the same credit institution;
- the risk exposure of the Company to a counterparty to an OTC derivative will not exceed 5% of net assets for eligible counterparties or 10% for qualifying credit institutions;
- legal or management control of underlying investments is not taken; and
- the Company adheres to the general principle of diversification in respect of all its assets attributable to the Class portfolio.

Please refer to the individual Funds' notes for details on their other price risk.

**Credit Risk**

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Company. The Company may enter into OTC transactions with a number of highly-rated counterparties.

The creditworthiness of these counterparties is monitored closely and the credit exposure is very well diversified (no counterparty with more than 10% of net assets, as detailed in other price risk above). The assets of the Company are, under UCITS guidelines, only to be invested with counterparties which have a minimum credit rating of A-2 from Standard & Poor's or equivalent, or is deemed by the UCITS to have an implied rating of A-2 or equivalent. Alternatively, an unrated counterparty will be acceptable where the UCITS is indemnified or guaranteed against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of A-2 or equivalent. This restriction does not apply to transactions effected with any counterparty which advances full and appropriate collateral to the Company in respect of such transactions.

Substantially all the assets of the Company are held by the Custodian and Depositary Services Provider, Citi Depositary Services Ireland DAC and margin cash is held with Bank of America, Bank of Nomura, Bank of New York, Barclays, BNP Paribas, Citibank, Credit Suisse, Daiwa, Deutsche Bank, Goldman Sachs, JP Morgan Chase, Morgan Stanley, Societe Generale and UBS at year end. The Company monitors its risk by monitoring the credit quality and normally foreseeable levels of financial positions of the counterparty that the Company uses. The Company monitors the long-term credit ratings of its counterparties and details them in the notes of the individual Funds.

Please refer to the individual Funds' notes for details on their credit risk.

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019  
(Continued)

6. **Risks Associated with Financial Instruments (continued)**

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The liquidity risk associated with the mismatching of assets and liabilities (redemptions) is monitored at the position and portfolio level. The Company employs leverage and any margin call driven liabilities are met by the appropriate cash reserve. The cash reserve is monitored daily by the Investment Manager.

The Company's Prospectus provides for the regular creation and cancellation of interests and is therefore exposed to the liquidity risk of meeting Company's redemptions at any time. The Company seeks to invest in liquid securities that can be liquidated with little notice and maintains an adequate level of cash in order to meet particular redemptions at any time.

Please refer to the individual Funds' notes for details on their liquidity risk.

7. **Fair Value Estimation**

The Company has adopted IFRS 13. This requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy of inputs is summarised in the three broad levels listed below.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability, which are not based on observable market data (that is, unobservable inputs).

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 that is significant to the fair value measurement. For example if a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is Level 3. 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.

The determination of what constitutes "observable" requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

A table showing the classification of financial instruments recognised at fair value, analysed within the hierarchy is shown in the financial Instruments at fair value through profit or loss disclosure within the statements of each Fund.

## CHEYNE SELECT UCITS FUND plc

### NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 8. Exchange Rates

The following exchange rates were used to translate assets and liabilities into the base currency.

Currency	31-Dec-19	31-Dec-18
AUD	1.5968	1.6238
CAD	1.4556	1.5613
CHF	1.0870	1.1269
CNH	7.8184	7.8538
CNY	7.8190	7.8485
EUR	1.0000	1.0000
GBP	0.8473	0.8976
HKD	8.7463	8.9501
HUF	330.7100	320.8000
JPY	121.9877	125.4207
KRW	1298.1151	1275.5268
NOK	9.8637	9.8987
SEK	10.5078	10.1350
SGD	1.5094	1.5581
THB	33.6231	37.2210
TWD	33.6492	35.1370
USD	1.1225	1.1431
ZAR	15.6965	16.4442

#### 9. Related Party Transactions

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Ms. Wright is also a Director of other Cheyne managed funds.

Mr. Ford is also a Director of other Cheyne managed funds.

Mr. Head is also a Director of other Cheyne managed funds and is a Partner of the Investment Manager.

##### *Directors' Remuneration*

For the year ended 31 December 2019, Directors' fees of EUR53,728 (2018: EUR70,648) were incurred and payable as at 31 December 2019 were EUR Nil (2018: EUR NIL).

Except as noted above, there were no material contracts in place involving any of the Directors as at 31 December 2019, nor at any other time during the year then ended.

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019  
(Continued)

**9. Related Party Transactions (continued)**

*Manager*

SMC has been appointed as the Manager to the Company and provides investment management and marketing services.

*Investment Manager*

The Investment manager had been appointed by the manager to provide day-to-day management of the investment program and UK marketing services.

*Investment Advisor*

Cheyne Capital International L.P. acts as Investment Advisor of the Company and provides advisory services, strategic advice and marketing assistance.

*Portfolio Support Manager*

Cheyne Capital Management (UK) LLP acts as Portfolio Support Manager and provides certain middle office, operational support and fund accounting services.

*Investment Management and Portfolio Support fees*

Management, performance, portfolio support fees, Investment Manager out of pocket expenses and internal legal cost reimbursements are incurred by and paid for by the Company.

*Third party research charge and Market data recharge*

Third party research charge and Market data recharge may be paid for by the Investment Manager and then reimbursed by the Company.

*Other Related Parties*

Transactions with other related parties are detailed in the individual Funds' related party transactions notes.

**10. Contingent Liabilities**

As at 31 December 2019, the Company did not have any significant commitments or contingent liabilities, other than those which are disclosed in the Aggregated Financial Statements.

**11. Soft Commissions**

During the year, the Investment Manager has not entered into any soft commission arrangements with brokers.

**12. Distributions**

There were no distributions paid or proposed by the Company for the year.

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019  
(Continued)

**13. Significant Events During the Year**

Mr Head was appointed as Director effective 31 March 2019.

Mr Bronheim, a Director, resigned from the Board effective 31 March 2019.

Effective 13th May 2019 Cheyne Capital SMC Limited (“SMC”) has been authorised by the Central Bank of Ireland under both the UCITS and AIFM Directives.

Effective 13th May 2019 SMC was appointed as Manager to the Company and has delegated discretionary portfolio management services to the Investment Manager.

A revised prospectus and supplements were issued on 13 May 2019. The primary purpose of the changes made to the prospectus dated 13 May 2019 was to incorporate Cheyne Capital SMC Limited as the UCITS management company to Cheyne Select UCITS Fund plc under the UCITS Regulations.

SS&C Financial Services resigned as Company Secretary effective 15 May 2019.

Dechert Secretarial Limited was appointed as Company Secretary effective 15 May 2019.

**14. Subsequent Events Since the Year End**

The current worldwide Coronavirus outbreak, declared by the World Health Organisation as a global health emergency on the 30th January 2020, has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The situation is being continuously monitored.

In the opinion of the Directors, whilst the situation continues to develop, it is not possible to judge the effect of Coronavirus outbreak on the financial position of the Company. As such no adjustment for any potential impact has been made in these financial statements

There are no other significant events affecting the Company since the year end.

**15. Approval of Financial Statements**

The Directors approved the financial statements on 26 March 2020.

**CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

*A claim of exemption under Regulation §4.7 has been filed with the Commodity Futures Trading Commission  
for Cheyne Convertibles Absolute Return Fund*

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	31-Dec-19 EUR	31-Dec-18 EUR
<b>Assets</b>			
Cash and cash equivalents	5	7,078,703	47,639
Margin cash due from brokers	5	25,878,897	16,246,081
<i>Financial assets at fair value through profit or loss:</i>			
Investments in transferable securities	3	86,997,241	93,104,026
Investments in financial derivative instruments	3	2,853,507	2,789,159
Sales awaiting settlement		-	961
Other receivables	4	206,353	306,373
<b>Total assets</b>		<b><u>123,014,701</u></b>	<b><u>112,494,239</u></b>
<b>Liabilities</b>			
Bank overdraft	5	(23,758)	(713,367)
Margin cash due to brokers	5	(125,795)	(603,336)
<i>Financial liabilities at fair value through profit or loss:</i>			
Investments in financial derivative instruments	3	(1,530,860)	(1,668,473)
Purchases awaiting settlement		-	(3,844)
Investment advisory fee payable	2(c)	-	(33,542)
Investment management fee payable	2(d)	-	(50,016)
Management fee payable	2(e)	(96,344)	-
Performance fee payable	2(f)	(188,524)	(173)
Portfolio support fee payable	2(g)	(8,484)	(7,592)
Market data recharge fee payable	2(i)	(102,144)	(75,840)
Third party research fees payable	2(h)	(1,925)	-
Accrued expenses	6	(152,290)	(96,939)
<b>Total liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b>		<b><u>(2,230,124)</u></b>	<b><u>(3,253,122)</u></b>
<b>Net Assets Attributable to Holders of Redeemable Shares</b>		<b><u>120,784,577</u></b>	<b><u>109,241,117</u></b>

#### Net Asset Value per Redeemable Share

	31-Dec-19	31-Dec-18	31-Dec-17
<b>Class D1 (USD) hedged</b>			
Number of shares per class	138.35	173.35	267.35
Net Asset Value per share	USD1,340.39	USD1,204.05	USD1,262.23
Net Asset Value	EUR165,205	EUR182,585	EUR281,026
<b>Class D2 (EUR)</b>			
Number of shares per class	697.42	197.42	226.65
Net Asset Value per share	EUR1,175.97	EUR1,088.98	EUR1,173.77
Net Asset Value	EUR820,144	EUR214,984	EUR266,039
<b>Class D4 (CHF) hedged</b>			
Number of shares per class	51.26	51.26	51.26
Net Asset Value per share	CHF1,178.71	CHF1,095.70	CHF1,186.60
Net Asset Value	EUR55,586	EUR49,839	EUR51,978

*The accompanying notes form an integral part of the financial statements*

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (Continued)

#### Net Asset Value per Redeemable Share (Continued)

	31-Dec-19	31-Dec-18	31-Dec-17
<b>Class I1 (USD) hedged</b>			
Number of shares per class	11,583.32	11,948.52	10,915.25
Net Asset Value per share	USD1,401.02	USD1,254.52	USD1,308.00
Net Asset Value	EUR14,457,409	EUR13,112,553	EUR11,889,679
<b>Class I2 (EUR)</b>			
Number of shares per class	41,383.51	39,162.09	29,262.49
Net Asset Value per share	EUR1,276.67	EUR1,177.53	EUR1,263.32
Net Asset Value	EUR52,833,028	EUR46,114,548	EUR36,967,809
<b>Class I3 (GBP) hedged</b>			
Number of shares per class	1,551.77	1,971.03	2,367.68
Net Asset Value per share	GBP1,316.23	GBP1,198.11	GBP1,271.91
Net Asset Value	EUR2,410,503	EUR2,630,993	EUR3,392,548
<b>Class I4 (CHF) hedged</b>			
Number of shares per class	1,725.90	1,826.60	1,638.61
Net Asset Value per share	CHF1,147.79	CHF1,063.25	CHF1,146.13
Net Asset Value	EUR1,822,462	EUR1,723,392	EUR1,604,935
<b>Class S1 (USD) hedged</b>			
Number of shares per class	47.54	47.54	47.54
Net Asset Value per share	USD1,648.72	USD1,466.03	USD1,517.44
Net Asset Value	EUR69,827	EUR60,967	EUR60,076
<b>Class S2 (EUR)</b>			
Number of shares per class	-	-	50.00
Net Asset Value per share	-	-	EUR1,464.73
Net Asset Value	-	-	EUR73,237
<b>Class X1 (EUR)</b>			
Number of shares per class	461,556.00	477,782.06	396,500.00
Net Asset Value per share	EUR104.32	EUR94.50	EUR99.84
Net Asset Value	EUR48,150,413	EUR45,151,256	EUR39,587,432

*The accompanying notes form an integral part of the financial statements*

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	31-Dec-19 EUR	31-Dec-18 EUR
<b>Income</b>			
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	11	11,869,754	(3,493,249)
Net gain on foreign exchange		221,794	96,217
Interest income		3,474,137	2,751,032
Dividend income		191,217	360,855
<b>Total (loss)/income</b>		<b>15,756,902</b>	<b>(285,145)</b>
<b>Expenses</b>			
Interest expense		(2,188,386)	(2,087,271)
Dividend expense		(1,211,068)	(1,909,577)
Administration fee	2(a)	(167,735)	(171,448)
Custodian fee	2(b)	(17,930)	(13,943)
Depository services fees	2(b)	(28,987)	(29,184)
Investment advisor fee	2(c)	(135,048)	(379,030)
Investment management fee	2(d)	(200,992)	(564,284)
Management Fee	2(e)	(663,137)	-
Performance fee	2(f)	(188,351)	(6,272)
Portfolio support fee	2(g)	(90,473)	(93,651)
Market data recharge fee	2(i)	(113,755)	(76,019)
Third party research charge fee	2(h)	(34,658)	(99,204)
Directors' fees	2(j)	(15,860)	(21,209)
Audit fee	2(k)	(53,104)	(31,428)
Other expenses	2(l)	(144,587)	(162,498)
Commission fees		-	(2,721)
<b>Total expenses</b>		<b>(5,254,071)</b>	<b>(5,647,739)</b>
<b>Increase/(Decrease) in Net Assets Attributable to Holders of Redeemable Shares</b>		<b>10,502,831</b>	<b>(5,932,884)</b>

The Fund has no recognised gains or losses during the financial year other than those reported in the Statement of Comprehensive Income. All results are from continuing operations.

*The accompanying notes form an integral part of the financial statements*

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

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### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FOR THE YEAR ENDED 31 DECEMBER 2019

	31-Dec-19 EUR	31-Dec-18 EUR
<b>Net assets attributable to holders of redeemable shares at beginning of the year</b>	109,241,117	94,174,760
Increase/(Decrease) in net assets attributable to holders of redeemable shares from operations	10,502,831	(5,932,884)
Issue of redeemable shares during the year	27,436,349	49,609,757
Redemption of redeemable shares during the year	(26,395,720)	(28,610,516)
<b>Net assets attributable to holders of redeemable shares at end of the year</b>	<b><u>120,784,577</u></b>	<b><u>109,241,117</u></b>

*The accompanying notes form an integral part of the financial statements*

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	31-Dec-19 EUR	31-Dec-18 EUR
<b>Cash flows from operating activities</b>		
Increase/(Decrease) in net assets attributable to holders of redeemable shares from operations	10,502,831	(5,932,884)
<b>Adjusted for working capital changes</b>		
(Increase)/Decrease in margin cash due from brokers	(9,632,816)	5,514,524
Decrease/(Increase) in investments in transferable securities	6,106,785	(26,978,574)
(Increase)/Decrease in investments in financial derivative instruments	(201,961)	3,762,304
Increase/Decrease in sales awaiting settlement	961	17,583
Decrease/(Increase) in other receivables	100,020	(167,227)
(Decrease)/Increase in margin cash due to brokers	(477,541)	174,345
(Decrease) in purchases awaiting settlement	(3,844)	(182,430)
Increase/(Decrease) in accrued expenses and other payables	285,609	(146,238)
<b>Net cash Inflow/outflow from operating activities</b>	<b>6,680,044</b>	<b>(23,938,597)</b>
<b>Financing</b>		
Proceeds from issuance of redeemable shares	27,436,349	49,609,757
Redemptions paid on redeemable shares	(26,395,720)	(28,610,516)
<b>Net cash Inflow from financing activities</b>	<b>1,040,629</b>	<b>20,999,241</b>
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>7,720,673</b>	<b>(2,939,356)</b>
Cash and cash equivalents at start of year	(665,728)	2,273,628
<b>Cash and cash equivalents at end of the year</b>	<b>7,054,945</b>	<b>(665,728)</b>
<b>Supplemental cash flow information</b>		
Net cash from operating activities includes:		
Interest received	3,571,615	2,589,639
Interest paid	(2,184,743)	(2,094,237)
Dividend received	191,217	360,855
Dividend paid	(1,205,235)	(1,987,377)

*The accompanying notes form an integral part of the financial statements*

# CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 1. General Information

The investment objective of the Cheyne Convertibles Absolute Return Fund (the “Fund”) is to provide total return through a combination of yield and capital appreciation. The Fund will invest primarily in global convertible securities. The Fund may also invest in global non-convertible securities including fixed income securities, such as fixed and floating rate corporate and government bonds, equities, and certain derivative products, such as CFD, futures, forward currency contracts (including forward rate agreements), options (both writing and purchasing) and swaps (including CDS).

As at 31 December 2019, there are thirteen Classes of shares in the Fund, of which Class D, Class I and Class X (subscriptions to Class X are subject to limited circumstances and Director discretion) shares are available for subscription and details of which are set out below:

#### **Funded Classes:**

Class D1 (USD) hedged, Class D2 (EUR), Class D4 (CHF) hedged, Class I1 (USD) hedged, Class I2 (EUR), Class I3 (GBP) hedged, Class I4 (CHF) hedged, Class S1 (USD) hedged and Class X1 (EUR).

#### **Unfunded Classes:**

Class D3 (GBP) hedged, Class S2 (EUR), Class S3 (GBP) hedged and Class X1 (USD) hedged.

### 2. Fees and Expenses

#### (a) **Administration Fee**

SS&C Financial Services (Ireland) Limited is the “Administrator” of the Company pursuant to an Administration Agreement dated 12 March 2016.

The Administrator receives out of the assets of the Fund an annual fee, accrued daily and payable monthly in arrears, based on the net asset value (NAV) of the Fund, of up to a maximum of 0.12%, subject to a minimum annual administration fee of EUR77,000 and an additional fee of EUR1,150 per month for weekly valuations and an additional fee of EUR1,750 per month for indicative daily valuations (plus VAT, if any thereon). The minimum fee may be fully or partially waived by the Administrator for such period or periods of time as may be agreed between the Fund and the Administrator from time to time.

In addition to such base remuneration, the Administrator shall also be entitled to charge the Fund fees relating to any additional services required in relation to corporate secretarial, audit support, tax assistance or investor rebate services, as may be agreed with the Company and which shall be charged at normal commercial rates.

During the year, an administration fee of EUR167,735 (31 December 2018: EUR171,448) was charged to the Fund out of which, EUR 15,417 (31 December 2018: EUR14,171) remained unpaid as at 31 December 2019.

#### (b) **Depository and Global Transaction Services Fee**

Citi Depository Services Ireland DAC acts as the “Depository” of the Company pursuant to the Depository Services agreement originally dated 9 November 2015 and updated on 13 October 2016 following the 18 March 2016 UCITS V Directive, which gave the Depository additional operational and oversight responsibilities.

The Depository shall be entitled to receive out of the assets of the Fund an annual fee, accrued daily and payable monthly in arrears, a fee of up to a maximum fee of 0.025% of the NAV of the Fund, subject to a minimum annual Depository services fee of EUR15,000 when an entity within Citigroup is the sub-custodian and EUR21,000 when any other sub-custodian is used.

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 2. **Fees and Expenses (continued)**

##### (b) **Depository and Global Transaction Services Fee (continued)**

In addition to such remuneration, Citibank N.A shall also be entitled, on behalf of the Depository to charge the Funds fees relating to any custody or transactional services, as may be agreed with the Company and which shall be charged at standard commercial rates, subject to a minimum annual Global Transaction Services Fee of USD20,000. During the year depository services fees of EUR28,987 (31 December 2018: EUR29,184) was charged to the Fund, EUR5,641 (31 December 2018: EUR4,617) remained unpaid as at 31 December 2019. During the year a custodian fee of EUR17,930 (31 December 2018: EUR13,943) was charged to the Fund, EUR1,613 (31 December 2018: EUR1,529) remained unpaid as at 31 December 2019.

##### (c) **Investment Advisor Fee**

Up until 12 May 2019 the Company appointed Cheyne Capital International LP as Investment Adviser to provide advisory services in respect of the Company pursuant to the Investment Advisory Agreement.

The Investment Advisor was entitled to receive, out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears at a rate of 1.10% per annum of the NAV of the Fund allocable to Class D shares, a rate of 0.60% per annum of the NAV of the Fund allocable to Class I shares, a rate of 0.30% per annum of the NAV of the Fund allocable to Class S shares. There was no Investment Advisor fee with respect to Class X1 shares. The Investment Advisor was also entitled to be reimbursed by the Fund for all of its out-of-pocket expenses reasonably incurred on behalf of the Fund. During the year an investment advisor fee of EUR135,048 (31 December 2018: EUR379,030) was charged to the Fund, EUR NIL (31 December 2018: EUR33,542) remained unpaid as at 31 December 2019.

##### (d) **Investment Management Fee**

Up until 12 May 2019 the Company appointed Cheyne Capital Management (UK) LLP, an investment management entity incorporated in England, as Investment Manager to implement the investment strategy as specified in the Prospectus and the Supplements to the Prospectus. The Investment Manager was entitled to receive out of the assets of the Fund an annual Investment Management Fee, accrued at each Valuation Point and payable monthly in arrears at a rate of 0.45% per annum of the NAV of the Fund allocable to Class S shares, 0.90% per annum of the NAV of the Fund allocable to Class I and D shares. There was no Investment Management fee with respect to Class X1 shares.

The Investment Manager and Manager was also entitled to be reimbursed by the Fund for all of its out-of-pocket expenses and vouched internal legal costs reasonably incurred on behalf of the Fund. The reimbursement for the Investment Manager and Manager for out of pocket expenses and legal costs were EUR NIL (31 December 2018: EUR NIL). During the year an investment management fee of EUR200,992 (31 December 2018: EUR564,284) was charged to the Fund, EURNIL (31 December 2018: EUR50,016) remained unpaid as at 31 December 2019.

##### (e) **Management fee**

Cheyne Capital SMC Limited ("SMC") was appointed as the Manager on the 13 May 2019 and both Cheyne Capital International LP and Cheyne Capital Management (UK) LLP are appointed via sub delegations as Investment Adviser and Investment Manager respectively. The Manager is entitled to receive out of the assets of the Fund an annual Investment Management Fee, accrued at each Valuation Point and payable monthly in arrears at a rate 1.5% for Class I Shares, 2.0% for Class D Shares and 0.75% for Class S Shares, which will be allocated between the Manager, the Investment Manager and the Investment Advisor as agreed between the parties from time to time. There is no Management fee with respect to Class X1 shares. The Manager is also entitled to be reimbursed by the Fund for all of its out-of-pocket expenses and vouched internal legal costs reasonably incurred on behalf of the Fund. The reimbursement for the Manager for out of pocket expenses and legal costs were EUR NIL (31 December 2018: EURNIL). During the year a management fee of EUR663,137 (31 December 2018: EURNil) was charged to the Fund, EUR 96,344 (31 December 2018: EUR NIL) remained unpaid as at 31 December 2019. Both Cheyne Capital International LP and Cheyne Capital Management (UK) LLP are appointed via sub delegations as Investment Adviser and Investment Manager respectively.

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 2. **Fees and Expenses (continued)**

##### (f) **Performance fee**

Up until 12 May the Investment Manager and the Investment Advisor were be entitled to receive a total performance fee equal to 15% (out of the assets allocable to Class I and D shares) of the increase in the NAV of the relevant Class over the relevant performance hurdle and any relevant High Water Mark (HWM) during a performance period, disregarding any uncrystallised performance fee. The Investment Manager shall be entitled to receive out of the assets allocable to Class S shares a performance fee equal to 10% of the increase in the NAV of the relevant Class over the HWM during a performance period, disregarding any uncrystallised performance fee. For Class I and D shares, 60% of any performance fee was payable to the Investment Manager and 40% to the Investment Advisor. The performance fee for Class S shares was payable to the Investment Manager. There was no performance fee with respect to Class X1 shares.

Cheyne Capital SMC Limited ("SMC") was appointed as the Manager on the 13 May 2019 and both Cheyne Capital International LP and Cheyne Capital Management (UK) LLP are appointed via sub delegations as Investment Adviser and Investment Manager respectively, and shall be entitled to receive a total performance fee equal to 15% (out of the assets allocable to Class I and D shares) of the increase in the NAV of the relevant Class over the relevant performance hurdle and any relevant High Water Mark (HWM) during a performance period, disregarding any uncrystallised performance fee. The Manager shall be entitled to receive out of the assets allocable to Class S shares a performance fee equal to 10% of the increase in the NAV of the relevant Class over the HWM during a performance period, disregarding any uncrystallised performance fee. The performance fee will be allocated between the Manager, the Investment Manager and the Investment Advisor as agreed between the parties from time to time.

The initial performance period commenced on the first business day after expiry of the initial offer period.

The performance hurdle is the relevant interest rate used for each performance period in the calculation of the performance fee, the interest rate is (i) for any EUR Share Class, the 12 month EURIBOR (Euro Interbank Offered Rate) on the first day of the performance period, (ii) for any USD Share Class, 12 month dollar LIBOR on the first day of the performance period, (iii) for any CHF Share Class, the 12 month Swiss Franc LIBOR on the first day of the performance period and (iv) for any GBP Share Class, the 12 month GBP LIBOR on the first day of the performance period.

The HWM ensures that, if the class falls in value, a performance fee will only be payable on that part of any subsequent performance of the class that is in excess of the current HWM value.

The HWM is initially the value invested in the class, and is adjusted at each valuation point to take account of subscriptions, redemptions and distributions impacting the valuation at that date. The HWM is increased by the value of subscriptions, reduced by the value of distributions, and prorated down by the proportion of shares of the class redeeming.

If the class falls in value in relation to the HWM following payment of the performance fee in any previous period, the Investment Manager will retain all performance fee previously crystallised for that class but no further performance fee will be charged until performance above the HWM is achieved by the class.

The performance fee shall accrue at each valuation point and accordingly the NAV will be adjusted to reflect such fee. Notwithstanding the foregoing, any accrued performance fee referable to shares redeemed prior to the end of the performance period shall crystallise and become payable to the Investment Manager following such redemption. The performance period is each calendar quarter. This crystallising performance fee is calculated as a *pro rata* portion of the un-crystallised performance fee which forms part of the price at which the relevant shareholder redeemed.

During the year a performance fee of EUR188,351 (31 December 2018: EUR6,272) was charged to the Fund, EUR188,524 (31 December 2018: EUR173) remained unpaid as at 31 December 2019. The performance fee is periodically verified by the Depositary.

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 2. Fees and Expenses (continued)

##### (g) **Portfolio Support Fee**

The Investment Manager shall be entitled to receive an annual portfolio support fee of 0.08% per annum of the first EUR200 million of the NAV of the Fund, 0.06% per annum of the NAV of the Fund between EUR200 million and EUR400 million; 0.04% per annum of the NAV of the Fund between EUR400 million and EUR650 million; and 0.02% per annum of the NAV of the Fund in excess of EUR650 million.

During the year a portfolio support fee of EUR90,473 (31 December 2018: EUR93,651) was charged to the Fund and EUR8,484 (31 December 2018: EUR7,592) remained unpaid as at 31 December 2019.

##### (h) **Third Party Research**

The Investment Manager may use research from brokers or a third party research provider ("third party research"). The costs of third party research may be allocated by the Investment Manager on a fair basis to the fund (each such allocation a "research charge"). Any such cost allocations will be based on a written policy and annual research budget set by the Investment Manager and agreed by the Directors of the fund and an assessment of the potential value of third party research to the Investment Manager and the fund. Research charges may be paid into a separate research payment account controlled by the Investment Manager. This may include deducting the research charge directly from the fund's assets and then transferring it into the research payment account at periodic intervals.

The third party research charge and VAT in respect of these fees were charged to the Fund are as follows:

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>EUR</b>	<b>EUR</b>
Third party research charge	(29,022)	(94,101)
VAT	(5,636)	(5,103)
<b>Total</b>	<b>(34,658)</b>	<b>(99,204)</b>

The fees disclosed in the table above are exclusive of VAT. These fees are recognised in the statement of Comprehensive income inclusive of VAT.

##### (i) **Market Data Recharge**

The fund will also reimburse the Investment Manager for expenses incurred by the Investment Manager in obtaining market data, corporate access, analysis, pricing and valuation services and/or other similar information and/or services for the fund ("market data recharge"), up to a maximum of 0.10 per cent. per annum of the average net asset value of the fund.

The market data recharge and VAT in respect of these fees were charged to the Fund are as follows:

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>EUR</b>	<b>EUR</b>
Market data recharge	(113,755)	(75,352)
VAT	-	(667)
<b>Total</b>	<b>(113,755)</b>	<b>(76,019)</b>

The fees disclosed in the table above are exclusive of VAT. These fees are recognised in the statement of Comprehensive income inclusive of VAT.

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 2. Fees and Expenses (continued)

##### (j) **Directors' Fees**

The Articles authorise the Directors to charge a fee for their services at a rate determined by the Directors up to a maximum fee per Director of GBP25,000 per annum for the Umbrella. All Directors will be entitled to reimbursement by the Fund of expenses properly incurred in connection with the business of the Fund or the discharge of their duties.

During the year Directors' fees of EUR15,860 (31 December 2018: EUR21,209) were charged to the Fund, EUR NIL (31 December 2018: EUR NIL) remained unpaid as at 31 December 2019.

##### (k) **Audit Fee**

In accordance with the European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010 (S.I. No. 220 of 2010), the Fund is obliged to disclose fees paid to the Fund's Auditor. During the year, an audit fee of EUR53,104 (31 December 2018: EUR31,428) was charged to the Fund, of which EUR39,909 (31 December 2018: EUR21,625) was payable at year end. Payment in respect of other assurance, tax advisory and other non-audit fees are EUR5,453 (31 December 2018: EUR11,917).

##### (l) **Other Expenses**

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>EUR</b>	<b>EUR</b>
Directors expenses	-	-
Insurance expense	(4,215)	(6,564)
Legal fees	(70,000)	(65,504)
Miscellaneous expenses	(67,773)	(73,461)
VAT services fee expense	(2,599)	(16,969)
	<b>(144,587)</b>	<b>(162,498)</b>

#### 3. Financial Assets and Liabilities at fair value through profit or loss

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>EUR</b>	<b>EUR</b>
<b>Financial assets at fair value through profit or loss:</b>		
Convertible bonds	86,997,241	93,104,026
Options	852,933	1,650,769
Unrealised gain on CFD	1,305,319	840,858
Unrealised gain on forward currency contracts	695,255	297,532
	<b>89,850,748</b>	<b>95,893,185</b>

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>EUR</b>	<b>EUR</b>
<b>Financial liabilities at fair value through profit or loss</b>		
Unrealised loss on CFD	(1,191,471)	(1,312,618)
Unrealised gain on futures	(80,512)	-
Unrealised loss on forward currency contracts	(258,877)	(355,855)
	<b>(1,530,860)</b>	<b>(1,668,473)</b>

#### 4. Other Receivables

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>EUR</b>	<b>EUR</b>
Interest receivable on securities	201,338	298,816
Prepaid insurance expenses	5,015	7,557
	<b>206,353</b>	<b>306,373</b>

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 5. Cash and Cash Equivalents

	31-Dec-19 EUR	31-Dec-18 EUR
Cash and cash equivalents*:		
-CHF	370	372
-EUR	2,620,130	46,253
-GBP	1,259	632
-HKD	8	7
-JPY	265	257
-USD	4,456,671	118
	<u>7,078,703</u>	<u>47,639</u>
Margin cash due from brokers:		
-AUD	32,986	441
-CAD	450	420
-CHF	178,236	3,398
-DKK	-	205,500
-EUR	19,752,495	7,003,892
-GBP	100,226	295,283
-HKD	15,833	1,665,455
-JPY	2,109,469	511,784
-SEK	848	3,106
-SGD	75	73
-USD	3,688,279	6,556,729
	<u>25,878,897</u>	<u>16,246,081</u>
Bank overdraft*:		
-EUR	(23,758)	(596,686)
-USD	-	(116,681)
	<u>(23,758)</u>	<u>(713,367)</u>
Margin cash due to brokers:		
-USD	(125,275)	-
-DKK	(479)	(56,039)
-EUR	(41)	(494,710)
-GBP	-	(42,230)
-JPY	-	(10,357)
	<u>(125,795)</u>	<u>(603,336)</u>
<b>Total</b>	<b>32,808,047</b>	<b>14,977,017</b>

\* Cash and cash equivalents and bank overdraft are held with the Custodian.

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 6. Accrued Expenses

The table below details the accrued expenses at year end:

	31-Dec-19	31-Dec-18
	EUR	EUR
Interest payable	(4,575)	(932)
Dividend payable	(5,833)	-
Administrator fee payable	(15,417)	(14,171)
Custodian fees payable	(1,613)	(1,529)
Depository services fees payable	(5,641)	(4,617)
Audit fees payable	(39,909)	(21,625)
Legal fees payable	(46,855)	(32,348)
Directors expense payable	-	(829)
Miscellaneous expenses payable	(32,095)	(20,638)
VAT services fees payable	(352)	(250)
<b>Total</b>	<b>(152,290)</b>	<b>(96,939)</b>

#### 7. Redeemable Shares

As at 31 December 2019, there are thirteen Classes of shares in the Fund, of which Classes D, I and X shares are available for subscription and details of which are set out in the table below:

Class of Share	Hedged Yes / No	Minimum Subscription	Minimum Holding	Available for Subscription
Class D1 (USD)	Yes	USD50,000	USD25,000	Yes
Class D2 (EUR)	No	EUR50,000	EUR25,000	Yes
Class D3 (GBP)	Yes	GBP50,000	GBP25,000	Yes
Class D4 (CHF)	Yes	CHF50,000	CHF25,000	Yes
Class I1 (USD)	Yes	USD100,000	USD50,000	Yes
Class I2 (EUR)	No	EUR100,000	EUR50,000	Yes
Class I3 (GBP)	Yes	GBP100,000	GBP50,000	Yes
Class I4 (CHF)	Yes	CHF100,000	CHF50,000	Yes
Class S1 (USD)	Yes	USD5,000,000	USD4,000,000	No
Class S2 (EUR)	No	EUR3,500,000	EUR3,000,000	No
Class S3 (GBP)	Yes	GBP3,000,000	GBP2,000,000	No
Class X1 (EUR)	No	EUR35,000,000	EUR35,000,000	Yes
Class X1 (USD)	Yes	USD35,000,000	USD5,000,000	Yes

During the first initial offer period, from 4 September 2009 to 30 November 2009, shares were offered at an initial price of USD1,000 for Class S1 (USD) and EUR1,000 for Class S2 (EUR). Effective from 2 December 2011, the seeding Share Classes, Class S1 (USD), Class S2 (EUR) and Class S3 (GBP) of the Fund are closed to new investments.

During the second initial offer period, from 8 March 2010 to 30 June 2010, shares in Class I1 (USD) and Class D1 (USD) were available at an initial price of USD1,000 and shares in Class I2 (EUR) and Class D2 (EUR) were available at an initial price of EUR1,000. Shares in Classes I1 (USD), D1 (USD), I2 (EUR) and D2 (EUR) are currently available at prices calculated with reference to the NAV per share.

During the third initial offer period, from 18 June 2010 to 30 June 2010, shares in Class I3 (GBP), Class D3 (GBP) and Class S3 (GBP) were offered at an initial price of GBP1,000. Shares in Class I3 (GBP) and Class D3 (GBP) are currently available at prices calculated with reference to the NAV per share.

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 7. Redeemable Shares (continued)

During the fourth initial offer period, from 21 May 2012 to 20 July 2012, shares in Class I4 (CHF) and Class D4 (CHF) were offered at an initial price of CHF1,000. Shares in Class I4 (CHF) and Class D4 (CHF) are currently available at prices calculated with reference to the NAV per share.

During the fifth initial offer period, from 14 December 2018 to 14 June 2018, shares in Class X1 (EUR) and Class X1 (USD) were offered at an initial price of EUR100. Shares in Class X1(EUR) and Class X1(USD) may only be offered to institutional investors, in certain circumstances, at the discretion of the Investment manager. Both are currently available at prices calculated with reference to the NAV per share.

Following the initial offer periods, applications received by the Administrator prior to the dealing deadline for any dealing day will be processed on that dealing day. Any applications received after the dealing deadline for a particular dealing day will be processed on the following dealing day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the dealing deadline for processing on that dealing day, provided that such applications have been received prior to the valuation point for the particular dealing day.

Requests for redemptions received prior to the dealing deadline for any dealing day will be processed on that dealing day. Any requests for redemption received after the dealing deadline for a dealing day will be processed on the next dealing day unless the Directors in their absolute discretion determine otherwise provided that such redemption request(s) have been received prior to the valuation point for the particular dealing day. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions. No redemption payment will be made from an investor account until the original Application Form and all documentation required by or on behalf of the Fund (including any documents in connection with anti-money laundering procedures) has been received from the investor and the anti-money laundering procedures have been completed.

The minimum value of shares which a shareholder may redeem in any one redemption transaction is EUR2,000 (or its GBP/USD/CHF equivalent). In the event of a shareholder requesting a redemption which would, if carried out, leave the shareholder holding shares of a class having a NAV less than the relevant minimum holding, the Fund may, if it thinks fit, redeem the whole of the shareholder's holding.

It is not the current intention of the Directors to charge a redemption fee. However, the Directors are empowered to charge a redemption fee of up to 3% of the redemption monies and may exercise their discretion in this respect. The Directors may differentiate between shareholders of the Fund by waiving or reducing the redemption fee chargeable to certain shareholders. The Directors will give not less than one month's notice to shareholders of their intention to introduce a redemption fee generally. In the event of a redemption fee being charged, shareholders should view their investment as medium to long-term.

There are no holdings in Class D3 (GBP) and Class X1, S2, S3 (USD) as at 31 December 2019. Shares transactions during the year in respect of each share class are shown below:

#### 31-Dec-19

	Class D1 (USD)*	Class D2 (EUR)	Class D4 (CHF)*	Class I1 (USD)*	Class I2 (EUR)
<b>Number of Shares</b>					
At beginning of year	173.35	197.42	51.26	11,948.52	39,162.09
Issued	-	500.00	-	1,007.57	18,658.11
Redeemed	(35.00)	-	-	(1,372.77)	(16,436.69)
At end of the year	<u>138.35</u>	<u>697.42</u>	<u>51.26</u>	<u>11,583.32</u>	<u>41,383.51</u>

**CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)**

**7. Redeemable Shares (continued)**

**31-Dec-19  
(continued)**

	<b>Class I3 (GBP)*</b>	<b>Class I4 (CHF)*</b>	<b>Class S1 (USD)*</b>	<b>Class X1 (EUR)</b>
<b>Number of Shares</b>				
At beginning of year	1,971.03	1,826.60	47.54	477,782.06
Issued	56.11	19.99	-	19,731.44
Redeemed	<u>(475.37)</u>	<u>(120.69)</u>	<u>-</u>	<u>(35,957.50)</u>
At end of the year	<u>1,551.77</u>	<u>1,725.90</u>	<u>47.54</u>	<u>461,556.00</u>

**31-Dec-18**

	<b>Class D1 (USD)*</b>	<b>Class D2 (EUR)</b>	<b>Class D4 (CHF)*</b>	<b>Class I1 (USD)*</b>	<b>Class I2 (EUR)</b>
<b>Number of Shares</b>					
At beginning of year	267.35	226.65	51.26	10,915.25	29,262.49
Issued	-	-	-	2,155.80	20,215.91
Redeemed	<u>(94.00)</u>	<u>(29.23)</u>	<u>-</u>	<u>(1,122.53)</u>	<u>(10,316.31)</u>
At end of the year	<u>173.35</u>	<u>197.42</u>	<u>51.26</u>	<u>11,948.52</u>	<u>39,162.09</u>

**31-Dec-18**

<b>(continued)</b>	<b>Class I3 (GBP)*</b>	<b>Class I4 (CHF)*</b>	<b>Class S1 (USD)*</b>	<b>Class S2 (EUR)</b>	<b>Class X1 (EUR)</b>	<b>Class X1 (USD)*</b>
<b>Number of Shares</b>						
At beginning of year	2,367.68	1,638.61	47.54	50.00	396,500.00	-
Issued	328.46	224.09	-	-	98,972.76	137,500
Redeemed	<u>(725.11)</u>	<u>(36.10)</u>	<u>-</u>	<u>(50.00)</u>	<u>(17,690.70)</u>	<u>(137,500)</u>
At end of the year	<u>1,971.03</u>	<u>1,826.60</u>	<u>47.54</u>	<u>-</u>	<u>477,782.06</u>	<u>-</u>

\*Hedged share class

The aggregate nominal value of shares of each class subscribed is shown below:

<b>Share class</b>	<b>Consideration received 2019</b>	<b>Consideration received 2018</b>
Class D1 (USD) hedged		-
Class I1 (USD) hedged	1,234,009	2,344,220
Class I2 (EUR)	23,518,292	25,416,824
Class I3 (GBP) hedged	82,702	475,074
Class I4 (CHF) hedged	20,867	210,297
Class X1 (EUR)	2,000,000	10,000,000
Class X1 (USD) hedged	-	11,163,342
Class X2 (EUR)	580,478	-
<b>Total consideration received</b>	<b>27,436,348</b>	<b>49,609,757</b>

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 8. Risks Associated with Financial Instruments

##### **Interest rate risk**

An increase in 50 basis points in interest rates as at the reporting date would have decreased the net assets attributable to the holders of redeemable shares and changes in net assets attributable to holders of redeemable shares by EUR603,923 (31 December 2018: EUR540,405). This is because of an increase in interest income and a reduction in the value of the portfolio. A decrease of 50 basis points would have had an equal but opposite effect.

The following table details the Fund's exposure to interest rate risks. It includes the Fund's assets and trading liabilities at fair values, categorised by maturity date measured by the carrying value of the assets and liabilities.

**31-Dec-19**

<b>Assets</b>	<b>&lt;1 month</b>	<b>1 - 3 months</b>	<b>3 - 12 months</b>	<b>&gt;12 months</b>	<b>Non- interest bearing</b>	<b>Total</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<i>Fair value through profit or loss:</i>						
Convertible bonds	13,122,809		5,863,838	68,010,594	-	86,997,241
Options	-	-	-	-	852,933	852,933
Unrealised gain on CFD	-	-	-	-	1,305,319	1,305,319
Unrealised gain on forward currency contracts	-	-	-	-	695,255	695,255
<i>Amortised cost:</i>						
Cash and cash equivalents	7,078,703	-	-	-	-	7,078,703
Margin cash due from brokers	25,878,897	-	-	-	-	25,878,897
Other receivables	-	-	-	-	206,353	206,353
Sales awaiting settlement	-	-	-	-	-	-
<b>Total assets</b>	<b>46,080,409</b>	<b>-</b>	<b>5,863,838</b>	<b>68,010,594</b>	<b>3,059,860</b>	<b>123,014,701</b>
<i>Liabilities</i>						
<b>Liabilities</b>	<b>&lt;1 month</b>	<b>1 - 3 months</b>	<b>3 - 12 months</b>	<b>&gt;12 months</b>	<b>Non- interest bearing</b>	<b>Total</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<i>Fair value through profit or loss:</i>						
Unrealised loss on CFD	-	-	-	-	(1,191,471)	(1,191,471)
Unrealised loss on forward currency contracts	-	-	-	-	(258,877)	(258,877)
Unrealised loss on futures	-	(80,512)	-	-	-	(80,512)
<i>Amortised cost:</i>						
Bank overdraft	(23,758)	-	-	-	-	(23,758)
Margin cash due to brokers	(125,795)	-	-	-	-	(125,795)
Accrued expenses and other payables	-	-	-	-	(549,711)	(549,711)
<b>Total liabilities</b>	<b>(149,553)</b>	<b>(80,512)</b>	<b>-</b>	<b>-</b>	<b>(2,000,059)</b>	<b>(2,230,124)</b>

**CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)**

**8. Risks Associated with Financial Instruments (continued)**

*Interest rate risk (continued)*

31-Dec-18

<b>Assets</b>	<b>&lt;1 month</b>	<b>1 - 3 months</b>	<b>3 - 12 months</b>	<b>&gt;12 months</b>	<b>Non- interest bearing</b>	<b>Total</b>
<i>Fair value through profit or loss:</i>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Convertible bonds	-	1,328,844	14,825,065	76,950,117	-	93,104,026
Options	-	-	-	-	1,650,769	1,650,769
Unrealised gain on CFD	-	-	-	-	840,858	840,858
Unrealised gain on forward currency contracts	-	-	-	-	297,532	297,532
<i>Amortised cost:</i>						
Cash and cash equivalents	47,639	-	-	-	-	47,639
Margin cash due from brokers	16,246,081	-	-	-	-	16,246,081
Other receivables	-	-	-	-	306,373	306,373
Sales awaiting settlement	-	-	-	-	961	961
<b>Total assets</b>	<b>16,293,720</b>	<b>1,328,844</b>	<b>14,825,065</b>	<b>76,950,117</b>	<b>3,096,493</b>	<b>112,494,239</b>

<b>Liabilities</b>	<b>&lt;1 month</b>	<b>1 - 3 months</b>	<b>3 - 12 months</b>	<b>&gt;12 months</b>	<b>Non- interest bearing</b>	<b>Total</b>
<i>Fair value through profit or loss:</i>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Unrealised loss on CFD	-	-	-	-	(1,312,618)	(1,312,618)
Unrealised loss on forward currency contracts	-	-	-	-	(355,855)	(355,855)
<i>Amortised cost:</i>						
Bank overdraft	(713,367)	-	-	-	-	(713,367)
Margin cash due to brokers	(603,336)	-	-	-	-	(603,336)
Accrued expenses and other payables	-	-	-	-	(264,102)	(264,102)
Purchase awaiting settlement	-	-	-	-	(3,844)	(3,844)
<b>Total liabilities</b>	<b>(1,316,703)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,936,419)</b>	<b>(3,253,122)</b>

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 8. Risks Associated with Financial Instruments (continued)

##### **Foreign currency risk**

The following table provides an analysis of the Fund's net exposure to foreign currencies after including forward foreign currency contracts with the exception of contracts used for hedging foreign currency share classes as at 31 December 2019 and 31 December 2018:

<b>Currency</b>	<b>31-Dec-19 EUR</b>	<b>31-Dec-18 EUR</b>
AUD	32,945	441
CAD	450	420
CHF	186,987	3,770
CNY	-	2,077,549
DKK	728	143,419
GBP	111,356	136,375
HKD	422,601	(19,589)
JPY	292,934	(1,129,397)
RMB	-	(1,774,472)
SEK	848	151,461
SGD	75	73
USD	1,061,032	2,883,551
<b>Total</b>	<b>2,109,956</b>	<b>2,473,601</b>

An increase in 50 basis points in Euro rates as at the reporting date would have decreased the net assets attributable to the holders of redeemable shares and changes in net assets attributable to the holders of redeemable shares by EUR10,550 (31 December 2018: EUR12,368). A decrease of 50 basis points would have had an equal but opposite effect.

Exchange rates used are outlined on page 39 of these financial statements.

##### **Other price risk**

For the Fund, the Investment Manager monitors the effect of a 50% negative movement on all equity markets, an increase in volatility by 10bps and a rise in yields by 100 and 50bps on the NAV assuming a correlation of 1 in these markets. The results of this test on the portfolio are presented in the following table.

	<b>NAV Effect 31-Dec-19 EUR</b>	<b>NAV Effect 31-Dec-18 EUR</b>
Stocks down 50%	4,731,170	4,958,285
Volatility increase by 10 bps	863,923	910,987
Yields rising by 100 bps	(6,977,241)	(7,467,814)
Yields rising by 50 bps	(3,821,231)	(4,065,901)

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 8. Risks Associated with Financial Instruments (continued)

##### *Other price risk (continued)*

The tables below analyse the Fund's concentration of mark-to-market risk by geographical and sector distribution for 31 December 2019 and 31 December 2018 (excluding cash).

##### Country of risk exposure 31 December 2019 and 31 December 2018:

Country of risk	Notional Exposure		Notional Exposure		Notional Exposure		Notional Exposure	
	Long	Short	Long	Short	Long	Short	Long	Short
	EUR	EUR	(% NAV)	(% NAV)	EUR	EUR	(% NAV)	(% NAV)
	31-Dec-19	31-Dec-19			31-Dec-18	31-Dec-18		
United States	110,236,991	(56,824,747)	91.27	(47.05)	68,446,958	(22,952,646)	62.66	(21.01)
Belgium	1,652,509	-	1.37	-	1,494,264	-	1.37	-
Germany	13,598,732	(1,146,870)	11.26	(0.95)	14,469,391	(7,848,565)	13.25	(7.18)
Ireland	875,000	-	0.72	-	895,624	-	0.82	-
China	13,644,847	(1,852,538)	11.30	(1.53)	2,770,133	-	2.54	-
France	12,944,780	-	10.72	-	9,376,959	(1,359,600)	8.58	(1.24)
Netherlands	10,488,735	(7,628,224)	8.68	(6.32)	12,927,710	(1,819,159)	11.83	(1.67)
Newzealand	-	-	-	-	813,772	-	0.74	-
Britain	9,709,456	(1,667,184)	8.04	(1.38)	21,782,780	(9,802,440)	19.94	(8.97)
Japan	6,111,208	(2,135,553)	5.06	(1.77)	9,991,813	(4,911,107)	9.15	(4.50)
Austria	3,979,242	(1,341,627)	3.29	(1.11)	3,359,960	(1,189,516)	3.08	(1.10)
Norway	3,079,658	(1,800,488)	2.55	(1.49)	5,618,750	(2,685,948)	5.14	(2.46)
Spain	9,907,756	(4,646,722)	8.20	(3.85)	3,576,600	-	3.27	-
Taiwan	-	-	-	-	2,345,686	-	2.15	-
Denmark	2,645,500	(171,903)	2.19	(0.14)	2,207,810	(918,206)	2.02	(0.84)
South Africa	5,941,047	(3,552)	4.92	-	-	-	-	-
Philippines	-	-	-	-	2,193,078	-	2.01	-
Hong Kong	1,759,484	-	1.46	-	2,060,028	(2,051,173)	1.90	(1.88)
Singapore	971,739	-	0.80	-	1,538,437	(195,147)	1.41	(0.18)
Switzerland	11,414,955	(15,233,162)	9.45	(12.61)	-	-	-	-
Sweden	1,260,000	-	1.04	-	3,003,681	-	2.75	-
Australia	1,445,498	(426,336)	1.20	(0.36)	-	-	-	-
Malaysia	1,750,072	-	1.45	-	-	-	-	-
South Korea	768,775	-	0.64	-	-	-	-	-
<b>Total</b>	<b>224,185,984</b>	<b>(94,878,906)</b>	<b>185.61</b>	<b>(78.56)</b>	<b>168,873,434</b>	<b>(55,733,507)</b>	<b>154.61</b>	<b>(51.03)</b>

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 8. Risks Associated with Financial Instruments (continued)

##### *Other price risk (continued)*

Sector exposure 31 December 2019 and 31 December 2018:

Sector of risk	Notional Exposure		Notional Exposure		Notional Exposure		Notional Exposure	
	Long	Short	Long	Short	Long	Short	Long	Short
	EUR	EUR	(% NAV)	(% NAV)	EUR	EUR	(% NAV)	(% NAV)
	31-Dec-19	31-Dec-19			31-Dec-18	31-Dec-18		
Technology	66,649,239	(30,249,058)	55.18	(25.04)	35,636,628	(8,147,668)	32.62	(7.46)
Consumer, Non-cyclical	30,206,969	(3,152,134)	25.01	(2.61)	25,252,564	(6,107,367)	23.12	(5.59)
Basic Materials	11,332,821	(3,552)	9.38	-	11,478,247	(6,642,861)	10.51	(6.08)
Beverages	4,890	-	-	(0.01)	9,531	-	0.01	(0.01)
Industrial	28,179,179	(16,998,633)	23.33	(14.07)	12,837,939	(4,772,439)	11.75	(4.37)
Internet	6,548,914	(5,611,573)	5.42	(4.65)	3,145,842	(1,816,785)	2.88	(1.66)
Financial	17,233,830	(10,565,702)	14.27	(8.75)	17,750,576	(9,156,740)	16.25	(8.38)
Communications	41,717,843	(16,055,308)	34.55	(13.29)	37,835,711	(10,112,406)	34.64	(9.26)
Consumer, Cyclical	10,498,786	(2,481,211)	8.69	(2.05)	6,812,229	(1,992,819)	6.24	(1.82)
Energy	4,770,279	(1,800,488)	3.95	(1.49)	15,917,008	(6,552,353)	14.57	(6.00)
Utilities	1,526,242	-	1.26	-	1,044,637	(432,069)	0.96	(0.40)
Materials	68,389	-	0.06	-	-	-	-	-
Electrical	-	-	-	-	-	-	-	-
Compo&Eq	-	-	-	-	1,152,522	-	1.06	-
Cosmetics/Personal Care	554,335	(430,108)	0.46	(0.36)	-	-	-	-
Index	-	(4,320,674)	-	(3.58)	-	-	-	-
Semiconductors	4,894,268	(3,210,465)	4.05	(2.66)	-	-	-	-
<b>Total</b>	<b>224,185,984</b>	<b>(94,878,906)</b>	<b>185.61</b>	<b>(78.56)</b>	<b>168,873,434</b>	<b>(55,733,507)</b>	<b>154.61</b>	<b>(51.03)</b>

The country and sector risk tables have been prepared using the underlying notional exposure where relevant, and will not therefore reconcile to financial assets at fair value. This reflects how other price risk is monitored and managed by the Investment Manager.

The Fund also uses absolute Value-at-Risk (VaR) analysis, which is a statistically based estimate of the potential loss on the current portfolio from adverse market movements.

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 8. Risks Associated with Financial Instruments (continued)

##### *Other price risk (continued)*

The absolute VaR figure cannot be greater than 20% of the NAV of the Fund.

The calculation of the absolute VaR is carried out in accordance with the following parameters:

1. one-tailed confidence interval of 99%;
2. holding period equivalent to 1 month (20 business days);
3. effective observation period (history) of risk factors of at least 1 year (250 business days);
4. daily calculation.

The VaR model is validated and audited at year end through the use of backtesting procedures. The results of the backtesting procedures are communicated to the Board of Directors especially when there are signs of excessive VaR back testing overshoots. Stress testing is also employed to highlight the validity of the calculation model and suggest corrective actions in terms of model parameters and calibration.

The main risk covered by the VaR model is market risk. The model's methodology is historical simulation where no assumptions regarding returns distributions are made. The backtesting procedure includes checking the Fund's returns versus the VaR levels calculated by the risk engine. The time horizon used for the backtesting of the VaR model is one day using one year's historical data.

Historical simulation generates scenarios by applying risk factor movements from a historical period to today's risk factor levels then re-pricing each security from the new risk factor levels. There is no distributional assumption (e.g. normality or log normality) neither for the risk factors nor for the securities. Instead, distributions of underlying risk factors are taken exactly as found over the specified historical time period. This method accurately prices all types of complex non-linear positions as well as simple linear instruments. It also provides a full distribution of potential portfolio gains and losses (which need not be symmetrical). If the underlying risk factors exhibit non-normal behaviour such as fat tails or mean reversion, then the resulting VaR figure will include these effects. However, tail risk can only be examined if the historical data set includes tail events.

Leverage has been computed using the sum of notionals approach, as recommended by the Central Bank. This approach does not allow for any kind of netting or hedging. The average leverage of 298% (31 December 2018: 214%) has been computed using data calculated daily and was calculated over the year ranging from 1 January 2019 until 31 December 2019.

<b>VaR utilisation during 2019</b>		
Lowest	Highest	Average
1.09%	5.35%	2.67%

<b>VaR utilisation during 2018</b>		
Lowest	Highest	Average
1.28%	3.26%	2.35%

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 8. Risks Associated with Financial Instruments (continued)

##### **Credit risk**

The tables below indicate the long-term credit ratings of the counterparties of financial assets held as at 31 December 2019 and 31 December 2018:

##### **31-Dec-19**

	<b>Moody's</b>	<b>Standard &amp; Poors</b>	<b>Fitch</b>
Barclays	Baa3	BBB	A
BNP Paribas	Aa3	A+	A+
Bank of America	Aa2	A+	AA-
Bank of New York	A1	A	AA-
Citibank	Aa3	A+	A+
Citigroup Global Markets Limited	NR	A+	A
Credit Suisse International	A1	A+	A-
Goldman Sachs	A1	A+	A
J.P. Morgan Chase & Co.	A2	A-	AA-
Merrill Lynch International	NR	A+	A+
Morgan Stanley	A1	A+	NR
Société Générale	NR	A	A

##### **31-Dec-18**

	<b>Moody's</b>	<b>Standard &amp; Poors</b>	<b>Fitch</b>
Bank of America	A3+	A+	AA-
Barclays	A2	A	A+
BNP Paribas	Aa3	A	A+
Bank of New York Mellon	A1	A	AA-
Citibank	Aa3	A+	A+
Credit Suisse	A1	A	A
Deutsche Bank	A3	BBB+	BBB+
Goldman Sachs	A1	A+	A
HSBC	AA3	AA-	AA-
JP Morgan	Aa3	A+	AA
Morgan Stanley	A1	A+	-
Normua	Baa1	A-	A-
Societe Generale	A1	A	A
State Street	A1	A	AA-
UBS	-	A-	A+

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 8. Risks Associated with Financial Instruments (continued)

##### *Credit risk (continued)*

Concentrations of credit risk exist when changes in economic, industry or geographic factors affect counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure (see above concentration risk tables under other price risk). The Fund's portfolio of financial instruments is broadly diversified along industry, product and geographic lines, and transactions are entered into with a range of counterparties, thereby mitigating any significant concentration of credit risk.

The table below indicates the credit ratings of the securities held:

Rating	Notional Exposure		Notional Exposure		Notional Exposure		Notional Exposure	
	Long EUR	Short EUR	Long (% NAV)	Short (% NAV)	Long EUR	Short EUR	Long (% NAV)	Short (% NAV)
	31-Dec-19	31-Dec-19			31-Dec-18	31-Dec-18		
BBB-	6,377,730	-	5.28	-	-	-	-	-
B-	4,856,914	-	4.02	-	1,404,879	-	1.29	-
A-	2,049,223	-	1.70	-	3,452,981	-	3.16	-
BB+	-	-	-	-	3,498,758	-	3.20	-
B+	7,685,099	-	6.36	-	2,993,618	-	2.74	-
A	3,079,690	-	2.55	-	2,060,028	-	1.89	-
BB-	6,736,062	-	5.58	-	2,950,282	-	2.70	-
BBB+	-	-	-	-	2,159,016	-	1.98	-
BBB	3,004,975	-	2.49	-	2,633,474	-	2.41	-
A+	1,608,664	-	1.33	-	2,369,842	-	2.17	-
Not rated	188,787,627	(94,878,906)	156.30	(78.56)	145,350,556	(55,733,507)	133.07	(51.03)
<b>Total</b>	<b>224,185,984</b>	<b>(94,878,906)</b>	<b>185.61</b>	<b>(78.56)</b>	<b>168,873,434</b>	<b>(55,733,507)</b>	<b>154.61</b>	<b>(51.03)</b>

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 8. Risks Associated with Financial Instruments (continued)

##### *Credit risk (continued)*

The Fund's maximum credit risk exposure for financial instruments is as follows:

<b>Financial Instrument</b>	<b>Total 31-Dec-19 EUR</b>	<b>Total 31-Dec-18 EUR</b>
Cash and cash equivalents	7,078,703	47,639
Margin cash due from brokers	25,878,897	16,246,081
Convertible bonds	86,997,241	93,104,026
Options	852,933	1,650,769
Unrealised gain on CFD	1,305,319	840,858
Unrealised gain on forward currency contracts	695,255	297,532
Other receivables	206,353	306,373
Sales awaiting settlement	-	961
<b>Total</b>	<b>123,014,701</b>	<b>112,494,239</b>

##### *Liquidity risk*

The following table details the residual contractual maturities of financial liabilities at 31 December 2019:

	<b>&lt;1 month EUR</b>	<b>1 - 3 months EUR</b>	<b>&gt;3 months EUR</b>	<b>No maturity EUR</b>	<b>Total EUR</b>
Bank overdraft	(23,758)	-	-	-	(23,758)
Margin cash due to brokers	(125,795)	-	-	-	(125,795)
Unrealised loss on CFD	(593,173)	-	(598,298)	-	(1,191,471)
Unrealised loss on forward currency contracts	-	(258,877)	-	-	(258,877)
Accrued expenses and other payables	(549,711)	-	-	-	(549,711)
Unrealised loss on futures	(80,512)	-	-	-	(80,512)
Net assets attributable to holders of redeemable shares	(120,784,577)	-	-	-	(120,784,577)
<b>Total liabilities (including net assets attributable to redeemable shares)</b>	<b>(122,157,526)</b>	<b>(258,877)</b>	<b>(598,298)</b>	<b>-</b>	<b>(123,014,701)</b>

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 8. Risks Associated with Financial Instruments (continued)

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

The following table details the residual contractual maturities of financial liabilities at 31 December 2018:

	<1 month EUR	1 - 3 months EUR	>3 months EUR	No maturity EUR	Total EUR
Bank overdraft	(713,367)	-	-	-	(713,367)
Margin cash due to brokers	(603,336)	-	-	-	(603,336)
Unrealised loss on CFD	(127,837)	-	(1,184,781)	-	(1,312,618)
Unrealised loss on forward currency contracts	-	(355,855)	-	-	(355,855)
Accrued expenses and other payables	(264,102)	-	-	-	(264,102)
Purchases awaiting settlement	(3,844)	-	-	-	(3,844)
Net assets attributable to holders of redeemable shares	(109,241,117)	-	-	-	(109,241,117)
<b>Total liabilities (including net assets attributable to redeemable shares)</b>	<b>(110,953,603)</b>	<b>(355,855)</b>	<b>(1,184,781)</b>	<b>-</b>	<b>(112,494,239)</b>

For details on market risk, please refer to Note 6 of the aggregated financial statements.

#### 9. Fair Value Estimation

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities measured at fair value at 31 December 2019:

<b>Assets</b>	<b>Level 1 EUR</b>	<b>Level 2 EUR</b>	<b>Level 3 EUR</b>	<b>Total EUR</b>
Financial assets:				
Convertible bonds	-	86,997,241	-	86,997,241
Options	-	852,933	-	852,933
Unrealised gains on CFD	-	1,305,319	-	1,305,319
Unrealised gains on forward currency contracts	-	695,255	-	695,255
<b>Total assets</b>	<b>-</b>	<b>89,850,748</b>	<b>-</b>	<b>89,850,748</b>
<b>Liabilities</b>				
Financial liabilities:				
Unrealised loss on CFD	-	(1,191,471)	-	(1,191,471)
Unrealised loss on futures	-	(80,512)	-	(80,512)
Unrealised loss on forward currency contracts	-	(258,877)	-	(258,877)
<b>Total liabilities</b>	<b>-</b>	<b>(1,530,860)</b>	<b>-</b>	<b>(1,530,860)</b>

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 9. Fair Value Estimation (continued)

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities measured at fair value at 31 December 2018:

<b>Assets</b>	<b>Level 1 EUR</b>	<b>Level 2 EUR</b>	<b>Level 3 EUR</b>	<b>Total EUR</b>
Financial assets:				
Convertible bonds	-	93,104,026	-	93,104,026
Options	-	1,650,769	-	1,650,769
Unrealised gains on CFD	-	840,858	-	840,858
Unrealised gains on forward currency contracts	-	297,532	-	297,532
<b>Total assets</b>	<b>-</b>	<b>95,893,185</b>	<b>-</b>	<b>95,893,185</b>
<b>Liabilities</b>				
Financial liabilities:				
Unrealised loss on CFD	-	(1,312,618)	-	(1,312,618)
Unrealised loss on forward currency contracts	-	(355,855)	-	(355,855)
<b>Total liabilities</b>	<b>-</b>	<b>(1,668,473)</b>	<b>-</b>	<b>(1,668,473)</b>

Level 2 bonds are priced based on Bloomberg's BVAL methodology, which derives a price based on comparable actively traded bonds.

Derivatives have been valued using market observable inputs.

The policies for determining when transfers take place is that transfers between levels are deemed to have occurred on the date of the event or the change in circumstances that caused the transfer.

There were no significant movements or transfers between Level 1, Level 2, and Level 3 during the year ended 31 December 2019 or 2018.

Other than financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, all other assets and liabilities are carried at amortised cost, their carrying values are a reasonable approximation of fair value. In accordance with the requirements of IFRS 13 Fair Value Measurement ("IFRS 13"), these assets and liabilities are classified as level 2.

#### 10. Offsetting of Financial Instruments

The Fund has not offset any financial assets and financial liabilities in the Statement of Financial Position. The disclosure set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting or similar agreement that covers similar financial instruments. The similar agreements include derivative clearing agreements, global master repurchase agreements and global master securities lending agreements, reverse sale and repurchase agreements, and securities borrowing agreements.

The ISDA and similar master netting agreements do not meet the criteria for offsetting in the Statement of Financial Position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Fund or the counterparties. In addition, the Fund and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 10. Offsetting of Financial Instruments (continued)

Derivative assets and liabilities of the Fund are held with each counterparty and the margin balance maintained by the Fund is for the purpose of providing collateral on derivative positions.

The following tables provides information on the financial impact of potential netting for instruments subject to an enforceable master netting arrangement or similar agreement as at 31 December 2019 and 31 December 2018.

Financial assets subject to offsetting at 31 December 2019:

	(a)	(b)	(c)=(a)-(b)	(d) Related amounts not offset in the Statement of Financial Position		(e)=(c)-(d)
	Gross amounts of recognised financial assets EUR	Gross amounts offset in the statement of financial position EUR	Net amount presented on the statement of financial position EUR	Financial instruments EUR	Cash collateral received EUR	Net amount EUR
<b>Financial assets at fair value through profit or loss</b>						
BNP Paribas	611,787	-	611,787	453,202	125,276	33,309
Daiwa Securities Group	94,425	-	94,425	-	-	94,425
Morgan Stanley	1,481,784	-	1,481,784	384,632	104,457	992,695
Societe Generale	665,511	-	665,511	665,511	-	-
<b>Total</b>	<b>2,853,507</b>	<b>-</b>	<b>2,853,507</b>	<b>1,503,345</b>	<b>229,733</b>	<b>1,120,429</b>

Financial liabilities subject to offsetting at 31 December 2019:

	(a)	(b)	(c)=(a)-(b)	(d) Related amounts not offset in the Statement of Financial Position		(e)=(c)-(d)
	Gross amounts of recognised liabilities EUR	Gross amounts offset in the statement of financial position EUR	Net amount presented on the statement of financial position EUR	Financial instruments EUR	Cash collateral pledged EUR	Net amount EUR
<b>Financial liabilities at fair value through profit or loss</b>						
BNP Paribas	(453,202)	-	(453,202)	(453,202)	-	-
Morgan Stanley	(384,632)	-	(384,632)	(384,632)	-	-
Societe Generale	(693,026)	-	(693,026)	(665,511)	(27,515)	-
<b>Total</b>	<b>(1,530,860)</b>	<b>-</b>	<b>(1,530,860)</b>	<b>(1,503,345)</b>	<b>(27,515)</b>	<b>-</b>

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 10. Offsetting of Financial Instruments (continued)

Financial assets subject to offsetting at 31 December 2018:

	(a)	(b)	(c)=(a)-(b)	(d) Related amounts not offset in the Statement of Financial Position		(e)=(c)-(d)
	Gross amounts of recognised financial assets EUR	Gross amounts offset in the statement of financial position EUR	Net amount presented on the statement of financial position EUR	Financial instruments EUR	Cash collateral received EUR	Net amount EUR
<b>Financial assets at fair value through profit or loss</b>						
BNP Paribas	298,838		298,838	234,936	42,231	21,671
Daiwa Securities Group	152,224	-	152,224	-	-	152,224
Morgan Stanley	1,802,332	-	1,802,332	820,824	502,298	479,210
Societe Generale	535,765	-	535,765	535,765	-	-
<b>Total</b>	<b>2,789,159</b>	<b>-</b>	<b>2,789,159</b>	<b>1,591,525</b>	<b>544,529</b>	<b>653,105</b>

Financial liabilities subject to offsetting at 31 December 2018:

	(a)	(b)	(c)=(a)-(b)	(d) Related amounts not offset in the Statement of Financial Position		(e)=(c)-(d)
	Gross amounts of recognised liabilities EUR	Gross amounts offset in the statement of financial position EUR	Net amount presented on the statement of financial position EUR	Financial instruments EUR	Cash collateral pledged EUR	Net amount EUR
<b>Financial liabilities at fair value through profit or loss</b>						
BNP Paribas	(234,936)	-	(234,936)	(234,936)	-	-
Morgan Stanley	(820,824)	-	(820,824)	(820,824)	-	-
Societe Generale	(612,713)	-	(612,713)	(535,765)	(76,948)	-
<b>Total</b>	<b>(1,668,473)</b>	<b>-</b>	<b>(1,668,473)</b>	<b>(1,591,525)</b>	<b>(76,948)</b>	<b>-</b>

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 11. Net Gain/(Loss) on Financial Assets and Liabilities at Fair Value through Profit or Loss

	31-Dec-19 EUR	31-Dec-18 EUR
Net realised (loss)/gain on investments	3,347,693	4,536,166
Movement in unrealised gain/(loss) on investments	8,522,061	(8,029,415)
<b>Net (loss)/gain on financial assets and liabilities at fair value through profit or loss</b>	<b>11,869,754</b>	<b>(3,493,249)</b>

#### 12. Related Party Transactions

For details of related party transactions please see Note 9 of the aggregated financial statements.

During the year Directors' fees of EUR15,860(31 December 2018: EUR21,209) were charged to the Fund and EUR NIL(31 December 2018 : EUR NIL) remain unpaid as at 31 December 2019.

During the year an investment advisor fee of EUR135,048 (31 December 2018: EUR379,030) was charged to the Fund and EURNIL(31 December 2018 : EUR33,542) remain unpaid as at 31 December 2019.

During the year an investment management fee of EUR200,992 (31 December 2018: EUR564,284) was charged to the Fund and EUR NIL (31 December 2018 : EUR50,016) remain unpaid as at 31 December 2019.

During the year a management fee of EUR663,137 (31 December 2018: EUR NIL) was charged to the Fund, EUR 96,344 (31 December 2018: EUR NIL) remained unpaid as at 31 December 2019.

During the year the reimbursements to the Investment Manager for out of pocket expenses and legal costs were EUR NIL (31 December 2018: EUR NIL).

During the year a performance fee of EUR188,351 (31 December 2018: EUR6,272) was charged to the Fund and EUR188,524(31 December 2018 : EUR173) remain unpaid as at 31 December 2019.

During the year a portfolio support fee of EUR90,473 (31 December 2018: EUR93,651) was charged to the Fund and EUR8,484(31 December 2018 : EU7,592) remain unpaid as at 31 December 2019.

During the year market data recharge of EUR113,755 (31 December 2018: EUR76,019) was charged to the Fund and EUR102,144(31 December 2018 : EUR75,840) remain unpaid as at 31 December 2019. The market data recharge amounts disclosed in this note are VAT inclusive.

During the year research charge of EUR34,658 (31 December 2018: EUR99,204) was charged to the Fund and EUR1,925(31 December 2018 : EUR NIL) remain unpaid as at 31 December 2019. The research charge amounts disclosed in this note are VAT inclusive.

#### *Other related parties*

As at 31 December 2019, 13.6151 (31 December 2018: 8.1540) shares of Class I3 (GBP) are held by Cheyne Capital Management (UK) LLP which is the investment manager and portfolio support manager of the Fund.

As at 31 December 2019, 13,008.9050 (31 December 2018: 22,078.8754) shares of Class I2 (EUR) are held by FCP Diversification Prudentielle which was managed by the same Investment Manager.

As at 31 December 2019, 461,555.9982(31 December 2018: 477,782.06) shares of Class X1 (EUR) are held by Cheyne Convertibles Plus Feeder Fund Inc which was managed by the same Investment Manager.

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 13. Significant Events During the Year

Mr Head was appointed as Director effective 31 March 2019.

Mr Bronheim, a Director, resigned from the Board effective 31 March 2019.

Effective 13th May 2019 Cheyne Capital SMC Limited (“SMC”) has been authorised by the Central Bank of Ireland under both the UCITS and AIFM Directives.

Effective 13th May 2019 SMC was appointed as Manager to the Company and has delegated discretionary portfolio management services to the Investment Manager.

A revised prospectus and supplements were issued on 13 May 2019. The primary purpose of the changes made to the prospectus dated 13 May 2019 was to incorporate Cheyne Capital SMC Limited as the UCITS management company to Cheyne Select UCITS Fund plc under the UCITS Regulations.

SS&C Financial Services resigned as Company Secretary effective 15 May 2019.

Dechert Secretarial Limited was appointed as Company Secretary effective 15 May 2019.

#### 14. Subsequent Events Since the Year End

The current worldwide Coronavirus outbreak, declared by the World Health Organisation as a global health emergency on the 30th January 2020, has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The situation is being continuously monitored.

In the opinion of the Directors, whilst the situation continues to develop, it is not possible to judge the effect of Coronavirus outbreak on the financial position of the Company. As such no adjustment for any potential impact has been made in these financial statements

There are no significant events affecting the Fund since the year end.

**CHEYNE GLOBAL CREDIT FUND**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

*A claim of exemption under Regulation §4.7 has been filed with the Commodity Futures Trading Commission  
for Cheyne Global Credit Fund*

## CHEYNE GLOBAL CREDIT FUND

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	31-Dec-19 EUR	31-Dec-18 EUR*
<b>Assets</b>			
Cash and cash equivalents	5	27,636,259	23,684,917
Margin cash due from brokers	5	7,334,145	9,039,510
<i>Financial assets at fair value through profit or loss:</i>			
Investments in transferable securities	3	157,045,095	140,893,548
Investments in financial derivative instruments	3	17,689,429	16,238,601
Other receivables	4	1,221,159	1,479,630
<b>Total assets</b>		<b>210,926,087</b>	<b>191,336,206</b>
<b>Liabilities</b>			
Bank overdraft	5	(1,252,186)	(1,104,210)
Margin cash due to brokers	5	(6,775,486)	(6,033,118)
<i>Financial liabilities at fair value through profit or loss:</i>			
Investments in financial derivative instruments	3	(2,223,366)	(5,198,724)
Investment advisory fee payable	2(c)	-	(51,016)
Investment management fee payable	2(d)	-	(75,772)
Management fee payable	2(e)	(136,060)	-
Performance fee payable	2(f)	(56,778)	(163)
Portfolio support fee payable	2(g)	(13,997)	(12,566)
Market data recharge payable	2(i)	(49,548)	(119,129)
Third party research fees payable	2(h)	(20,842)	-
Accrued expenses	6	(281,005)	(186,604)
<b>Total liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b>		<b>(10,809,268)</b>	<b>(12,781,302)</b>
<b>Net Assets Attributable to Holders of Redeemable Shares</b>		<b>200,116,819</b>	<b>178,554,904</b>

\*Refer to note 5(a).

*The accompanying notes form an integral part of the financial statements*

## CHEYNE GLOBAL CREDIT FUND

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (Continued)

#### Net Asset Value per Redeemable Share

	31-Dec-19	31-Dec-18	31-Dec-17
<b>Class GCDH-D1 (EUR)</b>			
Number of shares per class	2,650.00	11,726.88	23,996.95
Net Asset Value per share	EUR106.23	EUR100.38	EUR105.07
Net Asset Value	EUR281,518	EUR1,177,098	EUR2,521,280
<b>Class GCDH-I1 (EUR)</b>			
Number of shares per class	84,371.53	172,143.42	676,285.10
Net Asset Value per share	EUR128.52	EUR120.94	EUR125.98
Net Asset Value	EUR10,843,644	EUR20,819,317	EUR85,196,571
<b>Class GCDH-I2 (USD) hedged</b>			
Number of shares per class	49,062.06	52,238.03	242,809.29
Net Asset Value per share	USD 131.83	USD120.45	USD122.00
Net Asset Value	EUR 5,762,053	EUR5,504,069	EUR24,669,165
<b>Class GCDH-I3 (GBP) hedged</b>			
Number of shares per class	2,587.50	7,440.25	25,503.44
Net Asset Value per share	GBP116.39	GBP108.24	GBP111.41
Net Asset Value	EUR355,428	EUR897,264	EUR3,200,805
<b>Class GCDH-I4 (CHF) hedged</b>			
Number of shares per class	36,452.48	48,553.43	94,611.08
Net Asset Value per share	CHF112.96	CHF106.73	CHF111.67
Net Asset Value	EUR3,788,157	EUR4,598,374	EUR9,028,619
<b>Class GCD-IJ3 (GBP) hedged</b>			
Number of shares per class	1,349,691.11	997,010.01	557,422.02
Net Asset Value per share	GBP112.28	GBP99.62	GBP100.83
Net Asset Value	EUR178,844,978	EUR144,898,359	EUR63,319,385
<b>Class GCDH-IJ3 (GBP) hedged</b>			
Number of shares per class	1,909.29	313,800.29	527,598.79
Net Asset Value per share	GBP106.97	GBP98.93	GBP101.47
Net Asset Value	EUR241,041	EUR660,423	EUR60,307,958

*The accompanying notes form an integral part of the financial statements*

## CHEYNE GLOBAL CREDIT FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	31-Dec-19 EUR	31-Dec-18 EUR*
<b>Income</b>			
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	11	24,066,016	(17,414,871)
Net loss on foreign exchange		305,740	(202,067)
Interest income		9,733,051	19,379,278
<b>Total income</b>		<b>34,104,807</b>	<b>1,762,340</b>
<b>Expenses</b>			
Interest expense		(998,432)	(4,857,609)
Administration fee	2(a)	(242,057)	(291,606)
Custodian fee	2(b)	(25,500)	(48,759)
Depository services fees	2(b)	(46,891)	(58,421)
Investment advisor fee	2(c)	(208,491)	(837,641)
Investment management fee	2(d)	(309,851)	(1,239,694)
Management fee	2(e)	(947,391)	-
Performance fee	2(f)	(56,569)	(275)
Portfolio support fee	2(g)	(149,792)	(184,353)
Market data recharge fee	2(i)	(120,916)	(256,586)
Third party research charge fee	2(h)	(70,113)	(55,705)
Directors' fees	2(j)	(22,034)	(34,728)
Audit fee	2(k)	(46,507)	(30,007)
Other expenses	2(l)	(352,672)	(399,351)
Commission fees		(10,943)	(12,429)
<b>Total expenses</b>		<b>(3,608,159)</b>	<b>(8,307,164)</b>
<b>Increase/(Decrease) in Net Assets Attributable to Holders of Redeemable Shares</b>		<b>30,496,648</b>	<b>(6,544,824)</b>

The Fund has no recognised gains or losses during the financial year other than those reported in the Statement of Comprehensive Income. All results are from continuing operations.

*The accompanying notes form an integral part of the financial statements*

## CHEYNE GLOBAL CREDIT FUND

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### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FOR THE YEAR ENDED 31 DECEMBER 2019

	31-Dec-19 EUR	31-Dec-18 EUR
<b>Net assets attributable to holders of redeemable shares at beginning of the year</b>	178,554,904	248,243,783
Increase/(Decrease) in net assets attributable to holders of redeemable shares from operations	30,496,648	(6,544,824)
Issue of redeemable shares during the year	30,077,712	134,845,556
Redemption of redeemable shares during the year	<u>(39,012,445)</u>	<u>(197,989,611)</u>
<b>Net assets attributable to holders of redeemable shares at end of the year</b>	<b><u>200,116,819</u></b>	<b><u>178,554,904</u></b>

*The accompanying notes form an integral part of the financial statements*

## CHEYNE GLOBAL CREDIT FUND

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	31-Dec-19 EUR	31-Dec-18 EUR
<b>Cash flows from operating activities</b>		
Increase/(Decrease) in net assets attributable to holders of redeemable shares from operations	30,496,648	(6,544,824)
<b>Adjusted for working capital changes</b>		
Decrease/(Increase) in margin cash due from brokers	1,705,365	(4,112,555)
(Increase)/Decrease in investments in transferable securities	(16,151,547)	58,254,018
(Increase)/Decrease in investments in financial derivative instruments	(4,426,186)	9,354,833
Decrease in sales awaiting settlement	-	57
Decrease in other receivables and assets	258,471	1,497,984
Increase/(Decrease) in margin cash due to brokers	742,368	(623,064)
Increase in accrued expenses and other payables	112,982	40,285
<b>Net cash Inflow from operating activities</b>	<b>12,738,101</b>	<b>57,866,734</b>
<b>Financing</b>		
Proceeds from issuance of redeemable shares	30,077,712	134,845,556
Redemptions paid on redeemable shares	(39,012,445)	(197,989,611)
<b>Net cash Outflow from financing activities</b>	<b>(8,934,733)</b>	<b>(63,144,055)</b>
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>3,803,368</b>	<b>(5,277,321)</b>
Cash and cash equivalents at start of year	22,580,705	27,858,028
<b>Cash and cash equivalents at end of the year</b>	<b>26,384,073</b>	<b>22,580,707</b>
<b>Supplemental cash flow information</b>		
Net cash from operating activities includes:		
Interest received	9,944,442	20,987,867
Interest paid	(998,432)	(4,869,144)

*The accompanying notes form an integral part of the financial statements*

# CHEYNE GLOBAL CREDIT FUND

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 1. General Information

The investment objective of the Cheyne Global Credit Fund (the “Fund”) is to maximise total rates of return, meaning capital appreciation plus income of its investments, over the medium term from returns on corporate debt and derivatives thereof, with prudent levels of risk while maintaining generally moderate levels of volatility. The Fund invests in CDS and fixed income securities.

The Fund offered duration hedged share classes for investors wishing to minimise exposure to interest rate movements. The Investment Manager may decide to engage in hedging transactions (including Duration Hedging) in order to mitigate losses or to adjust the average duration of the overall portfolio, but it may not be able to remove all credit or interest rate exposure to Corporates. Hedging transactions could take the form of buying or selling credit protection on certain corporates or credit indices using CDS or using interest rate FDIs.

As at 31 December 2019, there are eighteen Classes of shares in the Fund, all with the exception to DH Classes which no longer accept subscriptions are available for subscription and details of which are set out below :

#### **Funded Classes:**

Class GCDH-D1 (EUR), Class GCDH-I1 (EUR), Class GCDH-I2 (USD) hedged, Class GCDH-I3 (GBP) hedged, Class GCDH-I4 (CHF) hedged, Class GCD-IJ3 (GBP) hedged and Class GCDH-IJ3 (GBP) hedged.

#### **Unfunded Classes:**

Class GCD-D1 (EUR), Class GCD-I1 (EUR), Class GCD-I2 (USD) hedged, Class GCD-I3 (GBP) hedged, Class GCD-I4 (CHF) hedged, Class GCD-I5 (NOK) hedged, Class GCDH-I5 (NOK) hedged, Class GCD-IJ1 (EUR), Class GCD-IJ2 (USD) hedged, Class GCDH-IJ1 (EUR) , Class GCDH-IJ2 (USD) hedged.

### 2. Fees and Expenses

#### (a) **Administration Fee**

SS&C Financial Services (Ireland) Limited is the “Administrator” of the Company pursuant to an Administration Agreement dated 12 March 2016. The Administrator receives out of the assets of the Fund an annual fee, accrued at each valuation point and payable monthly in arrears, based on the net asset value (NAV) of the Fund, of up to a maximum of 0.12%, subject to a minimum annual administration fee of EUR77,000 and an additional fee of EUR1,150 per month for weekly valuation and an additional fee of EUR1,750 per month for indicative daily valuations, where applicable (plus VAT, if any thereon). The minimum fee may be fully or partially waived by the Administrator for such period or periods of time as may be agreed between the Fund and the Administrator from time to time.

In addition to such base remuneration, the Administrator shall also be entitled to charge the Fund fees relating to any additional services required in relation to corporate secretarial, audit support, tax assistance or investor rebate services, as may be agreed with the Company and which shall be charged at normal commercial rates.

During the year an administration fee of EUR242,057 (31 December 2018: EUR291,606) was charged to the Fund, out of which EUR22,360 (31 December 2018: EUR20,467) remained unpaid as at 31 December 2019.

## CHEYNE GLOBAL CREDIT FUND

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 2. Fees and Expenses (continued)

##### (b) **Depository and Global Transaction Services Fee**

Citi Depository Services Ireland DAC acts as the “Depository” of the Company pursuant to the Depository Services agreement originally dated 9 November 2015 and updated on 13 October 2016 following the 18 March 2016 UCITS V Directive, which gave the Depository additional operational and oversight responsibilities.

##### (b) **Depository and Global Transaction Services Fee**

The Depository shall be entitled to receive out of the assets of the Fund an annual fee, accrued daily and payable monthly in arrears, a fee of up to a maximum fee of 0.03% of the NAV of the Fund, subject to a minimum annual Depository services fee of EUR15,000 when an entity within Citigroup is the sub-custodian and EUR21,000 when any other sub-custodian is used.

In addition to such remuneration, Citibank N.A shall also be entitled, on behalf of the Depository to charge the Funds fees relating to any custody or transactional services, as may be agreed with the Company and which shall be charged at standard commercial rates, subject to a minimum annual Global Transaction Services Fee of USD20,000.

During the year depository services fees of EUR46,891 (31 December 2018: EUR58,421) was charged to the Fund, EUR8,262 (31 December 2018: EUR7,803) remained unpaid as at 31 December 2019.

During the year custodian fee of EUR25,500 (31 December 2018: EUR48,759) were charged to the Fund, out of which EUR4,807 (31 December 2018: EUR10,343) remained unpaid as at 31 December 2019.

##### (c) **Investment Advisor Fee**

Up until 12 May 2019 the Company appointed Cheyne Capital International LP as Investment Adviser to provide advisory services in respect of the Company pursuant to the Investment Advisory Agreement.

The Investment Advisor was entitled to receive, out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears at a rate of 0.90% per annum of the NAV of the Fund allocable to Class GCD-D and Class GCDH-D shares, at a rate of 0.40% per annum of the NAV of the Fund allocable to Class GCD-I and Class GCDH-I shares, at a rate of 0.30% per annum of the NAV of the Fund allocable to Class GCD-IJ, Class GCDH-IJ shares. The Investment Advisor was also entitled to be reimbursed by the Fund for all of its out-of-pocket expenses reasonably incurred on behalf of the Fund.

During the year investment advisory fees of EUR208,491 (31 December 2018: EUR837,641) were charged to the Fund, out of which EUR NIL (31 December 2018: EUR51,016) remained unpaid as at 31 December 2019.

##### (d) **Investment Management Fee**

Up until 12 May 2019 the Company appointed Cheyne Capital Management (UK) LLP, an investment management entity incorporated in England, as Investment Manager to implement the investment strategy as specified in the Prospectus and the Supplements to the Prospectus. The Investment Manager was entitled to receive out of the assets of the Fund an annual Investment Management Fee, accrued at each Valuation Point and payable monthly in arrears at a rate of 0.60% per annum of the NAV of the Fund allocable to Class GCD-I, Class GCDH-I, Class GCD-D and Class GCDH-D Shares and at a rate of 0.45% per annum of the NAV of the Fund allocable to Class GCD-IJ and Class GCDH-IJ shares.

## CHEYNE GLOBAL CREDIT FUND

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 2. Fees and Expenses (continued)

##### (d) Investment Management Fee (continued)

The Investment Manager and Manager was also entitled to be reimbursed by the Fund for all of its out-of-pocket expenses and vouched internal legal costs reasonably incurred on behalf of the Fund. The reimbursement for the Investment Manager and Manager for out of pocket expenses and legal costs were EUR NIL (31 December 2018: EUR3,775), EUR NIL (31 December 2018: EUR NIL) remained unpaid as at 31 December 2019.

During the year an investment management fee of EUR309,851 (31 December 2018: EUR1,239,694) was charged to the Fund, out of which EUR NIL (31 December 2018: EUR75,772) remained unpaid as at 31 December 2019.

##### (e) Management Fee

Cheyne Capital SMC Limited ("SMC") was appointed as the Manager on the 13 May 2019 and both Cheyne Capital International LP and Cheyne Capital Management (UK) LLP are appointed via sub delegations as Investment Adviser and Investment Manager respectively.. The Manager is entitled to receive out of the assets of the Fund an annual Investment Management Fee, accrued at each Valuation Point and payable monthly in arrears at a rate of 0.60% per annum of the NAV of the Fund allocable to Class GCD-I, Class GCDH-I, Class GCD-D and Class GCDH-D Shares and at a rate of 0.45% per annum of the NAV of the Fund allocable to Class GCD-IJ and Class GCDH-IJ shares. which will be allocated between the Manager, the Investment Manager and the Investment Advisor as agreed between the parties from time to time

The Manager is also entitled to be reimbursed by the Fund for all of its out-of-pocket expenses and vouched internal legal costs reasonably incurred on behalf of the Fund. The reimbursement for the Manager for out of pocket expenses and legal costs were EUR NIL (31 December 2018: EURNIL).

During the year a management fee of EUR947,391 (31 December 2018: EURNIL) was charged to the Fund, EUR 136,060 (31 December 2018: EUR NIL) remained unpaid as at 31 December 2019.

Both Cheyne Capital International LP and Cheyne Capital Management (UK) LLP are appointed via sub delegations as Investment Adviser and Investment Manager respectively.

##### (f) Performance Fee

Up Until 12 May the Investment Manager and the Investment Advisor were entitled to receive, out of the assets allocable to Class GCD-I, GCDH-I, GCD-D1 and GCDH-D1 shares, a total performance fee equal to 10% of the increase in the NAV of the relevant Class over the relevant High Water Mark (HWM) during a performance period, disregarding any un-crystallised performance fee. 60% of any performance fee will be due to the Investment Manager and 40% will be due to the Investment Advisor. No performance fee is payable in respect of Class GCD-IJ, Class GCDH-IJ shares. The initial performance period commenced on the first business day after expiry of the initial offer period.

Cheyne Capital SMC Limited ("SMC") was appointed as the Manager on the 13 May 2019 and both Cheyne Capital International LP and Cheyne Capital Management (UK) LLP are appointed via sub delegations as Investment Adviser and Investment Manager respectively, and shall be entitled to receive, out of the assets allocable to Class GCD-I, GCDH-I, GCD-D1 and GCDH-D1 shares, a total performance fee equal to 10% of the increase in the NAV of the relevant Class over the relevant High Water Mark (HWM) during a performance period, disregarding any un-crystallised performance fee. The Manager shall be entitled to receive out of the assets allocable to Class S shares a performance fee equal to 10% of the increase in the NAV of the relevant Class over the HWM during a performance period, disregarding any uncrystallised performance fee. The performance fee will be allocated between the Manager, the Investment Manager and the Investment Advisor as agreed between the parties from time to time.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

2. **Fees and Expenses (continued)**

(f) **Performance Fee(continued)**

The performance hurdle is the relevant interest rate used for each performance period in the calculation of the performance fee, the interest rate is (i) for any EUR Share Class, the 12 month EURIBOR (Euro Interbank Offered Rate) on the first day of the performance period, (ii) for any USD Share Class, 12 month Dollar LIBOR on the first day of the performance period, (iii) for any CHF Share Class, the 12 month Swiss Franc LIBOR on the first day of the performance period, (iv) for any GBP Share Class, the 12 month GBP LIBOR on the first day of the performance period, and (v) for any NOK Share Class, the 12 month NOK LIBOR on the first day of the performance period.

The HWM ensures that, if the class falls in value, a performance fee will only be payable on that part of any subsequent performance of the class that is in excess of the current HWM value.

The HWM is initially the value invested in the class, and is adjusted at each valuation point to take account of subscriptions, redemptions and distributions impacting the valuation at that date. The HWM is increased by the value of subscriptions, reduced by the value of distributions, and prorated down by the proportion of shares of the class redeeming.

If the class falls in value in relation to the HWM following payment of the performance fee in any previous period, the Investment Manager will retain all performance fee previously crystallised for that class but no further performance fee will be charged until performance above the HWM is achieved by the class.

The performance fee shall accrue at each valuation point and accordingly the NAV will be adjusted to reflect such fee. Notwithstanding the foregoing, any accrued performance fee referable to shares redeemed prior to the end of the performance period shall crystallise and become payable to the Investment Manager following such redemption. The performance period is each calendar quarter.

This crystallising performance fee is calculated as a *pro rata* portion of the un-crystallised performance fee which forms part of the price at which the relevant shareholder redeemed.

During the year a performance fee of EUR56,569 (31 December 2018: EUR275) was charged to the Fund, out of which EUR56,778(31 December 2018: EUR163) remained unpaid as at 31 December 2019. The performance fee is periodically verified by the Depositary.

(g) **Portfolio Support Fee**

The Investment Manager shall be entitled to receive an annual portfolio support fee of 0.08% per annum of the first EUR200 million of the NAV of the Fund, 0.06% per annum of the NAV of the Fund between EUR200 million and EUR400 million; 0.04% per annum of the NAV of the Fund between EUR400 million and EUR650 million; and 0.02% per annum of the NAV of the Fund in excess of EUR650 million.

During the year a portfolio support fee of EUR149,792 (31 December 2018: EUR184,353) was charged to the Fund, out of which EUR13,997 (31 December 2018: EUR12,566) remained unpaid as at 31 December 2019.

## CHEYNE GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 2. Fees and Expenses (continued)

##### (h) **Third Party Research**

The Investment Manager may use research from brokers or a third party research provider (“third party research”). The costs of third party research may be allocated by the Investment Manager on a fair basis to the fund (each such allocation a “research charge”). Any such cost allocations will be based on a written policy and annual research budget set by the Investment Manager and agreed by the Directors of the fund and an assessment of the potential value of third party research to the Investment Manager and the fund. Research charges may be paid into a separate research payment account controlled by the Investment Manager. This may include deducting the research charge directly from the fund’s assets and then transferring it into the research payment account at periodic intervals.

The third party research charge and VAT in respect of these fees were charged to the Fund are as follows:

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>EUR</b>	<b>EUR</b>
Third party research charge	(86,367)	(53,673)
VAT	16,254	(2,032)
<b>Total</b>	<b>(70,113)</b>	<b>(55,705)</b>

The fees disclosed in the table above are exclusive of VAT. The fees are recognised in the Statement of Comprehensive Income are inclusive of VAT

##### (i) **Market Data Recharge**

The fund will also reimburse the Investment Manager for expenses incurred by the Investment Manager in obtaining market data, corporate access, analysis, pricing and valuation services and/or other similar information and/or services for the fund (“market data recharge”), up to a maximum of 0.10 per cent. per annum of the average net asset value of the fund.

The market data recharge and VAT in respect of these fees were charged to the Fund are as follows:

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>EUR</b>	<b>EUR</b>
Market data recharge	(111,622)	(252,516)
VAT	(9,294)	(4,070)
<b>Total</b>	<b>(120,916)</b>	<b>(256,586)</b>

The fees disclosed in the table above are exclusive of VAT. The fees are recognised in the Statement of Comprehensive Income are inclusive of VAT.

##### (j) **Directors' Fees**

The Articles authorise the Directors to charge a fee for their services at a rate determined by the Directors up to a maximum fee per Director of GBP25,000 per annum for the Umbrella. All Directors will be entitled to reimbursement by the Fund of expenses properly incurred in connection with the business of the Fund or the discharge of their duties.

During the year Directors’ fees of EUR22,034 (31 December 2018: EUR34,728) were charged to the Fund, out of which EUR124(31 December 2018: EUR NIL) remained unpaid as at 31 December 2019.

##### (k) **Audit Fee**

In accordance with the European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010 (S.I. No. 220 of 2010), the Fund is obliged to disclose fees paid to the Fund’s Auditor. During the year, an audit fee of EUR46,507 (31 December 2018: EUR30,007) was charged to the Fund, of which EUR32,453 (31 December 2018: EUR23,274) was payable at year end. Payment in respect of other assurance, tax advisory and other non-audit fees are EUR16,043 (31 December 2018: EUR15,583).

## CHEYNE GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 2. Fees and Expenses (continued)

##### (i) Other Expenses

	31-Dec-19	31-Dec-18
	EUR	EUR
Insurance expense	(20,367)	(7,717)
Legal fees	(212,342)	(220,184)
Miscellaneous expenses	(114,908)	(168,994)
VAT services fee expense	(5,055)	(2,456)
<b>Total</b>	<b>(352,672)</b>	<b>(399,351)</b>

#### 3. Financial Assets and Liabilities at fair value through profit or loss

	31-Dec-19	31-Dec-18
	EUR	EUR
<b>Financial assets at fair value through profit or loss:</b>		
Fixed income securities	157,045,095	140,893,548
CDS	14,191,687	13,589,577
Swaptions	-	715,928
Unrealised gain on futures	180,728	1,753,799
Unrealised gain on forward currency contracts	3,317,014	179,297
	<b>174,734,524</b>	<b>157,132,149</b>

	31-Dec-19	31-Dec-18
	EUR	EUR
<b>Financial liabilities at fair value through profit or loss:</b>		
CDS	(1,052,538)	(2,831,231)
Unrealised loss on futures	(976,985)	(609,426)
Unrealised loss on forward currency contracts	(193,843)	(1,758,067)
	<b>(2,223,366)</b>	<b>(5,198,724)</b>

#### 4. Other Receivables

	31-Dec-19	31-Dec-18
	EUR	EUR
Interest receivable on securities	1,112,924	1,324,315
Miscellaneous receivable	108,235	155,315
	<b>1,221,159</b>	<b>1,479,630</b>

## CHEYNE GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 5. Cash and Cash Equivalents

	31-Dec-19 EUR	31-Dec-18 EUR**
Cash and cash equivalents*:		
-CHF	122,671	120,594
-EUR	25,051,353	17,689,280
-GBP	921,926	3,639,032
-USD	1,540,309	2,236,011
	27,636,259	23,684,917
Margin cash due from brokers:		
-EUR	2,031,687	4,435,217
-GBP	416,573	1,060,873
-USD	4,885,885	3,543,420
	7,334,145	9,039,510
Bank overdraft*:		
-EUR	(1,252,186)	(1,081,928)
-GBP	-	(22,282)
-USD	-	-
	(1,252,186)	(1,104,210)
Margin cash due to brokers		
-EUR	(6,767,493)	(5,005,577)
-GBP	(7,993)	(340,616)
-USD	(-)	(686,925)
	(6,775,486)	(6,033,118)
<b>Total</b>	<b>26,942,732</b>	<b>25,587,099</b>

\* Cash and cash equivalents and bank overdraft are held with the Custodian.

\*\* Refer to note 5(a).

## CHEYNE GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 5. Cash and Cash Equivalents (continued)

*(a) Restatement of cash and cash equivalents and bank overdraft balances*

During the year management identified that the cash and cash equivalents and bank overdraft amounts in the prior year were both overstated by EUR17,465,974 each. This amount should not have been recognized and as a result the prior year cash and cash equivalents and bank overdraft in the financial statements have been restated as follows:

31 December 2018	As previously reported EUR	Adjustment EUR	As restated EUR
Cash and cash equivalents	41,150,889	(17,465,974)	23,684,917
Bank overdraft	(18,570,184)	17,465,974	(1,104,210)
Net total	22,580,705	-	22,580,705

The above restatement has no impact on the results or net asset value of the Fund as at 31 December 2018.

#### 6. Accrued Expenses

The table below details the accrued expenses at year end:

	31-Dec-19 EUR	31-Dec-18 EUR
Administration fees payable	(22,360)	(20,467)
Custodian fee payable	(4,807)	(10,343)
Depositary services fees payable	(8,262)	(7,803)
Audit fees payable	(32,453)	(23,274)
Directors' fees payable	(124)	-
Legal fees payable	(60,000)	-
Miscellaneous expenses payable	(152,436)	(124,717)
VAT services fees payable	(563)	-
<b>Total</b>	<b>(281,005)</b>	<b>(186,604)</b>

## CHEYNE GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 7. Redeemable Shares

As at 31 December 2019, there are 18 Classes of Shares in the Fund, of which all are available for subscription (with the exception to DH Classes which no longer accept subscriptions) and details of which are set out in the table below:

Class of Share	Hedged Yes / No	Minimum Subscription	Minimum Holding	Available for Subscription
Class GCD-IJ1 (EUR)	No	EUR50,000,000	EUR50,000,000	Yes
Class GCD-IJ2 (USD)	Yes	USD50,000,000	USD50,000,000	Yes
Class GCD-IJ3 (GBP)	Yes	GBP50,000,000	GBP50,000,000	Yes
Class GCDH-IJ1 (EUR)	No	EUR50,000,000	EUR50,000,000	No
Class GCDH-IJ2 (USD)	Yes	USD50,000,000	USD50,000,000	No
Class GCDH-IJ3 (GBP)	Yes	GBP50,000,000	GBP50,000,000	No
Class GCD-I1 (EUR)	No	EUR100,000	EUR50,000	Yes
Class GCD-I2 (USD)	Yes	USD100,000	USD50,000	Yes
Class GCD-I3 (GBP)	Yes	GBP100,000	GBP50,000	Yes
Class GCD-I4 (CHF)	Yes	CHF100,000	CHF50,000	Yes
Class GCD-I5 (NOK)	Yes	NOK1,000,000	NOK500,000	Yes
Class GCDH-I1 (EUR)	No	EUR100,000	EUR50,000	No
Class GCDH-I2 (USD)	Yes	USD100,000	USD50,000	No
Class GCDH-I3 (GBP)	Yes	GBP100,000	GBP50,000	No
Class GCDH-I4 (CHF)	Yes	CHF100,000	CHF50,000	No
Class GCDH-I5 (NOK)	Yes	NOK1,000,000	NOK250,000	No
Class GCD-D1 (EUR)	No	EUR50,000	EUR25,000	Yes
Class GCDH-D1 (EUR)	No	EUR50,000	EUR25,000	No

During the first initial offer period, from 12 April 2012 to 30 April 2012, shares were offered at an initial price of EUR100 for Class GCDH-I1 (EUR), and USD100 for Class GCDH-I2 (USD). Shares in Classes GCDH-I1 (EUR) and GCDH-I2 (USD) are currently available at prices calculated with reference to the NAV per share.

During the second initial offer period, from 22 April 2013 to 30 August 2013, shares were offered at an initial price of EUR100 for Class GCDH-D1 (EUR), USD100 for Class GCDH-D2 (USD), GBP100 for Class GCDH-D3 (GBP), CHF100 for Class GCDH-D4 (CHF), GBP100 for Class GCDH-I3 (GBP) and CHF100 for Class GCDH-I4 (CHF). Shares in Classes GCDH-D1 (EUR), GCDH-I3 (GBP) and GCDH-I4 (CHF) are currently available at prices calculated with reference to the NAV per share.

During the third initial offer period, from 7 August 2014 to 3 November 2014, shares were offered at an initial price of USD100 for GCDH-D2 (USD), GBP100 for Class GCDH-D3 (GBP) and CHF100 for Class GCDH-D4 (CHF).

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 7. Redeemable Shares (continued)

During the fourth initial offer period, from 4 March 2015 to 14 September 2016, shares were offered at an initial price of EUR 100 for GCD-IJ1 (EUR), USD 100 for Class GCD-IJ2 (USD), GBP 100 for Class GCD-IJ3 (GBP), EUR 100 for Class GCDH-IJ1 (EUR), USD 100 Class GCDH-IJ2 (USD), GBP 100 for Class GCDH-IJ3 (GBP), NOK100 for GCDH-D5 (NOK) and NOK100 for Class GCDH-I5 (NOK).

Following the initial offer periods, applications received by the Administrator prior to the dealing deadline for any dealing day will be processed on that dealing day. Any applications received after the dealing deadline for a particular dealing day will be processed on the following dealing day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the dealing deadline for processing on that dealing day, provided that such applications have been received prior to the valuation point for the particular dealing day.

Requests for redemptions received prior to the dealing deadline for any dealing day will be processed on that dealing day. Any requests for redemption received after the dealing deadline for a dealing day will be processed on the next dealing day unless the Directors in their absolute discretion determine otherwise provided that such redemption request(s) have been received prior to the valuation point for the particular dealing day. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions. No redemption payment will be made from an investor account until the original Application Form and all documentation required by or on behalf of the Fund (including any documents in connection with anti-money laundering procedures) has been received from the investor and the anti-money laundering procedures have been completed.

The minimum value of shares which a shareholder may redeem in any one redemption transaction is EUR2,000 (or its GBP/USD/NOK equivalent). In the event of a shareholder requesting a redemption which would, if carried out, leave the shareholder holding shares of a class having a NAV less than the relevant minimum holding, the Fund may, if it thinks fit, redeem the whole of the shareholder's holding.

It is not the current intention of the Directors to charge a redemption fee. However, the Directors are empowered to charge a redemption fee of up to 3% of the redemption monies and may exercise their discretion in this respect. The Directors may differentiate between shareholders of the Fund by waiving or reducing the redemption fee chargeable to certain shareholders. The Directors will give not less than one month's notice to shareholders of their intention to introduce a redemption fee generally. In the event of a redemption fee being charged, shareholders should view their investment as medium to long-term.

## CHEYNE GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 7. Redeemable Shares (continued)

There were no holdings in Class GCD-I1(EUR), Class GCD-I2 (USD), Class GCD-I3 (GBP), Class GCD-I4 (CHF), Class GCD-I5 (NOK), Class GCDH-I5 (NOK), Class GCD-IJ1 (EUR), Class GCD-IJ2 (USD), Class GCDH-IJ1 (EUR), Class GCDH-IJ2 (USD), Class GCD-D1 (EUR), as at 31 December 2019. Shares transactions during the year in respect of each share class are shown below:

#### 31-Dec-19

	Class GCDH-D1 (EUR)	Class GCDH-I1 (EUR)	Class GCDH-I2 (USD)*	Class GCDH-I3 (GBP)*	Class GCDH-I4 (CHF)*
<b>Number of Shares</b>					
At beginning of year	11,726.88	172,143.42	52,238.03	7,440.25	48,553.43
Issued		16.00			
Redeemed	(9,076.88)	(87,787.89)	(3,175.97)	(4,852.75)	(12,100.95)
At end of the year	<u>2,650.00</u>	<u>84,371.53</u>	<u>49,062.06</u>	<u>2,587.50</u>	<u>36,452.48</u>

	Class GCD-IJ3 (GBP)*	Class GCDH-IJ3 (GBP)*
<b>Number of Shares</b>		
At beginning of year	997,010.01	313,800.29
Issued	548,966.84	
Redeemed	(196,285.74)	(311,891.00)
At end of the year	<u>1,349,691.11</u>	<u>1,909.29</u>

#### 31-Dec-18

	Class GCDH-D1 (EUR)	Class GCDH-I1 (EUR)	Class GCDH-I2 (USD)*	Class GCDH-I3 (GBP)*	Class GCDH-I4 (CHF)*
<b>Number of Shares</b>					
At beginning of year	23,996.95	676,285.10	242,809.29	25,503.44	94,611.08
Issued	-	449,874.79	13,665.00	8,352.85	540.00
Redeemed	(12,270.07)	(954,016.47)	(204,236.26)	(26,416.04)	(46,597.65)
At end of the year	<u>11,726.88</u>	<u>172,143.42</u>	<u>52,238.03</u>	<u>7,440.25</u>	<u>48,553.43</u>

	Class GCD-IJ3 (GBP)*	Class GCDH-IJ3 (GBP)*
<b>Number of Shares</b>		
At beginning of year	557,422.02	527,598.79
Issued	538,006.97	95,984.78
Redeemed	(98,418.98)	(309,783.28)
At end of the year	<u>997,010.01</u>	<u>313,800.29</u>

\*Hedged share class

## CHEYNE GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 7. Redeemable Shares (continued)

The aggregate nominal value of shares of each class subscribed is shown below:

Share Class	Consideration received 2019	Consideration received 2018
Class GCDH-I1 (EUR)	2,000	56,779,898
Class GCDH-I2 (USD) hedged	-	1,354,671
Class GCDH-I3 (GBP) hedged	-	1,049,531
Class GCDH-I4 (CHF) hedged	-	51,965
Class GCD-IJ3 (GBP) hedged	29,850,459	64,579,540
Class GCDH-IJ3 (GBP) hedged	-	11,029,951
Class GCD-I3 (GBP) hedged	225,253	-
<b>Total consideration received</b>	<b>30,077,712</b>	<b>134,845,556</b>

#### 8. Risks Associated with Financial Instruments

##### **Interest rate risk**

An increase in 50 basis points in interest rates as at the reporting date would have increased the net assets attributable to the holders of redeemable shares and changes in net assets attributable to holders of redeemable shares by EUR985,635 (31 December 2018: EUR886,195). A decrease of 50 basis points would have had an equal but opposite effect.

The following table details the Fund's exposure to interest rate risks. It includes the Fund's assets and trading liabilities at fair values, categorised by maturity date measured by the carrying value of the assets and liabilities.

##### **31-Dec-19**

Assets	<1 month	1 - 3 months	3 - 12 months	>12 months	Non- interest bearing	Total
<i>Fair value through profit or loss:</i>	EUR	EUR	EUR	EUR	EUR	EUR
Fixed income securities	-			157,045,095	-	157,045,095
CDS	-	-		14,191,687	-	14,191,687
Unrealised gain on forward currency contracts	-	-	-	-	3,317,014	3,317,014
Unrealised gain on futures	-	-	-	-	180,728	180,728
<i>Amortised cost:</i>						
Cash and cash equivalents	27,636,259	-	-	-	-	27,636,259
Margin cash due from brokers	7,334,145	-	-	-	-	7,334,145
Other receivables	-	-	-	-	1,221,159	1,221,159
<b>Total assets</b>	<b>34,970,404</b>	<b>-</b>	<b>-</b>	<b>171,236,782</b>	<b>4,718,901</b>	<b>210,926,087</b>

**CHEYNE GLOBAL CREDIT FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)**

**8. Risks Associated with Financial Instruments**

*Interest rate risk (continued)*

**31-Dec-19**

<b>Liabilities</b>	<b>&lt;1 month</b>	<b>1 - 3 months</b>	<b>3 - 12 months</b>	<b>&gt;12 months</b>	<b>Non- interest bearing</b>	<b>Total</b>
<i>Fair value through profit or loss:</i>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
CDS	-	-	-	(1,052,538)	-	(1,052,538)
Unrealised loss on futures	-	-	-	-	(976,985)	(976,985)
Unrealised loss on forward currency contracts	-	-	-	-	(193,843)	(193,843)
<i>Amortised cost:</i>						
Bank overdraft	(1,252,186)	-	-	-	-	(1,252,186)
Margin cash due to brokers	(6,775,486)	-	-	-	-	(6,775,486)
Accrued expenses and other payables	-	-	-	-	(558,230)	(558,230)
<b>Total liabilities</b>	<b>(8,027,672)</b>	<b>-</b>	<b>-</b>	<b>(1,052,538)</b>	<b>(1,729,058)</b>	<b>(10,809,268)</b>

**31-Dec-18**

<b>Assets</b>	<b>&lt;1 month</b>	<b>1 - 3 months</b>	<b>3 - 12 months</b>	<b>&gt;12 months</b>	<b>Non- interest bearing</b>	<b>Total</b>
<i>Fair value through profit or loss:</i>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Fixed income securities	-	12,416,135	11,714,346	116,763,067	-	140,893,548
CDS	-	-	179,135	13,410,442	-	13,589,577
Swaptions	-	-	-	-	715,928	715,928
Unrealised gain on forward currency contracts	-	-	-	-	179,297	179,297
Unrealised gain on futures	-	-	-	-	1,753,799	1,753,799
<i>Amortised cost:</i>						
Cash and cash equivalents**	23,684,917	-	-	-	-	23,684,917
Margin cash due from brokers	9,039,510	-	-	-	-	9,039,510
Other receivables	-	-	-	-	1,479,630	1,479,630
<b>Total assets</b>	<b>32,724,427</b>	<b>12,416,135</b>	<b>11,893,481</b>	<b>130,173,509</b>	<b>4,128,654</b>	<b>191,336,206</b>

**CHEYNE GLOBAL CREDIT FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)**

**8. Risks Associated with Financial Instruments (continued)**

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

**31-Dec-18**

<b>Liabilities</b>	<b>&lt;1 month</b>	<b>1 - 3 months</b>	<b>3 - 12 months</b>	<b>&gt;12 months</b>	<b>Non- interest bearing</b>	<b>Total</b>
<i>Fair value through profit or loss:</i>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
CDS	-	-	-	(2,831,231)	-	(2,831,231)
Unrealised loss on futures	-	-	-	-	(609,426)	(609,426)
Unrealised loss on forward currency contracts	-	-	-	-	(1,758,067)	(1,758,067)
<i>Amortised cost:</i>						
Bank overdraft**	(1,104,210)	-	-	-	-	(1,104,210)
Margin cash due to brokers	(6,033,118)	-	-	-	-	(6,033,118)
Accrued expenses and other payables	-	-	-	-	(445,248)	(445,248)
<b>Total liabilities</b>	<b>(24,603,302)</b>	<b>-</b>	<b>-</b>	<b>(2,831,231)</b>	<b>(2,812,741)</b>	<b>(30,247,274)</b>

\*\* Refer to note 5(a).

***Foreign currency risk***

The following table provides an analysis of the Fund's net exposure to foreign currencies after including forward foreign currency contracts with the exception of contracts used for hedging foreign currency share classes as at 31 December 2019 and 31 December 2018:

<b>Currency</b>	<b>31-Dec-19 EUR</b>	<b>31-Dec-18 EUR</b>
CHF	122,671	120,594
GBP	(35,501)	(77,970)
USD	(334,643)	302,011
<b>Total</b>	<b>(247,473)</b>	<b>344,635</b>

An increase in 50 basis points in Euro rates as at the reporting date would have decreased the net assets attributable to the holders of redeemable shares and changes in net assets attributable to the holders of redeemable shares by EUR1,237(31 December 2018: an decrease of EUR1,723). A decrease of 50 basis points would have had an equal but opposite effect.

Exchange rates used are outlined on page 40 of these financial statements.

## CHEYNE GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 8. Risks Associated with Financial Instruments (continued)

##### ***Other price risk***

The Fund will seek to establish a convex payoff profile, minimise spread sensitivity while realising positive carry from taking default exposure. Credit spread movements are the primary risk factors that could have a material impact on the NAV of the Fund when trying to establish this convex profile. Credit spread risk is managed through rigorous quantitative (i.e. liquidity, leverage and profitability) and qualitative (i.e. business plans, competition etc.) evaluations of the credit fundamentals of the different obligors.

The NAV of the Fund is therefore exposed to the credit/default risk of certain reference entities via the use of credit derivatives. The Investment Manager, on an on-going and actively managed basis, commits the Fund through the Swap Agreement to buy and sell credit protection in relation to reference entities. If credit protection has been sold, the Fund may be required to make a payment if a credit event occurs in relation to a reference entity, and, if it has bought credit protection, may receive a payment if such a credit event occurs.

Sector and geographic risk is monitored and is subject to the following constraints:

1. Maximum single issuer concentration.
2. Maximum sector exposure.
3. Maximum exposure outside EU/North America.
4. Maximum sub-investment grade concentration.

All risk factors are monitored on a daily basis by the Investment Manager and the underlying parameters are stressed on an on-going basis in order to determine the impact of any material movements in the credit fundamentals of the underlying obligors.

	<b>Credit Spread</b>			
	<b>+100%</b>		<b>-100%</b>	
<b>Year</b>	<b>NAV%</b>	<b>CCY</b>	<b>NAV%</b>	<b>CCY</b>
31-Dec-19	(4.62)%	(9,245,397)	4.88%	9,765,701
31-Dec-18	(9.25)%	(16,516,329)	15.24%	27,211,767

The tables below analyse the Fund's concentration of mark-to-market risk by geographical and sector distribution for 31 December 2019 and 31 December 2018 (excluding cash).

**CHEYNE GLOBAL CREDIT FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)**

**8. Risks Associated with Financial Instruments (continued)**

**Country of risk exposure 31 December 2019 and 31 December 2018:**

Country of risk	Notional Exposure		Notional Exposure		Notional Exposure		Notional Exposure	
	Long	Short	Long	Short	Long	Short	Long	Short
	EUR	EUR	(% NAV)	(% NAV)	EUR	EUR	(% NAV)	(% NAV)
	31-Dec-19	31-Dec-19			31-Dec-18	31-Dec-18		
Britain	82,148,959	(32,265,510)	41.05	(16.13)	129,334,090	-84,801,068	72.45	(47.51)
United States	298,199,477	(23,773,627)	149.01	(11.88)	315,671,140	-83,816,706	176.80	(46.94)
Germany	50,369,341	(2,728,102)	25.17	(1.36)	35,246,818	-4,089,322	19.74	(2.29)
France	23,000,000	-	11.49	-	32,806,499	-	18.37	-
Switzerland	27,000,000	-	13.49	-	35,500,000	-	19.88	-
Netherlands	18,852,711	-	9.42	-	25,754,705	-	14.42	-
Canada	17,384,328	-	8.69	-	23,567,407	-	13.20	-
Sweden	9,000,000	-	4.50	-	17,500,000	-	9.80	-
Denmark	2,000,000	-	1.00	-	2,000,000	-	1.12	-
Italy	6,500,000	-	3.25	-	4,500,000	-	2.52	-
Spain	10,000,000	-	5.00	-	12,500,000	-	7.00	-
Finland	7,222,444	-	3.61	-	12,000,000	-	6.72	-
Australia	5,349,024	-	2.67	-	5,237,202	-	2.93	-
Belgium	3,000,000	-	1.50	-	4,453,111	-	2.49	-
Ireland	3,500,000	-	1.75	-	3,500,000	-	1.96	-
<b>Total</b>	<b>563,526,284</b>	<b>(58,767,239)</b>	<b>281.60</b>	<b>(29.37)</b>	<b>659,570,972</b>	<b>(172,707,096)</b>	<b>369.40</b>	<b>(96.74)</b>

## CHEYNE GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 8. Risks Associated with Financial Instruments (continued)

##### *Other price risk (continued)*

Sector exposure 31 December 2019 and 31 December 2018:

Sector of risk	Notional Exposure		Notional Exposure		Notional Exposure		Notional Exposure	
	Long EUR	Short EUR	Long (% NAV)	Short (% NAV)	Long EUR	Short EUR	Long (% NAV)	Short (% NAV)
	31-Dec-19	31-Dec-19			31-Dec-18	31-Dec-18		
Government	92,776,910	(23,844,478)	46.36	(11.92)	67,943,312	(25,472,683)	38.05	(14.27)
Index	-	(32,248,249)	-	(16.11)	-	(141,997,211)	-	(79.53)
Communications	57,495,011	(2,674,512)	28.73	(1.34)	83,951,681	(2,618,601)	47.01	(1.47)
Financial	97,603,152	-	48.77	-	125,239,299	-	70.14	-
Consumer, Cyclical	52,621,243	-	26.30	-	82,195,521	-	46.03	-
Consumer, Non- cyclical	98,580,301	-	49.26	-	103,768,064	-	58.12	-
Utilities	34,500,000	-	17.24	-	45,982,935	-	25.75	-
Basic Materials	38,136,624	-	19.06	-	47,050,344	-	26.35	-
Industrial	42,704,455	-	21.34	-	33,810,136	(2,618,601)	18.94	(1.47)
Energy	33,775,334	-	16.88	-	49,918,074	-	27.96	-
Technology	12,212,990	-	6.10	-	11,347,271	-	6.36	-
Transportation	-	-	-	-	4,000,000	-	2.25	-
Oil & Gas	3,120,264	-	1.56	-	4,364,335	-	2.44	-
<b>Total</b>	<b>563,526,284</b>	<b>(58,767,239)</b>	<b>281.60</b>	<b>(29.37)</b>	<b>659,570,972</b>	<b>(172,707,096)</b>	<b>369.40</b>	<b>(96.74)</b>

The country and sector risk tables have been prepared using the underlying notional exposure where relevant, and will not therefore reconcile to financial assets at fair value. This reflects how other price risk is monitored and managed by the Investment Manager.

The Fund also uses absolute Value-at-Risk (VaR) analysis, which is a statistically based estimate of the potential loss on the current portfolio from adverse market movements.

The absolute VaR figure cannot be greater than 20% of the NAV of the Fund.

The calculation of the absolute VaR is carried out in accordance with the following parameters:

1. one-tailed confidence interval of 99%;
2. holding period equivalent to 1 month (20 business days);
3. effective observation period (history) of risk factors of at least 1 year (250 business days);
4. daily calculation.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)**

**8. Risks Associated with Financial Instruments (continued)**

***Other price risk (continued)***

The VaR model is validated and audited at year end through the use of backtesting procedures. The results of the backtesting procedures are communicated to the Board of Directors especially when there are signs of excessive VaR back testing overshoots. Stress testing is also employed to highlight the validity of the calculation model and suggest corrective actions in terms of model parameters and calibration.

The main risk covered by the VaR model is market risk. The model's methodology is historical simulation where no assumptions regarding returns distributions are made. The backtesting procedure includes checking the Fund's returns versus the VaR levels calculated by the risk engine. The time horizon used for the backtesting of the VaR model is one day using one year's historical data.

Historical simulation generates scenarios by applying risk factor movements from a historical period to today's risk factor levels then re-pricing each security from the new risk factor levels. There is no distributional assumption (e.g. normality or log normality) neither for the risk factors nor for the securities. Instead, distributions of underlying risk factors are taken exactly as found over the specified historical time period. This method accurately prices all types of complex non-linear positions as well as simple linear instruments. It also provides a full distribution of potential portfolio gains and losses (which need not be symmetrical). If the underlying risk factors exhibit non-normal behaviour such as fat tails or mean reversion, then the resulting VaR figure will include these effects. However, tail risk can only be examined if the historical data set includes tail events.

Leverage has been computed using the sum of notionals approach, as recommended by the Central Bank. This approach does not allow for any kind of netting or hedging. The average leverage of 455% (31 December 2018: 613%) has been computed using data calculated daily and was calculated over the year ranging from inception of the Fund until 31 December 2019.

The leverage is a measure of (i) the derivative usage and (ii) any leverage generated by the reinvestment of the cash received as collateral when using efficient portfolio management techniques, and therefore does not take into account other physical assets directly held in the portfolio of the relevant Fund. The efficient portfolio management techniques refer to the use of a combination of investing in sovereign government bonds and short dated high quality corporate bonds as cash equivalent collateral. The selection of these investments is based on credit quality of the borrowing entity and the short duration of these bonds.

<b>VaR utilisation during 2019</b>		
Lowest	Highest	Average
1.34%	2.82%	1.95%
<b>VaR utilisation during 2018</b>		
Lowest	Highest	Average
1.19%	2.11%	1.59%

## CHEYNE GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 8. Risks Associated with Financial Instruments (continued)

##### ***Credit risk***

The tables below indicate the long-term credit ratings of the counterparties of financial assets held as at 31 December 2019 and 31 December 2018:

##### **31-Dec-19**

	<b>Moody's</b>	<b>Standard &amp; Poors</b>	<b>Fitch</b>
Barclays	Baa3	BBB	A
BNP Paribas	Aa3	A+	A+
Bank of America	Aa2	A+	AA-
Bank of New York	A1	A	AA-
Citibank	Aa3	A+	A+
Citigroup Global Markets Limited	NR	A+	A
Credit Suisse International	A1	A+	A-
Goldman Sachs	A1	A+	A
J.P. Morgan Chase & Co.	A2	A-	AA-
Merrill Lynch International	NR	A+	A+
Morgan Stanley	A1	A+	NR
Société Générale	NR	A	A

##### **31-Dec-18**

	<b>Moody's</b>	<b>Standard &amp; Poors</b>	<b>Fitch</b>
Bank of America	A3+	A+	AA-
Barclays	A2	A	A+
BNP Paribas	Aa3	A	A+
Bank of New York Mellon	A1	A	AA-
Citibank	Aa3	A+	A+
Credit Suisse	A1	A	A
Deutsche Bank	A3	BBB+	BBB+
Goldman Sachs	A1	A+	A
HSBC	AA3	AA-	AA-
JP Morgan	Aa3	A+	AA
Morgan Stanley	A1	A+	-
Normua	Baa1	A-	A-
Societe Generale	A1	A	A
State Street	A1	A	AA-
UBS	-	A-	A+

## CHEYNE GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 8. Risks Associated with Financial Instruments (continued)

##### **Credit risk (continued)**

Concentrations of credit risk exist when changes in economic, industry or geographic factors affect counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure (see above concentration risk tables under other price risk). The Fund's portfolio of financial instruments is broadly diversified along industry, product and geographic lines, and transactions are entered into with a range of counterparties, thereby mitigating any significant concentration of credit risk.

The table below indicates the credit ratings of the securities held:

Rating	Notional Exposure		Notional Exposure		Notional Exposure		Notional Exposure	
	Long EUR	Short EUR	Long (% NAV)	Short (% NAV)	Long EUR	Short EUR	Long (% NAV)	Short (% NAV)
	31-Dec-19	31-Dec-19			31-Dec-18	31-Dec-18		
AA	22,744,597	(935,510)	11.37	(0.47)	31,156,770	(1,801,323)	17.45	(1.01)
BBB+	80,533,691	-	40.24	-	120,503,580	(2,618,601)	67.49	(1.47)
BBB	130,105,200	-	65.01	-	174,945,704	-	97.98	-
A-	65,241,658	-	32.60	-	73,438,754	-	41.13	-
BBB-	30,042,184	-	15.01	-	30,228,670	-	16.93	-
AAA	85,666,060	(22,908,968)	42.82	(11.45)	58,243,881	(23,671,360)	32.62	(13.26)
BB+	23,637,484	-	11.81	-	31,720,138	-	17.76	-
A	50,751,267	-	25.36	-	55,600,590	-	31.14	-
BB	5,349,024	-	2.67	-	7,855,803	-	4.40	-
BB-	4,288,109	-	2.14	-	21,110,069	-	11.82	-
AA-	15,000,000	-	7.50	-	22,162,578	-	12.41	-
A+	41,423,308	-	20.70	-	30,604,435	-	17.14	-
B+	5,000,000	(2,674,512)	2.50	(1.34)	-	(2,618,601)	-	(1.47)
AA+	3,743,702	-	1.87	-	-	-	-	-
Not rated	-	(32,248,249)	-	(16.11)	2,000,000	(141,997,211)	1.12	(79.53)
<b>Total</b>	<b>563,526,284</b>	<b>(58,767,239)</b>	<b>281.60</b>	<b>(29.37)</b>	<b>659,570,972</b>	<b>(172,707,096)</b>	<b>369.39</b>	<b>(96.74)</b>

The Fund's maximum credit risk exposure for financial instruments is as follows:

	31-Dec-19	31-Dec-18
Financial Instrument	EUR	EUR
Cash and cash equivalents	27,636,259	23,684,917
Margin cash due from brokers	7,334,145	9,039,510
Fixed income securities	157,045,095	140,893,548
CDS	14,191,687	13,589,577
Swaptions	-	715,928
Unrealised gain on futures	180,728	1,753,799
Unrealised gain on foreign currency forward contracts	3,317,014	179,297
Other receivables	1,221,159	1,479,630
<b>Total</b>	<b>210,926,087</b>	<b>191,336,206</b>

## CHEYNE GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 8. Risks Associated with Financial Instruments (continued)

##### *Liquidity risk*

The following table details the residual contractual maturities of financial liabilities at 31 December 2019:

	<1 month EUR	1-3 months EUR	>3 months EUR	No maturity EUR	Total EUR
Bank overdraft	(1,252,186)	-	-	-	(1,252,186)
Margin cash due to brokers	(6,775,486)	-	-	-	(6,775,486)
CDS	-	(1,052,538)	-	-	(1,052,538)
Unrealised loss on futures	(1,900)	-	(975,085)	-	(976,985)
Unrealised loss on forward currency contracts	-	(193,843)	-	-	(193,843)
Accrued expenses and other payables	(558,230)	-	-	-	(558,230)
Net assets attributable to holder of redeemable shares	(200,116,819)	-	-	-	(200,116,819)
<b>Total liabilities (including net assets attributable to redeemable shares)</b>	<b>(208,704,621)</b>	<b>(193,843)</b>	<b>(2,027,623)</b>	<b>-</b>	<b>(210,926,087)</b>

The following table details the residual contractual maturities of financial liabilities at 31 December 2018:

	<1 month EUR	1-3 months EUR	>3 months EUR	No maturity EUR	Total EUR
Bank overdraft*	(1,104,210)	-	-	-	(1,104,210)
Margin cash due to brokers	(6,033,118)	-	-	-	(6,033,118)
CDS	-	(2,831,231)	-	-	(2,831,231)
Unrealised loss on futures	-	(609,426)	-	-	(609,426)
Unrealised loss on forward currency contracts	-	(1,758,067)	-	-	(1,758,067)
Accrued expenses and other payables	(445,250)	-	-	-	(445,250)
Net assets attributable to holder of redeemable shares	(178,554,904)	-	-	-	(178,554,904)
<b>Total liabilities (including net assets attributable to redeemable shares)</b>	<b>(186,137,482)</b>	<b>(2,367,493)</b>	<b>(2,831,231)</b>	<b>-</b>	<b>(191,336,206)</b>

\*\* Refer to note 5(a).

For details on market risk, please refer to Note 6 of the aggregated financial statements.

## CHEYNE GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 9. Fair Value Estimation

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities measured at fair value at 31 December 2019:

<b>Assets</b>	<b>Level 1 EUR</b>	<b>Level 2 EUR</b>	<b>Level 3 EUR</b>	<b>Total EUR</b>
Financial assets:				
Fixed income securities	5,051,713	151,993,382	-	157,045,095
CDS	-	14,191,687	-	14,191,687
Unrealised gains on futures	180,728	-	-	180,728
Unrealised gain on forward currency contracts	-	3,317,014	-	3,317,014
<b>Total assets</b>	<b>5,232,441</b>	<b>169,502,083</b>	<b>-</b>	<b>174,734,524</b>
<b>Liabilities</b>				
Financial liabilities:				
CDS	-	(1,052,538)	-	(1,052,538)
Unrealised loss on futures	(976,985)	-	-	(976,985)
Unrealised loss on forward currency contracts	-	(193,843)	-	(193,843)
<b>Total liabilities</b>	<b>(976,985)</b>	<b>(1,246,381)</b>	<b>-</b>	<b>(2,223,366)</b>

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities measured at fair value at 31 December 2018:

<b>Assets</b>	<b>Level 1 EUR</b>	<b>Level 2 EUR</b>	<b>Level 3 EUR</b>	<b>Total EUR</b>
Financial assets:				
Fixed income securities	-	140,893,548	-	140,893,548
CDS	-	13,589,577	-	13,589,577
Swaptions	-	715,928	-	715,928
Unrealised gains on futures	1,753,799	-	-	1,753,799
Unrealised gain on forward currency contracts	-	179,297	-	179,297
<b>Total assets</b>	<b>1,753,799</b>	<b>155,378,350</b>	<b>-</b>	<b>157,132,149</b>
<b>Liabilities</b>				
Financial liabilities:				
CDS	-	(2,831,231)	-	(2,831,231)
Unrealised loss on futures	(609,426)	-	-	(609,426)
Unrealised loss on forward currency contracts	-	(1,758,067)	-	(1,758,067)
<b>Total liabilities</b>	<b>(609,426)</b>	<b>(4,589,298)</b>	<b>-</b>	<b>(5,198,724)</b>

Level 2 bonds are priced based on Bloomberg's BVAL methodology, which derives a price based on comparable actively traded bonds.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

**9. Fair Value Estimation (continued)**

Derivatives have been valued using market observable inputs.

The policies for determining when transfers take place is that transfers between levels are deemed to have occurred on the date of the event or the change in circumstances that caused the transfer.

There were no significant movements or transfers between Level 1, Level 2, and Level 3 during the year ended 31 December 2019 or 2018.

Other than financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, all other assets and liabilities are carried at amortised cost, their carrying values are a reasonable approximation of fair value. In accordance with the requirements of IFRS 13 Fair Value Measurement ("IFRS 13"), these assets and liabilities are classified as level 2.

**10. Offsetting of Financial Instruments**

The Fund has not offset any financial assets and financial liabilities in the Statement of Financial Position. The disclosure set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting or similar agreement that covers similar financial instruments. The similar agreements include derivative clearing agreements, global master repurchase agreements and global master securities lending agreements, reverse sale and repurchase agreements, and securities borrowing agreements.

The ISDA and similar master netting agreements do not meet the criteria for offsetting in the Statement of Financial Position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Fund or the counterparties. In addition, the Fund and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Derivative assets and liabilities of the Fund are held with each counterparty and the margin balance maintained by the Fund is for the purpose of providing collateral on derivative positions.

The following tables provides information on the financial impact of potential netting for instruments subject to an enforceable master netting arrangement or similar agreement as at 31 December 2019 and 31 December 2018.

**CHEYNE GLOBAL CREDIT FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)**

**10. Offsetting of Financial Instruments (continued)**

Financial assets subject to offsetting at 31 December 2019:

	(a)	(b)	(c)=(a)-(b)	(d) Related amounts not offset in the Statement of Financial Position		(e)=(c)-(d)
	Gross amounts of recognised assets EUR	Gross amounts offset in the statement of financial position EUR	Net amount presented on the statement of financial position EUR	Financial instruments EUR	Cash collateral received EUR	Net amount EUR
<b>Financial assets at fair value through profit or loss</b>						
Bank of America	1,628,693	-	1,628,693	-	-	1,628,693
Barclays	1,780,409	-	1,780,409	-	648,386	1,132,023
BNP Paribas	3,494,404	-	3,494,404	-	2,456,048	1,038,356
Citibank	6,032,042	-	6,032,042	195,469	782	5,835,791
Credit Suisse	1,373,644	-	1,373,644	24,301	1,093,522	255,821
Goldman Sachs	308,356	-	308,356	-	109,490	198,866
JP Morgan Chase	1,629,149	-	1,629,149	174,478	770,048	684,623
Morgan Stanley	691,681	-	691,681	691,681	-	-
Societe Generale	751,051	-	751,051	-	400,000	351,051
<b>Total</b>	<b>17,689,429</b>	<b>-</b>	<b>17,689,429</b>	<b>1,085,929</b>	<b>5,478,276</b>	<b>11,125,224</b>

Financial liabilities subject to offsetting at 31 December 2019:

	(a)	(b)	(c)=(a)-(b)	(d) Related amounts not offset in the Statement of Financial Position		(e)=(c)-(d)
	Gross amounts of recognised liabilities EUR	Gross amounts offset in the statement of financial position EUR	Net amount presented on the statement of financial position EUR	Financial instruments EUR	Cash collateral pledged EUR	Net amount EUR
<b>Financial liabilities at fair value through profit or loss</b>						
Bank of America	-	-	-	-	-	-
Barclays	-	-	-	-	-	-
BNP Paribas	-	-	-	-	-	-
Citibank	(195,469)	-	(195,469)	(195,469)	-	-
Credit Suisse	(24,301)	-	(24,301)	(24,301)	-	-
Goldman Sachs	-	-	-	-	-	-
JP Morgan Chase	(174,478)	-	(174,478)	(174,478)	-	-
Morgan Stanley	(1,829,118)	-	(1,829,118)	(691,681)	(1,137,437)	-
<b>Total</b>	<b>(2,223,366)</b>	<b>-</b>	<b>(2,223,366)</b>	<b>(1,085,929)</b>	<b>(1,137,437)</b>	<b>-</b>

**CHEYNE GLOBAL CREDIT FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)**

**10. Offsetting of Financial Instruments (continued)**

Financial assets subject to offsetting at 31 December 2018:

	(a)	(b)	(c)=(a)-(b)	(d) Related amounts not offset in the Statement of Financial Position		(e)=(c)-(d)
	Gross amounts of recognised assets EUR	Gross amounts offset in the statement of financial position EUR	Net amount presented on the statement of financial position EUR	Financial instruments EUR	Cash collateral received EUR	Net amount EUR
<b>Financial assets at fair value through profit or loss</b>						
Bank of America	1,327,365	-	1,327,365	227,999	-	1,099,366
Barclays	1,669,887	-	1,669,887	542,812	-	1,127,075
BNP Paribas	4,448,219	-	4,448,219	41,033	3,077,724	1,329,462
Citibank	3,478,585	-	3,478,585	2,005,857	383	1,472,345
Credit Suisse	528,032	-	528,032	110,802	244,588	172,642
Goldman Sachs	543,606	-	543,606	134,318	-	409,288
JP Morgan						
Chase	667,537	-	667,537	667,537	-	-
Morgan Stanley	2,279,660	-	2,279,660	1,034,449	1,245,211	-
Societe Generale	1,295,710	-	1,295,710	236,447	130,000	929,263
<b>Total</b>	<b>16,238,601</b>	<b>-</b>	<b>16,238,601</b>	<b>5,001,254</b>	<b>4,697,906</b>	<b>6,539,441</b>

Financial liabilities subject to offsetting at 31 December 2018:

	(a)	(b)	(c)=(a)-(b)	(d) Related amounts not offset in the Statement of Financial Position		(e)=(c)-(d)
	Gross amounts of recognised liabilities EUR	Gross amounts offset in the statement of financial position EUR	Net amount presented on the statement of financial position EUR	Financial instruments EUR	Cash collateral pledged EUR	Net amount EUR
<b>Financial liabilities at fair value through profit or loss</b>						
Bank of America	(227,999)	-	(227,999)	(227,999)	-	-
Barclays	(542,812)	-	(542,812)	(542,812)	-	-
BNP Paribas	(41,033)	-	(41,033)	(41,033)	-	-
Citibank	(2,005,857)	-	(2,005,857)	(2,005,857)	-	-
Credit Suisse	(110,802)	-	(110,802)	(110,802)	-	-
Goldman Sachs	(134,318)	-	(134,318)	(134,318)	-	-
JP Morgan						
Chase	(865,007)	-	(865,007)	(667,537)	(197,470)	-
Morgan Stanley	(1,034,449)	-	(1,034,449)	(1,034,449)	-	-
Societe Generale	(236,447)	-	(236,447)	(236,447)	-	-
<b>Total</b>	<b>(5,198,724)</b>	<b>-</b>	<b>(5,198,724)</b>	<b>(5,001,254)</b>	<b>(197,470)</b>	<b>-</b>

## CHEYNE GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

#### 11. Net Gain/(Loss) on Financial Assets and Liabilities at Fair Value Through Profit or Loss

	31-Dec-19 EUR	31-Dec-18 EUR
Net realised loss on investments	4,623,621	(5,747,382)
Movement in unrealised loss on investments	19,442,395	(11,667,489)
<b>Net gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>24,066,016</b>	<b>(17,414,871)</b>

#### 12. Related Party Transactions

For details of related party transactions please see Note 9 of the aggregated financial statements.

During the year Directors' fees of EUR22,034 (31 December 2018: EUR34,728) were charged to the Fund and EUR NIL(31 December 2018 : EUR NIL) remain unpaid as at 31 December 2019.

During the year an investment advisory fee of EUR208,491 (31 December 2018: EUR837,641) was charged to the Fund and EUR NIL (31 December 2018 : EUR51,016) remain unpaid as at 31 December 2019.

During the year an investment management fee of EUR309,851 (31 December 2018: EUR1,239,694) was charged to the Fund and EUR NIL (31 December 2018 : EUR75,772) remain unpaid as at 31 December 2019.

During the year the reimbursements to the Investment Manager for out of pocket expenses and legal costs were EUR NIL (31 December 2018: EUR3,775).

During the year a management fee of EUR947,391 (31 December 2018: EUR NIL) was charged to the Fund, EUR 136,060 (31 December 2018: EUR NIL) remained unpaid as at 31 December 2019.

During the year a performance fee of EUR56,569 (31 December 2018: EUR275) was charged to the Fund and EUR56,778(31 December 2018 : EUR163) remain unpaid as at 31 December 2019.

During the year a portfolio support fee of EUR149,792 (31 December 2018: EUR184,353) was charged to the Fund and EUR13,997(31 December 2018 : EUR12,566) remain unpaid as at 31 December 2019.

During the year third party research charge of EUR70,113 (31 December 2018: EUR55,705) was charged to the Fund and EUR 20,842(31 December 2018 : EUR NIL) remain unpaid as at 31 December 2019. The third party research charge amounts disclosed in this note are VAT inclusive.

During the year market data recharge of EUR120,916 (31 December 2018: EUR256,586) was charged to the Fund and EUR49,548(31 December 2018 : EUR119,129) remain unpaid as at 31 December 2019. The market data recharge amounts disclosed in this note are VAT inclusive.

#### *Other related parties*

As at 31 December 2019, Nil(31 December 2018: 3,967.2219) shares of Class GCDH-I3 (GBP) are held by Cheyne Capital Management (UK) LLP which is the Investment Manager and Portfolio Support Manager of the Fund.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)**

**13. Significant Events During the Year**

Mr Head was appointed as Director effective 31 March 2019.

Mr Bronheim, a Director, resigned from the Board effective 31 March 2019.

Effective 13th May 2019 Cheyne Capital SMC Limited (“SMC”) has been authorised by the Central Bank of Ireland under both the UCITS and AIFM Directives.

Effective 13th May 2019 SMC was appointed as Manager to the Company and has delegated discretionary portfolio management services to the Investment Manager.

A revised prospectus and supplements were issued on 13 May 2019. The primary purpose of the changes made to the prospectus dated 13 May 2019 was to incorporate Cheyne Capital SMC Limited as the UCITS management company to Cheyne Select UCITS Fund plc under the UCITS Regulations.

SS&C Financial Services resigned as Company Secretary effective 15 May 2019.

Dechert Secretarial Limited was appointed as Company Secretary effective 15 May 2019.

**14. Subsequent Events Since the Year End**

The current worldwide Coronavirus outbreak, declared by the World Health Organisation as a global health emergency on the 30th January 2020, has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The situation is being continuously monitored.

In the opinion of the Directors, whilst the situation continues to develop, it is not possible to judge the effect of Coronavirus outbreak on the financial position of the Company. As such no adjustment for any potential impact has been made in these financial statements.

There are no other significant events affecting the Fund since the year end.

**CHEYNE ENHANCED GLOBAL CREDIT FUND**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**CHEYNE ENHANCED GLOBAL CREDIT FUND**

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

	Note	31-Dec-19 USD	31-Dec-18 USD*
<b>Assets</b>			
Cash and cash equivalents	5	9,396,853	27,940,192
Margin cash due from brokers	5	1,504,439	791,556
<i>Financial assets at fair value through profit or loss:</i>			
Investments in transferable securities	3	102,041,441	70,825,898
Investments in financial derivative instruments	3	14,134,065	11,061,637
Other receivables	4	305,996	269,622
<b>Total assets</b>		<b>127,382,794</b>	<b>110,888,905</b>
<b>Liabilities</b>			
Bank overdraft	5	(1,787,506)	-
Margin cash due to brokers	5	(5,149,577)	(2,479,478)
<i>Financial liabilities at fair value through profit or loss:</i>			
Investments in financial derivative instruments	3	(935,719)	(1,779,141)
Investment advisor fee payable	2(c)	-	(14,664)
Investment management fee payable	2(d)	-	(33,828)
Management fee payable	2(e)	(32,867)	-
Performance fees payable	2(f)	(162,908)	-
Portfolio support fee payable	2(g)	(8,261)	(7,211)
Market data payable	2(i)	(18,022)	(51,391)
Third party research charge fee payable	2(h)	(10,074)	-
Accrued expenses	6	(70,261)	(67,320)
<b>Total liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b>		<b>(8,175,195)</b>	<b>(4,433,032)</b>
<b>Net Assets Attributable to Holders of Redeemable Shares</b>		<b>119,207,599</b>	<b>106,455,873</b>

\* Refer to note 5(a).

*The accompanying notes form an integral part of the financials statements*

**CHEYNE ENHANCED GLOBAL CREDIT FUND**

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (Continued)**

**Net Asset Value per Redeemable Share**

	31-Dec-19	31-Dec-18	31-Dec-17
<b>Class EGC-I1 (USD)</b>			
Number of shares per class	125,503.78	126,101.89	600,000.00
Net Asset Value per share	USD108.72	USD97.18	USD100.07
Net Asset Value	USD 13,644,822	USD12,254,910	USD 60,039,300
<b>Class EGC-I2 (EUR) hedged</b>			
Number of shares per class	168,182.07	406,513.74	32,500.00
Net Asset Value per share	EUR102.73	EUR94.47	EUR99.87
Net Asset Value	USD 19,394,368	USD43,899,027	USD3,897,491
<b>Class EGC-I3 (GBP) hedged</b>			
Number of shares per class	2,570.00	916.48	-
Net Asset Value per share	GBP107.1	GBP97.34	-
Net Asset Value	USD 364,633	USD113,623	-
<b>Class EGC-I4 (CHF) hedged</b>			
Number of shares per class	34,426.48	9,227.34	-
Net Asset Value per share	CHF105.79	CHF97.71	-
Net Asset Value	USD 3,761,048	USD914,601	-
<b>Class EGC-D1 (USD)</b>			
Number of shares per class	500.00	500.00	-
Net Asset Value per share	USD110.17	USD98.98	-
Net Asset Value	USD55,083	USD49,490	-
<b>Class EGC-D2 (EUR) hedged</b>			
Number of shares per class	-	569.86	-
Net Asset Value per share	-	EUR96.57	-
Net Asset Value	-	USD62,910	-
<b>Class EGC-D3 (GBP) hedged</b>			
Number of shares per class	-	498.15	-
Net Asset Value per share	-	GBP97.21	-
Net Asset Value	-	USD61,675	-

*The accompanying notes form an integral part of the financials statements*

**CHEYNE ENHANCED GLOBAL CREDIT FUND**

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**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (Continued)**

**Net Asset Value per Redeemable Share (Continued)**

	31-Dec-19	31-Dec-18	31-Dec-17
<b>Class EGC-D4 (CHF) hedged</b>			
Number of shares per class	8,600.00	1,300.00	-
Net Asset Value per share	CHF103.98	CHF96.61	-
Net Asset Value	USD 923,486	USD127,398	-
<b>Class EGC-X1 (USD)</b>			
Number of shares per class	726,198.17	498,583.06	-
Net Asset Value per share	USD111.63	USD98.22	-
Net Asset Value	USD 81,064,159	USD48,972,239	-

*The accompanying notes form an integral part of the financials statements*

**CHEYNE ENHANCED GLOBAL CREDIT FUND**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	31-Dec-19 USD	31-Dec-18 USD
<b>Income</b>			
Net gain on financial assets and liabilities at fair value through profit or loss	11	8,313,184	(9,538,144)
Net gain/(loss) on foreign exchange		63,226	(284,772)
Interest income		6,322,886	6,163,202
<b>Total income</b>		<b>14,699,296</b>	<b>(3,659,714)</b>
<b>Expenses</b>			
Interest expense		(690,094)	(585,966)
Administration fee	2(a)	(172,644)	(147,098)
Custodian fee	2(b)	(20,100)	(17,150)
Depositary services fees	2(b)	(27,933)	(21,934)
Investment advisor fee	2(c)	(38,601)	(147,540)
Investment management fee	2(d)	(85,260)	(342,282)
Management fee	2(e)	(222,780)	-
Performance fee	2(f)	(175,318)	-
Portfolio support fee	2(g)	(89,438)	(70,287)
Market data fee	2(i)	(102,745)	(88,215)
Third party research charge fee	2(h)	(78,793)	(60,503)
Directors' fees	2(j)	(17,723)	(17,357)
Audit fee	2(k)	(37,000)	(155)
Other expenses	2(l)	(242,050)	(179,049)
<b>Total expenses</b>		<b>(2,000,479)</b>	<b>(1,677,536)</b>
<b>Increase/(Decrease) in Net Assets Attributable to Holders of Redeemable Shares</b>		<b>12,698,817</b>	<b>(5,337,250)</b>

*The accompanying notes form an integral part of the financials statements*

## CHEYNE ENHANCED GLOBAL CREDIT FUND

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### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FOR THE YEAR ENDED 31 DECEMBER 2019

	31-Dec-19 USD	31-Dec-18 USD
<b>Net assets attributable to holders of redeemable shares at beginning of the year</b>	106,455,873	63,936,791
Increase/(Decrease) in net assets attributable to holders of redeemable shares from operations	12,698,817	(5,337,250)
Issue of redeemable shares during the year	35,228,269	58,546,446
Redemption of redeemable shares during the year	(35,175,360)	(10,690,114)
<b>Net assets attributable to holders of redeemable shares at end of the year</b>	<b>119,207,599</b>	<b>106,455,873</b>

*The accompanying notes form an integral part of the financials statements*

**CHEYNE ENHANCED GLOBAL CREDIT FUND**

**STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 DECEMBER 2019**

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>USD</b>	<b>USD</b>
<b>Cash flows from operating activities</b>		
Increase/(Decrease) in net assets attributable to holders of redeemable shares from operations	12,698,817	(5,337,250)
<b>Adjusted for working capital changes</b>		
Increase in margin cash due from brokers	(712,883)	(791,556)
Increase in investments in transferable securities	(31,215,543)	(23,938,476)
(Decrease)/increase in investments in financial derivative instruments	(3,915,850)	450,277
Increase in other receivables	(36,374)	(166,474)
Increase/(Decrease) in margin cash due to brokers	2,670,099	(1,051,064)
Increase in accrued expenses and other payables	127,979	52,605
<b>Net cash Inflow from operating activities</b>	<b><u>(20,383,755)</u></b>	<b><u>(30,781,938)</u></b>
<b>Financing</b>		
Proceeds from issuance of redeemable shares	35,228,269	58,546,446
Redemptions paid on redeemable shares	(35,175,360)	(10,690,114)
<b>Net cash Inflow from financing activities</b>	<b><u>52,909</u></b>	<b><u>47,856,332</u></b>
<b>(Decrease)/Increase in cash and cash equivalents</b>	<b><u>(20,330,846)</u></b>	<b><u>17,074,394</u></b>
Cash and cash equivalents at start of year	27,940,193	10,865,798
<b>Cash and cash equivalents at end of the year</b>	<b><u>7,609,347</u></b>	<b><u>27,940,192</u></b>
Interest received	6,284,778	6,002,545
Interest paid	(690,094)	(585,966)

*The accompanying notes form an integral part of the financials statements*

# CHEYNE ENHANCED GLOBAL CREDIT FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 1. General Information

The investment objective of the Cheyne Enhanced Global Credit Fund (the "Fund") is to maximise total rates of return, meaning capital appreciation plus income of its investments, over the medium term from returns on corporate debt and derivatives thereof, with prudent levels of risk while maintaining generally moderate levels of volatility. The Fund will seek to achieve its objective primarily through long or synthetic short exposure to the credit risk of Corporates in Developed Markets via CDS, and/or direct investment in debt securities (or via FDI).

As at 31 December 2019, there are twenty one Classes of shares in the Fund, all of which are available for subscription and details of which are set out below:

#### **Funded Classes:**

Class EGC - I1 (USD), Class EGC - I2 (EUR) hedged, Class EGC - I3 (GBP) hedged, Class EGC - I4 (CHF) hedged, Class EGC - D1 (USD), Class EGC - D4 (CHF) hedged, Class EGC - X1 (USD).

#### **Unfunded Classes:**

Class EGC - D5(SGD) hedged, Class EGC Dist - I1 (USD), Class EGC Dist - I2 (EUR) hedged, Class EGC Dist - I3 (GBP) hedged, Class EGC Dist - I4 (CHF) hedged, Class EGC Dist - I5 (SGD) hedged, Class EGC Dist - D1 (USD), Class EGC Dist - D2 (EUR) hedged, Class EGC Dist - D3 (GBP) hedged, Class EGC Dist - D4 (CHF) hedged, Class EGC Dist - D5 (SGD) hedged, Class EGC - I5 (SGD) hedged, Class EGC - D2 (EUR) hedged, Class EGC - D3 (GBP) hedged,

### 2. Fees and Expenses

#### (a) **Administration Fee**

SS&C Financial Services (Ireland) Limited is the "Administrator" of the Company pursuant to an Administration Agreement dated 12 March 2016.

The Administrator receives out of the assets of the Fund an annual fee, accrued at each valuation point and payable monthly in arrears, based on the net asset value (NAV) of the Fund, of up to a maximum of 0.12%, subject to a minimum annual administration fee of EUR58,000 for the first year of the Fund's operation and EUR77,000 in subsequent years and an additional fee of EUR1,550 per month for weekly valuation and an additional fee of EUR1,750 per month for indicative daily valuations, where applicable (plus VAT, if any thereon). The minimum fee may be fully or partially waived by the Administrator for such period or periods of time as may be agreed between the Fund and the Administrator from time to time.

In addition to such base remuneration, the Administrator shall also be entitled to charge the Fund fees relating to any additional services required in relation to corporate secretarial, audit support, tax assistance or investor rebate services, as may be agreed with the Company and which shall be charged at normal commercial rates.

During the year, an administration fee of USD172,644 (31 December 2018: USD147,098) was charged to the Fund out of which, USD15,664 (31 December 2018: USD14,169) remained unpaid as at 31 December 2019.

#### (b) **Depositary and Global Transaction Services Fee**

Citi Depositary Services Ireland DAC acts as the "Depositary" of the Company pursuant to the Depositary Services agreement, which gave the Depositary additional operational and oversight responsibilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

2. **Fees and Expenses (continued)**

**(b) Depository and Global Transaction Services Fee (continued)**

The Depository shall be entitled to receive out of the assets of the Fund an annual fee, accrued daily and payable monthly in arrears, a fee of up to a maximum fee of 0.03% of the NAV of the Fund, subject to a minimum annual Depository services fee of EUR15,000 when an entity within Citigroup is the sub-custodian and EUR21,000 when any other sub-custodian is used.

In addition to such remuneration, Citibank N.A shall also be entitled, on behalf of the Depository to charge the Funds fees relating to any custody or transactional services, as may be agreed with the Company and which shall be charged at standard commercial rates, subject to a minimum annual Global Transaction Services Fee of USD20,000.

During the year depository services fees of USD27,933 (31 December 2018: USD21,934) was charged to the Fund, USD 4,838 (31 December 2018: EUR4,360) remained unpaid as at 31 December 2019.

During the year a custodian fee of EUR20,100 (31 December 2018: EUR17,150) was charged to the Fund, USD 100 (31 December 2018: USD NIL) remained unpaid as at 31 December 2019.

**(c) Investment Advisor Fee**

Up until 12 May 2019 the Company appointed Cheyne Capital International LP as Investment Adviser to provide advisory services in respect of the Company pursuant to the Investment Advisory Agreement.

The Investment Advisor was entitled to receive, out of the assets of the Fund, an annual fee, accrued at each Valuation Point and payable monthly in arrears at a rate of 0.30% per annum of the NAV of the Fund allocable to Class I and at a rate of 0.90% per annum of the NAV of the Fund allocable to Class D. There was no Investment Advisor fee with respect to Class X shares. The Investment Advisor was also entitled to be reimbursed by the Fund for all of its out-of-pocket expenses reasonably incurred on behalf of the Fund.

During the year an investment advisor fee of USD38,601 (31 December 2018: USD147,540) was charged to the Fund, USDNIL (31 December 2018: USD14,664) remained unpaid as at 31 December 2019.

**(d) Investment Management Fee**

Up until 12 May 2019 the Company appointed Cheyne Capital Management (UK) LLP, an investment management entity incorporated in England, as Investment Manager to implement the investment strategy as specified in the Prospectus and the Supplements to the Prospectus. The Investment Manager was entitled to receive out of the assets of the Fund an annual Investment Management Fee, accrued at each Valuation Point and payable monthly in arrears at a rate of 0.70% per annum of the NAV of the Fund allocable to Class I and at a rate of 0.60% per annum of the NAV of the Fund allocable to Class D. There is no Investment Management fee with respect to Class X shares.

The Investment Manager was also entitled to be reimbursed by the Fund for all of its out-of-pocket expenses and vouched internal legal costs reasonably incurred on behalf of the Fund. The reimbursement for the Investment Manager for out of pocket expenses and legal costs were USD NIL (31 December 2018: USD10,869). USD NIL (31 December 2018: USD NIL) remained unpaid as at 31 December 2019.

## CHEYNE ENHANCED GLOBAL CREDIT FUND

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

#### 2. Fees and Expenses (continued)

##### (d) **Investment Management Fee (continued)**

During the year an investment management fee of USD85,260 (31 December 2018: USD342,282) was charged to the Fund, USDNIL (31 December 2018: USD33,828) remained unpaid as at 31 December 2019

##### (e) **Management Fee**

Cheyne Capital SMC Limited ("SMC") was appointed as the Manager on the 13 May 2019 and both Cheyne Capital International LP and Cheyne Capital Management (UK) LLP are appointed via sub delegations as Investment Adviser and Investment Manager respectively.. The Manager is entitled to receive out of the assets of the Fund an annual Investment Management Fee, accrued at each Valuation Point and payable monthly in arrears at a rate of 0.70% per annum of the NAV of the Fund allocable to Class I and at a rate of 0.60% per annum of the NAV of the Fund allocable to Class D. which will be allocated between the Manager, the Investment Manager and the Investment Advisor as agreed between the parties from time to time There is no Investment Management fee with respect to Class X shares.

The Manager is also entitled to be reimbursed by the Fund for all of its out-of-pocket expenses and vouched internal legal costs reasonably incurred on behalf of the Fund. The reimbursement for the Manager for out of pocket expenses and legal costs were EUR NIL (31 December 2018: EURNIL).

During the year a management fee of EUR222,780 (31 December 2018: EURNIL) was charged to the Fund, EUR 32,867 (31 December 2018: EUR NIL) remained unpaid as at 31 December 2019.

Both Cheyne Capital International LP and Cheyne Capital Management (UK) LLP are appointed via sub delegations as Investment Adviser and Investment Manager respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

2. **Fees and Expenses (continued)**

(f) **Performance fee**

Up until 12 May the Investment Manager and the Investment Advisor were be entitled to receive a total performance fee equal to 10% of the increase in the NAV of the relevant Class over the relevant High Water Mark (HWM) during a performance period, disregarding any un-crystallised performance fee. 60% of any performance fee will be due to the Investment Manager and 40% will be due to the Investment Advisor. There is no Performance fee with respect to Class X shares. The initial performance period commenced on the first business day after expiry of the initial offer period.

Cheyne Capital SMC Limited ("SMC") was appointed as the Manager on the 13 May 2019 and both Cheyne Capital International LP and Cheyne Capital Management (UK) LLP are appointed via sub delegations as Investment Adviser and Investment Manager respectively, and shall be entitled to receive a total performance fee equal to 10% of the increase in the NAV of the relevant Class over the relevant High Water Mark (HWM) during a performance period, disregarding any un-crystallised performance fee. The performance fee will be allocated between the Manager, the Investment Manager and the Investment Advisor as agreed between the parties from time to time.

The performance hurdle is the relevant interest rate used for each performance period in the calculation of the performance fee, the interest rate is (i) for any EUR Share Class, the 12 month EURIBOR (Euro Interbank Offered Rate) on the first day of the performance period, (ii) for any USD Share Class, the 12 month Dollar LIBOR on the first day of the performance period, (iii) for any CHF Share Class, the 12 month Swiss Franc LIBOR on the first day of the performance period, (iv) for any GBP Share Class, the 12 month GBP LIBOR on the first day of the performance period, and (v) for any SGD Share Class, the 12 month SGD LIBOR on the first day of the performance period.

The HWM ensures that, if the class falls in value, a performance fee will only be payable on that part of any subsequent performance of the class that is in excess of the current HWM value.

The HWM is initially the value invested in the class, and is adjusted at each valuation point to take account of subscriptions, redemptions and distributions impacting the valuation at that date. The HWM is increased by the value of subscriptions, reduced by the value of distributions, and prorated down by the proportion of shares of the class redeeming.

If the class falls in value in relation to the HWM following payment of the performance fee in any previous period, the Investment Manager will retain all performance fee previously crystallised for that class but no further performance fee will be charged until performance above the HWM is achieved by the class.

The performance fee shall accrue at each valuation point and accordingly the NAV will be adjusted to reflect such fee. Notwithstanding the foregoing, any accrued performance fee referable to shares redeemed prior to the end of the performance period shall crystallise and become payable to the Investment Manager following such redemption. The performance period is each calendar quarter.

This crystallising performance fee is calculated as a *pro rata* portion of the un-crystallised performance fee which forms part of the price at which the relevant shareholder redeemed.

During the year a performance fee of USD175,318 (31 December 2018: USD NIL) was charged to the Fund, USD162,908 (31 December 2018: USD NIL) remained unpaid as at 31 December 2019. The performance fee is periodically verified by the Depositary.

## CHEYNE ENHANCED GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

#### 2. Fees and Expenses (continued)

##### (g) Portfolio Support Fee

The Investment Manager shall be entitled to receive an annual portfolio support fee of 0.08% per annum of the first EUR200 million of the NAV of the Fund, 0.06% per annum of the NAV of the Fund between EUR200 million and EUR400 million; 0.04% per annum of the NAV of the Fund between EUR400 million and EUR650 million; and 0.02% per annum of the NAV of the Fund in excess of EUR650 million.

During the year a portfolio support fee of USD89,438 (31 December 2018: USD70,287) was charged to the Fund and USD8,261(31 December 2018: USD7,211) remained unpaid as at 31 December 2019.

##### (h) Third Party Research

The Investment Manager may use research from brokers or a third party research provider (“third party research”). The costs of third party research may be allocated by the Investment Manager on a fair basis to the fund (each such allocation a “research charge”). Any such cost allocations will be based on a written policy and annual research budget set by the Investment Manager and agreed by the Directors of the fund and an assessment of the potential value of third party research to the Investment Manager and the fund. Research charges may be paid into a separate research payment account controlled by the Investment Manager. This may include deducting the research charge directly from the fund’s assets and then transferring it into the research payment account at periodic intervals.

The third party research charge and VAT in respect of these fees were charged to the Fund are as follows:

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>USD</b>	<b>USD</b>
Third party research charge	(74,491)	(54,428)
VAT	(4,302)	(6,075)
<b>Total</b>	<b>(78,793)</b>	<b>(60,503)</b>

The fees disclosed in the table above are exclusive of VAT. The fees are recognised in the Statement of Comprehensive Income are inclusive of VAT.

##### (i) Market Data Recharge

The fund will also reimburse the Investment Manager for expenses incurred by the Investment Manager in obtaining market data, corporate access, analysis, pricing and valuation services and/or other similar information and/or services for the fund (“market data recharge”), up to a maximum of 0.10 per cent. per annum of the average net asset value of the fund.

The third party research charge, market data recharge and VAT in respect of these fees were charged to the Fund are as follows:

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>USD</b>	<b>USD</b>
Market data recharge	(74,957)	(78,451)
VAT	(27,788)	(9,764)
<b>Total</b>	<b>(102,745)</b>	<b>(88,215)</b>

The fees disclosed in the table above are exclusive of VAT. The fees are recognised in the Statement of Comprehensive Income are inclusive of VAT.

## CHEYNE ENHANCED GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

#### 2. Fees and Expenses (continued)

##### (j) **Directors' Fees**

The Articles authorise the Directors to charge a fee for their services at a rate determined by the Directors up to a maximum fee per Director of GBP25,000 per annum for the Umbrella. All Directors will be entitled to reimbursement by the Fund of expenses properly incurred in connection with the business of the Fund or the discharge of their duties.

During the year Directors' fees of USD17,723 (31 December 2018: USD17,357) were charged to the Fund, USDNil (31 December 2018: USDNil) remained unpaid as at 31 December 2019.

##### (k) **Audit Fee**

In accordance with the European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010 (S.I. No. 220 of 2010), the Fund is obliged to disclose fees paid to the Fund's Auditor. During the year, an audit fee of USD37,000 (31 December 2018: USD 155) was charged to the Fund, of which USD33,232 (31 December 2018: USD37,000) was payable at year end. Payment in respect of other assurance, tax advisory and other non-audit fees are USD4,606 (31 December 2018: USD6,506).

##### (l) **Other Expenses**

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>USD</b>	<b>USD</b>
Insurance expense	(7,079)	(1,771)
Legal fees	(148,213)	(110,487)
Miscellaneous expenses	(81,246)	(65,919)
VAT services fee expense	(5,512)	(872)
	<b>(242,050)</b>	<b>(179,049)</b>

#### 3. Financial Assets and Liabilities at fair value through profit or loss

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>USD</b>	<b>USD</b>
<b>Financial assets at fair value through profit or loss</b>		
Fixed income securities	102,041,441	70,825,898
CDS	13,832,283	9,524,027
Swaptions	-	608,467
Unrealised gain on forward currency contracts	301,782	929,143
	<b>116,175,506</b>	<b>81,887,535</b>

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>USD</b>	<b>USD</b>
<b>Financial liabilities at fair value through profit or loss</b>		
CDS	(125,947)	(1,721,003)
Unrealised loss on forward currency contracts	(809,772)	(58,138)
	<b>(935,719)</b>	<b>(1,779,141)</b>

#### 4. Other Receivables

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>USD</b>	<b>USD</b>
Interest receivable on securities	301,913	263,805
Other receivables	4,083	5,817
	<b>305,996</b>	<b>269,622</b>

**CHEYNE ENHANCED GLOBAL CREDIT FUND**

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)**

**5. Cash and Cash Equivalents**

*(a) Restatement of cash and cash equivalents and bank overdraft balances*

During the year management identified that the cash and cash equivalents and bank overdraft amounts in the prior year were both overstated by USD47,576,929 each. This amount should not have been recognized and as a result the prior year cash and cash equivalents and bank overdraft in the financial statements have been restated as follows:

The above restatement has had no impact on the 31 December 2018 NAV:

31 December 2018	As previously reported USD	Adjustment USD	As restated USD
Cash and cash equivalents	75,517,122	(47,576,929)	27,940,192
Bank overdraft	(47,576,929)	47,576,929	-
<b>Net total</b>	<b>27,940,192</b>	<b>-</b>	<b>27,940,192</b>

The above restatement has no impact on the results or net asset value of the Fund as at 31 December 2018.

**CHEYNE ENHANCED GLOBAL CREDIT FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)**

**5. Cash and Cash Equivalents (continued)**

	<b>31-Dec-19 USD</b>	<b>31-Dec-18 USD**</b>
Cash and cash equivalents*:		
-CHF	3,037,102	3,055
-EUR	1,681,186	24,772,552
-GBP	43,469	47,170
-USD	4,635,096	3,117,415
	9,396,853	27,940,192
Margin cash due from brokers:		
-CHF	221,372	205
-EUR	197,021	363
-GBP	662	637
-USD	1,085,384	790,351
	1,504,439	791,556
Bank overdraft		
-EUR	-	-
-USD	(1,787,506)	-
	(1,787,506)	-
Margin cash due to brokers		
-CHF	(302)	-
-EUR	(2,423)	(2)
-USD	(5,146,852)	(2,479,476)
	(5,149,577)	(2,479,478)
<b>Total</b>	<b>3,964,209</b>	<b>26,252,270</b>

\* Cash and cash equivalents are held with the Custodian.

\*\* Refer to note 5(a).

**6. Accrued Expenses**

The table below details the accrued expenses at year end:

	<b>31-Dec-19 USD</b>	<b>31-Dec-18 USD</b>
Administration fees payable	(15,664)	(14,169)
Custodian fee payable	(100)	-
Depository services fees payable	(4,838)	(4,360)
Audit fees payable	(33,232)	(37,000)
Legal fees payable	-	(1,215)
Miscellaneous expenses payable	(16,243)	(10,576)
VAT services fees payable	(184)	-
<b>Total</b>	<b>(70,261)</b>	<b>(67,320)</b>

## CHEYNE ENHANCED GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

#### 7 Redeemable Shares

As at 31 December 2019, there are 21 Classes of Shares in the Fund, of which all are available for subscription and details of which are set out in the table below:

Class of Share	Hedged Yes / No	Minimum Subscription	Minimum Holding	Available for Subscription
Class EGC - I1 (USD)	No	USD100,000	USD50,000	Yes
Class EGC - I2 (EUR)	Yes	EUR100,000	EUR50,000	Yes
Class EGC - I3 (GBP)	Yes	GBP100,000	GBP50,000	Yes
Class EGC - I4 (CHF)	Yes	CHF100,000	CHF50,000	Yes
Class EGC - I5 (SGD)	Yes	SGD100,000	SGD50,000	Yes
Class EGC - D1 (USD)	No	USD50,000	USD25,000	Yes
Class EGC - D2 (EUR)	Yes	EUR50,000	EUR25,000	Yes
Class EGC - D3 (GBP)	Yes	GBP50,000	GBP25,000	Yes
Class EGC - D4 (CHF)	Yes	CHF50,000	CHF25,000	Yes
Class EGC - D5(SGD)	Yes	SGD100,000	SGD50,000	Yes
Class EGC - X1(USD)	No	USD50,000,000	USD40,000,000	Yes
Class EGC Dist - I1 (USD)	No	USD100,000	USD50,000	Yes
Class EGC Dist - I2 (EUR)	Yes	EUR100,000	EUR50,000	Yes
Class EGC Dist - I3 (GBP)	Yes	GBP100,000	GBP50,000	Yes
Class EGC Dist - I4 (CHF)	Yes	CHF100,000	CHF50,000	Yes
Class EGC Dist - I5 (SGD)	Yes	SGD100,000	SGD50,000	Yes
Class EGC Dist - D1 (USD)	No	USD50,000	USD25,000	Yes
Class EGC Dist - D2 (EUR)	Yes	EUR50,000	EUR25,000	Yes
Class EGC Dist - D3 (GBP)	Yes	GBP50,000	GBP25,000	Yes
Class EGC Dist - D4 (CHF)	Yes	CHF50,000	CHF25,000	Yes
Class EGC Dist - D5 (SGD)	Yes	SGD100,000	SGD50,000	Yes

Following the initial offer period, which closes on 11 April 2019, shares were offered at an initial price of 100 in each of the relevant currencies. Class X shares may only be offered to institutional investors, in certain limited circumstances, at the discretion of the Investment Manager. Shares are currently available at prices calculated with reference to the NAV per share were applications received by the Administrator prior to the dealing deadline for any dealing day will be processed on that dealing day.

Any applications received after the dealing deadline for a particular dealing day will be processed on the following dealing day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the dealing deadline for processing on that dealing day, provided that such applications have been received prior to the valuation point for the particular dealing day.

Requests for redemptions received prior to the dealing deadline for any dealing day will be processed on that dealing day. Any requests for redemption received after the dealing deadline for a dealing day will be processed on the next dealing day unless the Directors in their absolute discretion determine otherwise provided that such redemption request(s) have been received prior to the valuation point for the particular dealing day. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions. No redemption payment will be made from an investor account until the original Application Form and all documentation required by or on behalf of the Fund (including any documents in connection with anti-money laundering procedures) has been received from the investor and the anti-money laundering procedures have been completed.

## CHEYNE ENHANCED GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

#### 7. Redeemable Shares (continued)

The minimum value of shares which a shareholder may redeem in any one redemption transaction is EUR2,000 (or its GBP/USD/NOK equivalent). In the event of a shareholder requesting a redemption which would, if carried out, leave the shareholder holding shares of a class having a NAV less than the relevant minimum holding, the Fund may, if it thinks fit, redeem the whole of the shareholder's holding.

It is not the current intention of the Directors to charge a redemption fee. However, the Directors are empowered to charge a redemption fee of up to 3% of the redemption monies and may exercise their discretion in this respect. The Directors may differentiate between shareholders of the Fund by waiving or reducing the redemption fee chargeable to certain shareholders. The Directors will give not less than one month's notice to shareholders of their intention to introduce a redemption fee generally. In the event of a redemption fee being charged, shareholders should view their investment as medium to long-term.

There were no holdings in any of the other share classes listed in Note 1 as at 31 December 2019. Shares transactions during the year in respect of each share class are shown below:

#### 31-Dec-19

	Class EGC I1 (USD)	Class EGC I2 (EUR)*	Class EGC I4 (CHF)*	Class EGC D2 (EUR)*	Class EGC D3 (GBP)*
<b>Number of Shares</b>					
At beginning of period	126,101.89	406,513.74	9,227.34	569.86	498.15
Issued	58,994.19	24,880.15	25,314.14	-	-
Redeemed	(59,592.30)	(263,211.82)	(115.00)	(569.86)	(498.15)
At end of the period	<u>125,503.78</u>	<u>168,182.07</u>	<u>34,426.48</u>	<u>-</u>	<u>-</u>

#### 31-Dec-19

	Class EGC D4 (CHF)*	Class EGC X1 (USD)	Class EGC I3 (GBP)*	Class EGC D1 (USD)
<b>Number of Shares</b>				
At beginning of period	<b>1,300.00</b>	498,583.06	916.48	500.00
Issued	7,650.00	227,615.11	2,832.54	-
Redeemed	(350.00)	-	(1,179.02)	-
At end of the period	<u>8,600.00</u>	<u>726,198.17</u>	<u>2,570.00</u>	<u>500.00</u>

\*Hedged share class

**CHEYNE ENHANCED GLOBAL CREDIT FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)**

**7. Redeemable Shares (continued)**

**31-Dec-18**

	Class EGC I1 (USD)	Class EGC I2 (EUR)*	Class EGC I4 (CHF)*	Class EGC D2 (EUR)*	Class EGC D3 (GBP)*
<b>Number of Shares</b>					
At beginning of period	600,000.00	32,500.00	-	-	-
Issued	126,101.89	379,667.74	9,227.34	569.86	998.15
Redeemed	(600,000.00)	(5,654.00)	-	-	(500.00)
At end of the period	<u>126,101.89</u>	<u>406,513.74</u>	<u>9,227.34</u>	<u>569.86</u>	<u>498.15</u>

**31-Dec-18**

	Class EGC D4 (CHF)*	Class EGC X1 (USD)	Class EGC I3 (GBP)*	Class EGC D1 (USD)
<b>Number of Shares</b>				
At beginning of period	-	-	-	-
Issued	1,300.00	498,583.06	916.48	500.00
Redeemed	-	-	-	-
At end of the period	<u>1,300.00</u>	<u>498,583.06</u>	<u>916.48</u>	<u>500.00</u>

\*Hedged share class

The aggregate nominal value of shares of each class subscribed is shown below:

<b>Share Class</b>	<b>Consideration received 2019</b>	<b>Consideration received 2018</b>
Class EGC-I1 (USD)	6,273,705	12,552,428
Class EGC-I2 (EUR) hedged	2,800,980	44,627,421
Class EGC - I3 (GBP) hedged	374,991	120,970
Class EGC-I4 (CHF) hedged	2,657,428	932,448
Class EGC - D1(USD)	-	50,000
Class EGC-D3 (GBP) hedged	-	133,511
Class EGC-D4 (CHF) hedged	22,357,000	129,668
Class EGC-X1- (USD)	764,165	-
<b>Total consideration received</b>	<u><b>35,228,269</b></u>	<u><b>58,546,446</b></u>

**CHEYNE ENHANCED GLOBAL CREDIT FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)**

**8. Risks Associated with Financial Instruments**

***Interest rate risk***

An increase in 50 basis points in interest rates as at the reporting date would have increased the net assets attributable to the holders of redeemable shares and changes in net assets attributable to holders of redeemable shares by USD530,028 (31 December 2018: USD485,391). A decrease of 50 basis points would have had an equal but opposite effect.

The following table details the Fund's exposure to interest rate risks. It includes the Fund's assets and trading liabilities at fair values, categorised by maturity date measured by the carrying value of the assets and liabilities.

**31-Dec-19**

<b>Assets</b>	<b>&lt;1 month</b>	<b>1 - 3 months</b>	<b>3 - 12 months</b>	<b>&gt;12 months</b>	<b>Non- interest bearing</b>	<b>Total</b>
<i>Fair value through profit or loss:</i>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Fixed income securities	-	39,574,091	62,467,350		-	102,041,441
CDS	-	-	-	-	13,832,283	13,832,283
Unrealised gain on forward currency contracts	-	-	-	-	301,782	301,782
<i>Amortised cost:</i>						
Cash and cash equivalents	9,396,853	-	-	-	-	9,396,853
Margin cash due from brokers	1,504,439	-	-	-	-	1,504,439
Other receivables	-	-	-	-	305,996	305,996
<b>Total assets</b>	<b>10,901,292</b>	<b>39,574,091</b>	<b>62,467,350</b>	<b>-</b>	<b>14,440,061</b>	<b>127,382,794</b>

**31-Dec-19**

<b>Liabilities</b>	<b>&lt;1 month</b>	<b>1 - 3 months</b>	<b>3 - 12 months</b>	<b>&gt;12 months</b>	<b>Non- interest bearing</b>	<b>Total</b>
<i>Fair value through profit or loss:</i>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
CDS	-	-	-	-	(125,947)	(125,947)
Unrealised loss on forward currency contracts	-	-	-	-	(809,772)	(809,772)
<i>Amortised cost:</i>						
Bank overdraft	(1,787,506)	-	-	-	-	(1,787,506)
Margin cash due to brokers	(5,149,577)	-	-	-	-	(5,149,577)
Accrued expenses and other payables	-	-	-	-	(302,393)	(302,393)
<b>Total liabilities</b>	<b>(6,937,083)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,238,112)</b>	<b>(8,175,195)</b>

**CHEYNE ENHANCED GLOBAL CREDIT FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)**

**8. Risks Associated with Financial Instruments (continued)**

**Interest rate risk (continued)**

**31-Dec-18**

<b>Assets</b>	<b>&lt;1 month</b>	<b>1 - 3 months</b>	<b>3 - 12 months</b>	<b>&gt;12 months</b>	<b>Non- interest bearing</b>	<b>Total</b>
<i>Fair value through profit or loss:</i>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Fixed income securities	18,164,414	995,833	49,682,570	1,983,081	-	70,825,898
CDS	-	-	-	-	9,524,027	9,524,027
Swaptions	-	-	-	-	608,467	608,467
Unrealised gain on forward currency contracts	-	-	-	-	929,143	929,143
<i>Amortised cost:</i>						
Cash and cash equivalents**	27,940,192	-	-	-	-	27,940,192
Margin cash due from brokers	791,556	-	-	-	-	791,556
Other receivables	-	-	-	-	269,622	269,622
<b>Total assets</b>	<b>46,896,162</b>	<b>995,833</b>	<b>49,682,570</b>	<b>1,983,081</b>	<b>11,331,259</b>	<b>110,888,905</b>

**31-Dec-18**

<b>Liabilities</b>	<b>&lt;1 month</b>	<b>1 - 3 months</b>	<b>3 - 12 months</b>	<b>&gt;12 months</b>	<b>Non- interest bearing</b>	<b>Total</b>
<i>Fair value through profit or loss:</i>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
CDS	-	-	-	-	(1,721,003)	(1,721,003)
Unrealised loss on forward currency contracts	-	-	-	-	(58,138)	(58,138)
<i>Amortised cost:</i>						
Bank overdraft**t	-	-	-	-	-	-
Margin cash due to brokers	(2,479,478)	-	-	-	-	(2,479,478)
Accrued expenses and other payables	-	-	-	-	(174,413)	(174,413)
<b>Total liabilities</b>	<b>(2,479,478)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,953,554)</b>	<b>(4,433,032)</b>

\*\* Refer to note 5(a).

## CHEYNE ENHANCED GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

#### 8. Risks Associated with Financial Instruments (continued)

##### ***Foreign currency risk***

The following table provides an analysis of the Fund's net exposure to foreign currencies after including forward foreign currency contracts with the exception of contracts used for hedging foreign currency share classes as at 31 December 2019:

Currency	31-Dec-19	31-Dec-18
	USD	USD
CHF	148,980	1,058,176
EUR	537,700	44,109,569
GBP	(28,987)	174,779
<b>Total</b>	<b>657,693</b>	<b>45,342,524</b>

An increase in 50 basis points in USD rates as at the reporting date would have decreased the net assets attributable to the holders of redeemable shares and changes in net assets attributable to the holders of redeemable shares by USD126,049 (31 December 2018: USD226,713). A decrease of 50 basis points would have had an equal but opposite effect.

Exchange rates used are outlined on page 40 of these financial statements.

##### ***Other price risk***

The Fund will seek to establish a convex payoff profile, minimise spread while realising positive carry from taking default exposure. Credit spread movements are the primary risk factors that could have a material impact on the NAV of the Fund when trying to establish this convex profile. Credit spread risk is managed through rigorous quantitative (i.e. liquidity, leverage and profitability) and qualitative (i.e. business plans, competition etc.) evaluations of the credit fundamentals of the different obligors.

The NAV of the Fund is therefore exposed to the credit/default risk of certain reference entities via the use of credit derivatives. The Investment Manager, on an on-going and actively managed basis, commits the Fund through the Swap Agreement to buy and sell credit protection in relation to reference entities. If credit protection has been sold, the Fund may be required to make a payment if a credit event occurs in relation to a reference entity, and, if it has bought credit protection, may receive a payment if such a credit event occurs.

Sector and geographic risk is monitored and is subject to the following constraints:

1. Maximum single issuer concentration.
2. Maximum sector exposure.
3. Maximum exposure outside EU/North America.
4. Maximum sub-investment grade concentration.

**CHEYNE ENHANCED GLOBAL CREDIT FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)**

**8. Risks Associated with Financial Instruments (continued)**

***Other price risk (continued)***

All risk factors are monitored on a daily basis by the Investment Manager and the underlying parameters are stressed on an on-going basis in order to determine the impact of any material movements in the credit fundamentals of the underlying obligors.

Year	Credit Spread			
	+100%		-100%	
	NAV%	CCY	NAV%	CCY
31-Dec-19	(5.13)%	(322,278.94)	5.27%	6,282,240
31-Dec-18	(10.81)%	(2,110,545)	18.34%	19,524,007

The tables below analyse the Fund's concentration of mark-to-market risk by geographical and sector distribution for 31 December 2019 and 31 December 2018 (excluding cash).

**Country of risk exposure 31 December 2019 and 31 December 2018:**

Country of risk	Notional Exposure		Notional Exposure		Notional Exposure		Notional Exposure	
	Long	Short	Long	Short	Long	Short	Long	Short
	EUR	EUR	Long	Short	EUR	EUR	Long	Short
	31-Dec-19	31-Dec-19	(% NAV)	(% NAV)	31-Dec-18	31-Dec-18	NAV)	(% NAV)
United States	266,455,892	(1,000,000)	223.52	(0.84)	244,841,870	(47,060,298)	229.99	(44.21)
Australia	4,000,000	-	3.36	-	1,000,000	-	0.96	(0.01)
Britain	103,556,093	-	86.87	-	104,448,808	(35,872,614)	98.11	(33.70)
France	21,312,300	-	17.88	-	25,204,300	-	23.68	-
Switzerland	14,582,100	-	12.23	-	<b>14,893,450</b>	-	13.99	-
Canada	11,500,000	-	9.65	-	11,000,000	-	10.33	-
Germany	13,124,597	-	11.01	-	10,310,850	-	9.69	-
Netherlands	11,217,000	-	9.41	-	30,009,770	-	28.19	-
Italy	3,365,100	-	2.82	-	-	-	-	-
Ireland	1,682,550	-	1.41	-	1,718,475	-	1.61	-
Spain	6,730,200	-	5.65	-	6,873,900	-	6.46	-
Sweden	4,486,800	-	3.76	-	<b>8,019,550</b>	-	7.53	-
South Africa	2,243,400	-	1.88	-	2,291,300	-	2.15	-
Belgium	3,365,100	-	2.82	-	3,436,950	-	3.23	-
Finland	4,486,800	-	3.76	-	6,873,900	-	6.46	-
Denmark	1,121,700	-	0.94	-	2,291,300	-	2.15	-
	<b>473,229,632</b>	<b>(1,000,000)</b>	<b>396.97</b>	<b>(0.84)</b>	<b>473,214,423</b>	<b>(82,932,912)</b>	<b>444.53</b>	<b>(77.92)</b>

**CHEYNE ENHANCED GLOBAL CREDIT FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)**

**8. Risks Associated with Financial Instruments (continued)**

*Other price risk (continued)*

Sector exposure 31 December 2019 and 31 December 2018:

Sector of risk	Notional Exposure		Notional Exposure		Notional Exposure		Notional Exposure	
	Long	Short	Long	Short	Long	Short	Long	Short
	EUR	EUR	(% NAV)	(% NAV)	EUR	EUR	(% NAV)	(% NAV)
	31-Dec-19	31-Dec-19			31-Dec-18	31-Dec-18		
Index	96,416,911	-	80.88	-	109,622,775	(80,932,912)	102.97	(76.02)
Government	100,297,949	-	84.13	-	65,140,554	-	61.19	-
Communications	33,825,500	(1,000,000)	28.38	(0.84)	42,349,950	(1,000,000)	39.78	(0.96)
Financial	54,420,800	-	45.65	-	58,139,945	-	54.61	-
Consumer, Cyclical	32,582,100	-	27.33	-	39,330,400	-	36.95	-
Consumer, Non-cyclical	52,662,222	-	44.18	-	54,775,474	-	51.45	-
Utilities	20,190,600	-	16.94	-	22,330,400	-	20.98	-
Industrial	25,312,300	-	21.23	-	21,476,050	(1,000,000)	20.17	(0.94)
Energy	22,986,800	-	19.28	-	22,582,600	-	21.21	-
Basic Materials	26,534,450	-	22.26	-	23,883,675	-	22.46	-
Technology	7,000,000	-	5.87	-	6,000,000	-	5.64	-
Financial	-	-	-	-	4,582,600	-	4.30	-
Oil&Gas	1,000,000	-	0.84	-	3,000,000	-	2.82	-
<b>Total</b>	<b>473,229,632</b>	<b>(1,000,000)</b>	<b>396.97</b>	<b>(0.84)</b>	<b>473,214,423</b>	<b>(82,932,912)</b>	<b>444.53</b>	<b>(77.92)</b>

The country and sector risk tables have been prepared using the underlying notional exposure where relevant, and will not therefore reconcile to financial assets at fair value. This reflects how other price risk is monitored and managed by the Investment Manager.

The Fund also uses absolute Value-at-Risk (VaR) analysis, which is a statistically based estimate of the potential loss on the current portfolio from adverse market movements.

The absolute VaR figure cannot be greater than 20% of the NAV of the Fund.

The calculation of the absolute VaR is carried out in accordance with the following parameters:

1. one-tailed confidence interval of 99%;
2. holding period equivalent to 1 month (20 business days);
3. effective observation period (history) of risk factors of at least 1 year (250 business days);
4. daily calculation.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)**

**8. Risks Associated with Financial Instruments (continued)**

***Other price risk (continued)***

The VaR model is validated and audited at period end through the use of backtesting procedures. The results of the backtesting procedures are communicated to the Board of Directors especially when there are signs of excessive VaR back testing overshoots. Stress testing is also employed to highlight the validity of the calculation model and suggest corrective actions in terms of model parameters and calibration.

The main risk covered by the VaR model is market risk. The model's methodology is historical simulation where no assumptions regarding returns distributions are made. The backtesting procedure includes checking the Fund's returns versus the VaR levels calculated by the risk engine. The time horizon used for the backtesting of the VaR model is one day using one year's historical data.

Historical simulation generates scenarios by applying risk factor movements from a historical period to today's risk factor levels then re-pricing each security from the new risk factor levels. There is no distributional assumption (e.g. normality or log normality) neither for the risk factors nor for the securities. Instead, distributions of underlying risk factors are taken exactly as found over the specified historical time period. This method accurately prices all types of complex non-linear positions as well as simple linear instruments. It also provides a full distribution of potential portfolio gains and losses (which need not be symmetrical). If the underlying risk factors exhibit non-normal behaviour such as fat tails or mean reversion, then the resulting VaR figure will include these effects. However, tail risk can only be examined if the historical data set includes tail events.

Leverage has been computed using the sum of notionals approach, as recommended by the Central Bank. This approach does not allow for any kind of netting or hedging. The average leverage of 430% has been computed using data calculated daily and was calculated over the year ranging from inception of the Fund until 31 December 2019.

The leverage is a measure of (i) the derivative usage and (ii) any leverage generated by the reinvestment of the cash received as collateral when using efficient portfolio management techniques, and therefore does not take into account other physical assets directly held in the portfolio of the relevant Fund. The efficient portfolio management techniques refer to the use of a combination of investing in sovereign government bonds and short dated high quality corporate bonds as cash equivalent collateral. The selection of these investments is based on credit quality of the borrowing entity and the short duration of these bonds.

<b>VaR utilisation during 2019</b>		
Lowest	Highest	Average
0.72%	6.41%	1.40%
<b>VaR utilisation during 2018</b>		
Lowest	Highest	Average
1.32%	2.29%	1.77%

**CHEYNE ENHANCED GLOBAL CREDIT FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)**

**8. Risks Associated with Financial Instruments (continued)**

***Credit risk***

The tables below indicate the long-term credit ratings of the counterparties of financial assets held as at 31 December 2019:

**31-Dec-19**

	<b>Moody's</b>	<b>Standard &amp; Poors</b>	<b>Fitch</b>
Barclays	Baa3	BBB	A
BNP Paribas	Aa3	A+	A+
Bank of America	Aa2	A+	AA-
Bank of New York	A1	A	AA-
Citibank	Aa3	A+	A+
Citigroup Global Markets Limited	NR	A+	A
Credit Suisse International	A1	A+	A-
Goldman Sachs	A1	A+	A
J.P. Morgan Chase & Co.	A2	A-	AA-
Merrill Lynch International	NR	A+	A+
Morgan Stanley	A1	A+	NR
Société Générale	NR	A	A

**31-Dec-18**

	<b>Moody's</b>	<b>Standard &amp; Poors</b>	<b>Fitch</b>
Bank of America	A3+	A+	AA-
Barclays	A2	A	A+
BNP Paribas	Aa3	A	A+
Bank of New York Mellon	A1	A	AA-
Citibank	Aa3	A+	A+
Credit Suisse	A1	A	A
Deutsche Bank	A3	BBB+	BBB+
Goldman Sachs	A1	A+	A
HSBC	AA3	AA-	AA-
JP Morgan	Aa3	A+	AA
Morgan Stanley	A1	A+	-
Normua	Baa1	A-	A-
Societe Generale	A1	A	A
State Street	A1	A	AA-
UBS	-	A-	A+

**CHEYNE ENHANCED GLOBAL CREDIT FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)**

**8. Risks Associated with Financial Instruments (continued)**

***Credit risk(continued)***

Concentrations of credit risk exist when changes in economic, industry or geographic factors affect counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure (see above concentration risk tables under other price risk). The Fund's portfolio of financial instruments is broadly diversified along industry, product and geographic lines, and transactions are entered into with a range of counterparties, thereby mitigating any significant concentration of credit risk.

The table below indicates the credit ratings of the securities held:

Rating	Notional Exposure		Notional Exposure		Notional Exposure		Notional Exposure	
	Long	Short	Long	Short	Long	Short	Long	Short
	USD	USD	(% NAV)	(% NAV)	USD	USD	(% NAV)	(% NAV)
	31-Dec-19	31-Dec-19			31-Dec-18	31-Dec-18		
AAA	74,509,317	-	62.50	-	46,042,671	-	43.25	-
BBB+	42,677,400	-	35.80	-	47,641,250	(1,000,000)	44.75	(0.94)
BBB	79,500,922	-	66.69	-	93,086,324	-	87.44	-
A-	37,434,000	-	31.40	-	37,204,300	-	34.95	-
BBB-	25,656,150	-	21.52	-	17,602,150	-	16.53	-
BB+	14,412,750	-	12.09	-	19,029,325	-	17.88	-
A	33,973,600	-	28.50	-	31,455,195	-	29.55	-
B+	3,365,100	(1,000,000)	2.82	(0.84)	-	(1,000,000)	-	(0.96)
BB-	2,804,250	-	2.35	-	11,165,200	-	10.49	-
BB	3,000,000	-	2.52	-	8,291,300	-	7.79	-
AA-	10,095,300	-	8.47	-	9,165,200	-	8.61	-
AA	32,532,032	-	27.29	-	28,889,183	-	27.14	-
A+	16,851,900	-	14.14	-	11,728,250	-	11.02	-
Not rated	96,416,911	-	80.88	-	111,914,075	(80,932,912)	105.13	(76.02)
<b>Total</b>	<b>473,229,632</b>	<b>(1,000,000)</b>	<b>396.97</b>	<b>(0.84)</b>	<b>473,214,423</b>	<b>(82,932,912)</b>	<b>444.53</b>	<b>(77.92)</b>

**CHEYNE ENHANCED GLOBAL CREDIT FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)**

**8. Risks Associated with Financial Instruments (continued)**

***Credit risk(continued)***

The Fund's maximum credit risk exposure for financial instruments is as follows:

<b>Financial Instrument</b>	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>USD</b>	<b>USD**</b>
Cash and cash equivalents	9,396,853	27,940,192
Margin cash due from brokers	1,504,439	791,556
Fixed income securities	102,041,441	70,825,898
CDS	13,832,283	9,524,027
Swaptions	-	608,467
Unrealised gain on foreign currency forward contracts	301,782	929,143
Other receivables	305,996	269,622
<b>Total</b>	<b>127,382,794</b>	<b>110,888,905</b>

\*\* Refer to note 5(a).

***Liquidity risk***

The following table details the residual contractual maturities of financial liabilities at 31 December 2019:

	<b>&lt;1</b>	<b>1-3</b>	<b>&gt;3</b>	<b>No</b>	<b>Total</b>
	<b>month</b>	<b>months</b>	<b>months</b>	<b>maturity</b>	
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Bank overdraft	(1,787,506)	-	-	-	(1,787,506)
Margin cash due to brokers	(5,149,577)	-	-	-	(5,149,577)
CDS	-	-	-	(125,947)	(125,947)
Unrealised loss on forward currency contracts	-	(809,772)	-	-	(809,772)
Accrued expenses and other payables	(302,393)	-	-	-	(302,393)
Net assets attributable to holder of redeemable shares	(119,207,599)	-	-	-	(119,207,599)
<b>Total liabilities (including net assets attributable to redeemable shares)</b>	<b>(126,447,075)</b>	<b>(809,772)</b>	<b>-</b>	<b>(125,947)</b>	<b>(127,382,794)</b>

## CHEYNE ENHANCED GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

#### 8. Risks Associated with Financial Instruments (continued)

##### *Liquidity risk*

The following table details the residual contractual maturities of financial liabilities at 31 December 2018:

	<1 month USD	1-3 months USD	>3 months USD	No maturity USD	Total USD
Margin cash due to brokers	(2,479,478)	-	-	-	(2,479,478)
CDS	-	-	-	(1,721,003)	(1,721,003)
Unrealised loss on forward currency contracts	-	(58,138)	-	-	(58,138)
Accrued expenses and other payables	(174,413)	-	-	-	(174,413)
Net assets attributable to holder of redeemable shares	(106,455,873)	-	-	-	(106,455,873)
<b>Total liabilities (including net assets attributable to redeemable shares)</b>	<b>(109,109,764)</b>	<b>(58,138)</b>	<b>-</b>	<b>(1,721,003)</b>	<b>(110,888,905)</b>

For details on market risk, please refer to Note 6 of the aggregated financial statements.

\*\* Refer to note 5(a).

#### 9. Fair Value Estimation

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities measured at fair value at 31 December 2019:

<b>Assets</b>	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Financial assets:				
Fixed income securities	73,444,322	28,597,119	-	102,041,441
CDS	-	13,832,283	-	13,832,283
Unrealised gain on forward currency contracts	-	301,782	-	301,782
<b>Total assets</b>	<b>73,444,322</b>	<b>42,731,184</b>	<b>-</b>	<b>116,175,506</b>
<b>Liabilities</b>				
Financial liabilities:				
CDS	-	(125,947)	-	(125,947)
Unrealised loss on forward currency contracts	-	(809,772)	-	(809,772)
<b>Total liabilities</b>	<b>-</b>	<b>(935,719)</b>	<b>-</b>	<b>(935,719)</b>

## CHEYNE ENHANCED GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

#### 9. Fair Value Estimation (continued)

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities measured at fair value at 31 December 2018:

<b>Assets</b>	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Financial assets:				
Fixed income securities	28,613,815	42,212,083	-	70,825,898
CDS	-	9,524,027	-	9,524,027
Swaptions	-	608,467	-	608,467
Unrealised gain on forward currency contracts	-	929,143	-	929,143
<b>Total assets</b>	<b>28,613,815</b>	<b>53,273,720</b>	<b>-</b>	<b>81,887,535</b>
<b>Liabilities</b>				
Financial liabilities:				
CDS	-	(1,721,003)	-	(1,721,003)
Unrealised loss on forward currency contracts	-	(58,138)	-	(58,138)
<b>Total liabilities</b>	<b>-</b>	<b>(1,779,141)</b>	<b>-</b>	<b>(1,779,141)</b>

Level 2 bonds are priced based on Bloomberg's BVAL methodology, which derives a price based on comparable actively traded bonds.

Derivatives have been valued using market observable inputs.

The policies for determining when transfers take place is that transfers between levels are deemed to have occurred on the date of the event or the change in circumstances that caused the transfer.

There were no significant movements or transfers between Level 1, Level 2, and Level 3 during the year ended 31 December 2019.

Other than financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, all other assets and liabilities are carried at amortised cost, their carrying values are a reasonable approximation of fair value. In accordance with the requirements of IFRS 13 Fair Value Measurement ("IFRS 13"), these assets and liabilities are classified as level 2.

#### 10. Offsetting of Financial Instruments

The Fund has not offset any financial assets and financial liabilities in the Statement of Financial Position. The disclosure set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting or similar agreement that covers similar financial instruments. The similar agreements include derivative clearing agreements, global master repurchase agreements and global master securities lending agreements, reverse sale and repurchase agreements, and securities borrowing agreements.

**CHEYNE ENHANCED GLOBAL CREDIT FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)**

**10. Offsetting of Financial Instruments (continued)**

The ISDA and similar master netting agreements do not meet the criteria for offsetting in the Statement of Financial Position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Fund or the counterparties. In addition, the Fund and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Derivative assets and liabilities of the Fund are held with each counterparty and the margin balance maintained by the Fund is for the purpose of providing collateral on derivative positions.

The following tables provides information on the financial impact of potential netting for instruments subject to an enforceable master netting arrangement or similar agreement as at 31 December 2019.

Financial assets subject to offsetting at 31 December 2019:

	(a)	(b)	(c)=(a)-(b)	(d) Related amounts not offset in the Statement of Financial Position		(e)=(c)-(d)
	Gross amounts of recognised assets USD	Gross amounts offset in the statement of financial position USD	Net amount presented on the statement of financial position USD	Financial instruments USD	Cash collateral received USD	Net amount USD
<b>Financial assets at fair value through profit or loss</b>						
Citibank	14,134,065	-	14,134,065	935,719	2,725	13,195,621
<b>Total</b>	<b>14,134,065</b>	<b>-</b>	<b>14,134,065</b>	<b>935,719</b>	<b>2,725</b>	<b>13,195,621</b>

Financial liabilities subject to offsetting at 31 December 2019:

	(a)	(b)	(c)=(a)-(b)	(d) Related amounts not offset in the Statement of Financial Position		(e)=(c)-(d)
	Gross amounts of recognised liabilities USD	Gross amounts offset in the statement of financial position USD	Net amount presented on the statement of financial position USD	Financial instruments USD	Cash collateral pledged USD	Net amount USD
<b>Financial liabilities at fair value through profit or loss</b>						
Citibank	(935,719)	-	(935,719)	(935,719)	-	-
<b>Total</b>	<b>(935,719)</b>	<b>-</b>	<b>(935,719)</b>	<b>(935,719)</b>	<b>-</b>	<b>-</b>

**CHEYNE ENHANCED GLOBAL CREDIT FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)**

**10. Offsetting of Financial Instruments (continued)**

Financial assets subject to offsetting at 31 December 2018:

	(a)	(b)	(c)=(a)-(b)	(d) Related amounts not offset in the Statement of Financial Position		(e)=(c)-(d)
	Gross amounts of recognised assets USD	Gross amounts offset in the statement of financial position USD	Net amount presented on the statement of financial position USD	Financial instruments USD	Cash collateral received USD	Net amount USD
<b>Financial assets at fair value through profit or loss</b>						
Citibank	11,061,637	-	11,061,637	1,779,141	1,647,339	7,635,157
<b>Total</b>	<b>11,061,637</b>	<b>-</b>	<b>11,061,637</b>	<b>1,779,141</b>	<b>1,647,339</b>	<b>7,635,157</b>

Financial liabilities subject to offsetting at 31 December 2018:

	(a)	(b)	(c)=(a)-(b)	(d) Related amounts not offset in the Statement of Financial Position		(e)=(c)-(d)
	Gross amounts of recognised liabilities USD	Gross amounts offset in the statement of financial position USD	Net amount presented on the statement of financial position USD	Financial instruments USD	Cash collateral pledged USD	Net amount USD
<b>Financial liabilities at fair value through profit or loss</b>						
Citibank	(1,779,141)	-	(1,779,141)	(1,779,141)	-	-
<b>Total</b>	<b>(1,779,141)</b>	<b>-</b>	<b>(1,779,141)</b>	<b>(1,779,141)</b>	<b>-</b>	<b>-</b>

**11. Net Gain/(Loss) on Financial Assets and Liabilities at Fair Value Through Profit or Loss**

	31-Dec-19 USD	31-Dec-18 USD
Net realised gain on investments	46,290	(3,360,200)
Movement in unrealised loss on investments	8,266,894	(6,177,944)
<b>Net gain on financial assets and liabilities at fair value through profit or loss</b>	<b>8,313,184</b>	<b>(9,538,144)</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)**

**12. Related Party Transactions**

For details of related party transactions please see Note 9 of the aggregated financial statements.

During the year Directors' fees of USD17,723 (31 December 2018: USD17,357) were charged to the Fund, USD NIL (31 December 2018: USD NIL) remained unpaid as at 31 December 2019.

During the year an investment advisor fee of USD38,601 (31 December 2018: USD147,540) was charged to the Fund, USDNIL (31 December 2018: USD14,664) remained unpaid as at 31 December 2019.

During the year an investment management fee of USD85,260 (31 December 2018: USD342,282) was charged to the Fund and USD NIL (31 December 2018 : USD33,828) remain unpaid as at 31 December 2019.

During the year a management fee of EUR222,780 (31 December 2018: EUR NIL) was charged to the Fund, EUR 32,867 (31 December 2018: EUR NIL) remained unpaid as at 31 December 2019

During the year the reimbursements to the Investment Manager for out of pocket expenses and legal costs were USD NIL (31 December 2018: USD10,869).

During the year a performance fee of USD175,318 (31 December 2018: USD NIL) was charged to the Fund and USD 162,908(31 December 2018 : USD NIL) remain unpaid as at 31 December 2019.

During the year a portfolio support fee of USD89,438(31 December 2018: USD70,287) was charged to the Fund and USD8,261(31 December 2018 : USD 7,211) remain unpaid as at 31 December 2019.

During the year a third party research charge of USD78,793 (31 December 2018: EUR60,508) was charged to the Fund and USD10,074(31 December 2018 : USD NIL) remain unpaid as at 31 December 2019. The research charge amounts disclosed in this note are VAT inclusive.

During the year a market data recharge of USD102,745 (31 December 2018: EUR88,215) was charged to the Fund and USD18,022(31 December 2018 : USD51,391) remain unpaid as at 31 December 2019. The market data recharge amounts disclosed in this note are VAT inclusive.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

**12. Related Party Transactions (continued)**

*Other related parties.*

As at 31 December 2019, EUR726,198.1731 (31 December 2018: EUR498,583.0629) shares of Class EGC-X1 (USD) are held by Cheyne Diversified TRCF Programme Inc, which is managed by the same Investment Manager.

As at 31 December 2019, EUR NIL (31 December 2018: EUR206,617.4773) shares of Class EGC-I2 (EUR) are held by Cheyne Select Funds PLC Cheyne Regulatory Capital Fund II, which is managed by the same Investment Manager.

As at 31 December 2019, EUR NIL (31 December 2018: EUR916.4817) shares of Class EGC-I3 (GBP) are held by Cheyne Capital Management ( UK ) LLP.

As at 31 December 2019, EUR NIL (31 December 2018: EUR6,278.297) shares of Class EGC-I2 (EUR) are held by Caceis Bank Luxembourg Branch OBO BG Alternative, which is managed by the same Investment Manager.

**13. Significant Events During the Year**

Mr Head was appointed as Director effective 31 March 2019.

Mr Bronheim, a Director, resigned from the Board effective 31 March 2019.

Effective 13th May 2019 Cheyne Capital SMC Limited ("SMC") has been authorised by the Central Bank of Ireland under both the UCITS and AIFM Directives.

Effective 13th May 2019 SMC was appointed as Manager to the Company and has delegated discretionary portfolio management services to the Investment Manager.

A revised prospectus and supplements were issued on 13 May 2019. The primary purpose of the changes made to the prospectus dated 13 May 2019 was to incorporate Cheyne Capital SMC Limited as the UCITS management company to Cheyne Select UCITS Fund plc under the UCITS Regulations.

SS&C Financial Services resigned as Company Secretary effective 15 May 2019.

Dechert Secretarial Limited was appointed as Company Secretary effective 15 May 2019.

**14. Subsequent Events Since the Year End**

The current worldwide Coronavirus outbreak, declared by the World Health Organisation as a global health emergency on the 30th January 2020, has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The situation is being continuously monitored.

In the opinion of the Directors, whilst the situation continues to develop, it is not possible to judge the effect of Coronavirus outbreak on the financial position of the Company. As such no adjustment for any potential impact has been made in these financial statements.

There are no significant events affecting the Fund since the year end.

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED)**

**CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND**

**Financial assets at fair value through profit or loss**

<b>Nominal</b>	<b>Description</b>	<b>Fair Value EUR</b>	<b>% of Net Assets</b>
<b>Convertible bonds</b>			
<b>EUR</b>			
1,800,000	Almirall Sa 0.25% 14/12/2021	1,863,990	1.54%
1,700,000	Bekaert Sa 0.00% 09/06/2021	1,652,511	1.37%
1,000,000	Cosmo Pharma Nv 2.50% 05/12/2023	864,725	0.72%
1,500,000	Dassault/Airbus Cv 0.00% 14/06/2021	1,608,668	1.33%
2,000,000	Deutsche Post Ag 0.05% 28/03/2024	2,049,220	1.70%
16,080	Edenred 0.00% 05/12/2023	1,069,416	0.89%
3,500,000	Evonik/Rag Stiftung 0.00% 16/03/2023	3,633,980	3.02%
3,000,000	Fresenius Medical 1.13% 31/01/2020	3,004,980	2.49%
33,700	Genfit 3.50% 01/10/2026	789,962	0.65%
2,600,000	Gn Store Nord 0.00% 21/05/2024	2,638,792	2.18%
9,800	Silicon On Insulator Tec 0.00% 28/06/2023	1,183,634	0.98%
6,000	Ubisoft 0.00% 24/09/2024	719,196	0.60%
1,200,000	Volvo/Geely Sweden Finance 0.00% 19/06/2024	1,257,258	1.04%
1,000,000	Worldline/Atos Se 0.00% 06/11/2024	1,196,185	0.99%
2,000,000	Zhejiang Expressway 0.00% 21/04/2022	1,993,220	1.65%
		<b>25,525,737</b>	<b>21.13%</b>
<b>GBP</b>			
1,000,000	Eddie Stobart/Stobart Plc 2.75% 08/05/2024	944,143	0.78%
2,000,000	Ocado Group Plc 0.88% 15/12/2026	2,383,759	1.97%
		<b>3,327,902</b>	<b>2.75%</b>
<b>HKD</b>			
11,000,000	China Conch Venture 0.00% 05/09/2023	1,358,522	1.12%
4,000,000	China Education Group 2.00% 17/12/2024	466,156	0.39%
12,000,000	Link Reit 1.60% 03/04/2024	1,355,779	1.12%
14,000,000	Zhongsheng Group 0.05% 23/05/2023	1,922,286	1.59%
		<b>5,102,743</b>	<b>4.22%</b>
<b>JPY</b>			
100,000,000	Cosmo Energy 0.00% 05/12/2022	853,992	0.71%
100,000,000	Digital Garage Inc 0.00% 14/09/2023	926,770	0.77%
200,000,000	Fancl Cv 0.00% 04/03/2022	195,102	0.16%
200,000,000	Sbi Holdings 0.00% 13/09/2023	1,710,419	1.42%
100,000,000	Trans Cosmo 0.00% 20/11/2020	4,509	0.00%
300,000,000	Wessex Ltd 0.00% 13/02/2023	33,200	0.03%
150,000,000	Wessex Ltd 0.00% 30/11/2020	148,478	0.12%
150,000,000	Yaoko Cv 0.00% 21/05/2024	127,882	0.11%
		<b>4,000,352</b>	<b>3.32%</b>

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND (Continued)**

**Financial assets at fair value through profit or loss  
(continued)**

**Convertible bonds (continued)**

Nominal	Description	Fair Value EUR	% of Net Assets
<b>USD</b>			
2,000,000	Akamai Tech 0.38% 01/09/2027	1,759,786	1.46%
500,000	Allscripts Healthcare 0.88% 01/01/2027	442,065	0.37%
1,500,000	Altair Engineering 0.25% 01/06/2024	1,357,964	1.12%
2,000,000	Ams Ag 0.88% 28/09/2022	1,545,140	1.28%
2,000,000	Basf Se 0.93% 09/03/2023	1,721,238	1.43%
500,000	Bosideng 1.00% 14/12/2021	401,978	0.33%
2,000,000	Cimb/Khaz 0.00% 15/04/2024	1,748,829	1.45%
2,400,000	Ctrip.Com 1.00% 01/07/2020	2,108,878	1.75%
1,000,000	Cyberark Software Ltd 0.00% 15/11/2024	921,171	0.76%
500,000	Etsy Inc 0.13% 05/12/2022	402,434	0.33%
1,500,000	Everbridge Inc 0.13% 01/07/2020	1,329,702	1.10%
2,500,000	Fireeye Inc 0.88% 01/06/2024	2,245,145	1.86%
2,000,000	Guess Inc 2.00% 30/06/2025	1,977,933	1.64%
1,350,000	li-Vi Inc 0.25% 31/01/2020	1,234,062	1.02%
1,000,000	Insmmed Inc 1.75% 15/01/2025	862,107	0.71%
1,000,000	Insulet Corp (Podd) 0.38% 01/09/2026	919,367	0.76%
1,000,000	Lenovo Group Ltd 3.38% 16/10/2022	959,528	0.79%
800,000	Lg Display Co Ltd 1.50% 22/08/2024	768,224	0.64%
500,000	Liveperson Inc 0.75% 01/03/2024	530,866	0.44%
2,000,000	Lumentum Holdings In 0.50% 01/09/2022	1,952,276	1.62%
1,500,000	Nrg Energy Inc 2.75% 22/08/2024	1,518,254	1.26%
1,500,000	Insight Enterprs 0.75% 03/04/2024	1,595,445	1.32%
1,250,000	Okta Inc 0.13% 01/03/2024	1,080,935	0.89%
2,650,000	Palo Alto Networks 0.75% 01/07/2023	2,607,588	2.16%
1,000,000	Pinduoduo In 0.00% 01/10/2024	1,027,131	0.85%
2,000,000	Pluralsight Inc 0.38% 01/03/2024	1,548,419	1.28%
2,500,000	Pure Storage Inc 0.13% 15/02/2025	2,226,225	1.84%
1,000,000	Sea Ltd 1.00% 01/12/2024	975,546	0.81%
2,400,000	Splunk Inc 0.50% 15/09/2023	2,578,541	2.13%
3,680,000	Snap Inc 0.75% 01/08/2026	3,422,547	2.83%
1,000,000	Tullow Oil Jersey 6.63% 12/07/2021	837,007	0.69%
2,500,000	Twitter Inc 0.25% 15/06/2024	2,161,904	1.79%
2,500,000	Vector Group Ltd 1.75% 15/04/2020	2,272,272	1.88%
		<b>49,040,507</b>	<b>40.59%</b>
<b>Total convertible bonds</b>		<b>86,997,241</b>	<b>72.03%</b>

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND (Continued)**

**Financial assets at fair value through profit or loss (continued)**

<b>Options</b>							
<b>Notional</b>	<b>Securities</b>	<b>Covered</b>	<b>Strike Price</b>	<b>Maturity Date</b>	<b>Counterparty</b>	<b>Fair Value EUR</b>	<b>% of Net Assets</b>
<b>JPY</b>							
400,000,000	Ana	No	40	02/09/2022	Morgan Stanley	15,211	0.01%
200,000,000	Asics Corp L Cyberagent Inc 0.00%	No	55	31/03/2022	Morgan Stanley	6,905	0.01%
200,000,000	31/03/2021	No	80	31/03/2021	Daiwa	94,425	0.08%
300,000,000	His Co Ltd	No	60	31/10/2024	Morgan Stanley	90,362	0.07%
200,000,000	Hosele	No	76	23/08/2022	Morgan Stanley	68,389	0.06%
100,000,000	K'S Denki Corp	No	80	30/03/2021	Morgan Stanley	51,631	0.04%
200,000,000	Mitsumi Mit Chem 0.00%	No	50	03/08/2020	Morgan Stanley	413,525	0.34%
250,000,000	30/03/2022	No	40	30/03/2022	Morgan Stanley	35,332	0.03%
200,000,000	Nipro Corp Sapporo	No	50	29/01/2021	Morgan Stanley	72,263	0.06%
350,000,000	Holdings	No	-	27/04/2021	Morgan Stanley	4,890	0.00%
<b>Total options</b>						<b>852,933</b>	<b>0.70%</b>

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND (Continued)**

**Financial assets at fair value through profit or loss (continued)**

<b>Contracts for difference</b>			<b>Unrealised Gain</b>	<b>% of</b>
<b>Notional</b>	<b>Securities</b>	<b>Counterparty</b>	<b>EUR</b>	<b>Net Assets</b>
	<b>AUD</b>			
(35,001)	Seven Group Hldgs	BNP Paribas	2,192	0.00%
			<u>2,192</u>	<u>0.00%</u>
	<b>CHF</b>			
(63,000)	Sika Ag-Reg Cfd	Societe Generale	153,592	0.14%
			<u>153,592</u>	<u>0.14%</u>
	<b>DKK</b>			
(4,100)	Gn Store Nord A/S	Morgan Stanley	1,207	0.00%
			<u>1,207</u>	<u>0.00%</u>
	<b>EUR</b>			
(176,597)	Be Semiconductor Industries	Societe Generale	100,660	0.09%
(121,103)	Cellnex Telecom Sau	Societe Generale	90,827	0.09%
(56,135)	Immofinanz Ag	BNP Paribas	11,227	0.01%
2,500,000	Siem Industries Inc 2.25%			
(9,841)	02/06/2021 Siemens Ag-Reg Cfd	Societe Generale BNP Paribas	14,700 16,730	0.01% 0.01%
			<u>234,144</u>	<u>0.21%</u>
	<b>GBP</b>			
(40,000)	Ocado Group Plc	Morgan Stanley	3,068	0.00%
(391,843)	Sainsbury (J) Plc	BNP Paribas	27,284	0.02%
			<u>30,352</u>	<u>0.02%</u>
	<b>JPY</b>			
(55,050)	Azimut Holding Spa 2.13%			
(77,600)	25/11/2020 Dcm Holdings Co Ltd	Morgan Stanley Morgan Stanley	13,538 4,453	0.01% 0.00%
(18,000)	Fancl Corp Cfd	Morgan Stanley	5,755	0.00%
			<u>23,746</u>	<u>0.01%</u>

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND (Continued)**

**Financial assets at fair value through profit or loss (continued)**

<b>Contracts for difference (continued)</b>			<b>Unrealised Gain</b>	<b>% of</b>
<b>Notional</b>	<b>Securities</b>	<b>Counterparty</b>	<b>EUR</b>	<b>Net Assets</b>
<b>USD</b>				
3,000,000	Aerojet Rocketdyne 2.25% 15/12/2023	Societe Generale	60,976	0.05%
(16,475)	Alteryx Inc	Societe Generale	40,655	0.03%
4,250,000	Bilibili Inc 1.38% 31/12/2099	Societe Generale	7,304	0.01%
(31,050)	Blackline In	Societe Generale	23,789	0.02%
(41,830)	Envestnet Inc	BNP Paribas	71,922	0.06%
7,000,000	Extra Space Storage 3.13% Guidewire Software 1.25%	BNP Paribas	45,960	0.04%
3,340,000	15/03/2025 Invitation Homes/Ih 3.50%	Societe Generale	2,856	0.00%
3,500,000	15/01/2022	BNP Paribas	67,911	0.06%
5,000,000	J2 Global 3.25% 15/06/2029	BNP Paribas	21,359	0.02%
(67,170)	J2 Global Inc	BNP Paribas	24,011	0.02%
4,000,000	Ligand Pharm 0.75% 15/05/2023	BNP Paribas	11,934	0.01%
(4,025)	Ligand Pharmaceuticals Cfd	BNP Paribas	9,214	0.01%
6,000,000	Lumentum Holdings 0.25% 03/15/24	Societe Generale	80,312	0.07%
(173,000)	On Semiconductor Corp	BNP Paribas	16,953	0.01%
3,600,000	Qiagen Nv 0.50% 13/09/2023	BNP Paribas	21,555	0.02%
(194,937)	Stmicroelectronics Nv Cfd	Societe Generale	45,920	0.04%
4,000,000	Sibanye Gold 1.88% 26/09/2023	BNP Paribas	223,280	0.18%
(31,050)	Silicon Laboratories Inc	Societe Generale	14,937	0.01%
(198,500)	Viavi Solutions Inc	BNP Paribas	21,220	0.02%
11,970	Wix.Com Ltd 0.00% 31/12/2099	BNP Paribas	6,025	0.00%
(8,490)	Wayfair Inc	BNP Paribas	13,009	0.01%
(36,150)	Zendesk In	Societe Generale	28,984	0.02%
			<b>860,086</b>	<b>0.71%</b>
	<b>Total unrealised gain on contracts for difference</b>		<b>1,305,319</b>	<b>1.08%</b>

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND (Continued)**

**Financial assets at fair value through profit or loss (continued)**

**Forward currency contracts**

<b>Maturity Date</b>	<b>Counterparty</b>	<b>Amount Bought</b>	<b>Amount Sold</b>	<b>Unrealised Gain EUR</b>	<b>% of Net Assets</b>
20/02/2020	Morgan Stanley	CHF2,033,070	EUR(1,854,213)	16,906	0.01%
20/02/2020	Morgan Stanley	CHF9,700	EUR(8,838)	90	0.00%
20/02/2020	Morgan Stanley	GBP2,071,538	EUR(2,411,100)	29,356	0.02%
20/02/2020	Morgan Stanley	GBP13,800	EUR(16,087)	171	0.00%
20/02/2020	Morgan Stanley	GBP11,100	EUR(13,006)	70	0.00%
20/02/2020	Morgan Stanley	EUR9,429	GBP(7,953)	60	0.00%
20/02/2020	Morgan Stanley	EUR39,096	GBP(32,698)	575	0.00%
20/02/2020	Morgan Stanley	EUR24,731	GBP(20,959)	39	0.00%
20/02/2020	Morgan Stanley	EUR4,714,555	HKD(41,225,000)	18,572	0.02%
20/02/2020	Morgan Stanley	EUR6,774,543	JPY(816,806,000)	80,713	0.07%
20/02/2020	Morgan Stanley	EUR53,412	USD(59,174)	865	0.00%
20/02/2020	Morgan Stanley	EUR14,331	USD(15,841)	264	0.00%
20/02/2020	Morgan Stanley	EUR407,017	USD(453,413)	4,377	0.00%
20/02/2020	Morgan Stanley	EUR54,874,352	USD(61,199,000)	528,428	0.45%
20/02/2020	Morgan Stanley	EUR941,464	USD(1,050,000)	9,043	0.01%
20/02/2020	Morgan Stanley	EUR696,229	USD(780,000)	3,573	0.00%
20/02/2020	Morgan Stanley	EUR187,142	USD(208,785)	1,737	0.00%
20/02/2020	Morgan Stanley	EUR63,606	USD(71,158)	416	0.00%
				<b>695,255</b>	<b>0.58%</b>
<b>Total unrealised gain on forward currency contracts</b>				<b>695,255</b>	<b>0.58%</b>

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND (Continued)**

**Financial liabilities at fair value through profit or loss**

		<b>Contracts for difference</b>		
<b>Notional</b>	<b>Securities</b>	<b>Counterparty</b>	<b>Unrealised Loss EUR</b>	<b>% of Net Assets</b>
<b>AUD</b>				
2,200,000	Seven Group 2.20% 03/05/2025	BNP Paribas	(2,233)	0.00%
			<u>(2,233)</u>	<u>0.00%</u>
<b>CHF</b>				
9,000,000	Sika Ag 3.75% 31/12/2099	Societe Generale	(145,211)	(0.12)%
			<u>(145,211)</u>	<u>(0.12)%</u>
<b>EUR</b>				
(176,597)	Aabar Investments Pjsc 0.50% 27/03/2020	Societe Generale	(7,365)	(0.01)%
(121,103)	Be Semiconductor Industries Nv 2.50% 12/02/2023	Societe Generale	(108,740)	(0.09)%
(56,135)	Cellnex Telecom Sa 1.50% 01/16/2026	Societe Generale	(84,420)	(0.07)%
2,500,000	Immofinanz Ag 2.00% 24/01/2024	BNP Paribas	(12,800)	(0.01)%
(9,841)	Siemens/Jpm 0.00% 31/12/2099	BNP Paribas	(8,584)	(0.01)%
			<u>(221,909)</u>	<u>(0.19)%</u>
<b>GBP</b>				
4,500,000	Sainsbury Plc 2.88% 31/12/2099	BNP Paribas	(14,392)	(0.01)%
			<u>(14,392)</u>	<u>(0.01)%</u>
<b>USD</b>				
6,000,000	Alteryx Inc 1.00% 01/08/2026	Societe Generale	(56,666)	(0.05)%
(104,800)	Aerojet Rocketdyne Holdings	Societe Generale	(53,217)	(0.04)%
(111,600)	Bilibili Inc-Sponsored Adr	Societe Generale	(37,780)	(0.03)%
4,000,000	Blackline In 0.13% 01/08/2024	Societe Generale	(18,281)	(0.02)%
4,025,000	Envestnet Inc 1.75% 31/12/2099	BNP Paribas	(34,065)	(0.03)%
(60,080)	Extra Space Storage Inc	BNP Paribas	(59,411)	(0.05)%
(38,800)	Guess? Inc Cfd	Morgan Stanley	(14,863)	(0.01)%
(19,670)	Guidewire Software Inc	Societe Generale	(13,493)	(0.01)%
3,000,000	Infinera Corp 2.13% 31/12/2099	Societe Generale	(1,884)	0.00%
(197,500)	Infinera Corp Cfd	Societe Generale	(28,151)	(0.02)%
(133,500)	Invitation Homes Inc	BNP Paribas	(54,708)	(0.05)%
(14,125)	Lumentum Holdings Inc	Morgan Stanley	(3,649)	0.00%

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND (Continued)**

**Financial liabilities at fair value through profit or loss (continued)**

		<b>Contracts for difference (continued)</b>		
<b>Notional</b>	<b>Securities</b>	<b>Counterparty</b>	<b>Unrealised Loss EUR</b>	<b>% of Net Assets</b>
<b>USD</b>				
(77,200)	Lumentum Holdings Inc On Semiconductor 1.00%	Societe Generale	(19,945)	(0.02)%
4,000,000	31/12/2099	BNP Paribas	(15,163)	(0.01)%
(45,206)	Qiagen N.V. Cfd 0.00% 31/12/2099	BNP Paribas	(14,799)	(0.01)%
(2,175,450)	Sibanye Gold	BNP Paribas	(223,584)	(0.19)%
4,120,000	Silicon Laboratories Inc 1.38%	Societe Generale	(22,738)	(0.02)%
5,200,000	01/03/2022	Societe Generale	(47,831)	(0.04)%
(100,015)	Stmicro 0.00% 03/07/2022	Societe Generale	(47,831)	(0.04)%
3,500,000	Snap Inc - A	Morgan Stanley	(26,730)	(0.02)%
2,000,000	Viavi Solutions Inc 1.00%	BNP Paribas	(1,247)	0.00%
(2,700,000)	31/12/2099	BNP Paribas	(11,061)	(0.01)%
3,000,000	Wayfair Inc 1.00% 15/08/2026	BNP Paribas	(1,155)	0.00%
	Wix Ltd	BNP Paribas	(47,305)	(0.04)%
	Zendesk In	Societe Generale	(47,305)	(0.04)%
			<b>(807,726)</b>	<b>(0.67)%</b>
<b>Total unrealised loss on contracts for difference</b>			<b>(1,191,471)</b>	<b>(0.99)%</b>

		<b>Future</b>		
(30)	S&P500 Emini Fut 0.00%	Morgan Stanley	(80,512)	(0.07)%
	01/03/2020		<b>(80,512)</b>	<b>(0.07)%</b>

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND (Continued)**

**Financial liabilities at fair value through profit or loss**

**Forward currency contracts**

<b>Maturity Date</b>	<b>Counterparty</b>	<b>Amount Bought</b>	<b>Amount Sold</b>	<b>Unrealised Loss EUR</b>	<b>% of Net Assets</b>
20/02/2020	Morgan Stanley	EUR1,039	CHF(1,140)	(10)	(0.00)%
20/02/2020	Morgan Stanley	CHF8,500	EUR(7,839)	(16)	(0.00)%
20/02/2020	Morgan Stanley	GBP16,429	EUR(19,407)	(52)	(0.00)%
20/02/2020	Morgan Stanley	GBP3,100,000	EUR(3,676,405)	(24,330)	(0.02)%
20/02/2020	Morgan Stanley	USD110,000	EUR(97,954)	(272)	(0.00)%
20/02/2020	Morgan Stanley	USD16,991,479	EUR(15,235,484)	(146,714)	(0.12)%
20/02/2020	Morgan Stanley	USD127,870	EUR(115,468)	(1,917)	(0.00)%
20/02/2020	Morgan Stanley	USD12,560	EUR(11,316)	(163)	(0.00)%
20/02/2020	Morgan Stanley	USD127,600	EUR(114,678)	(1,367)	(0.00)%
20/02/2020	Morgan Stanley	EUR6,902,032	GBP(5,930,000)	(84,036)	(0.07)%
<b>Total unrealised loss on forward currency contracts</b>				<b>(258,877)</b>	<b>(0.21)%</b>

	<b>Fair Value EUR</b>	<b>% of Net Assets</b>
<b>Total financial assets at fair value through profit or loss</b>	89,850,748	74.39%
<b>Total financial liabilities at fair value through profit or loss</b>	(1,530,860)	(1.27)%
<b>Other net assets</b>	32,464,689	26.88%
<b>Net Assets Attributable to Holders of Redeemable Shares</b>	<b>120,784,577</b>	<b>100.00%</b>

<b>Analysis of Total Assets:</b>	<b>% of Total Assets</b>
a) Transferable securities and money market instruments admitted to official stock exchange listings or a traded regulated market	70.66%
b) Transferable securities and money market instruments other than those admitted to official stock exchange listings or another traded regulated market	0.00%
c) Recently issued transferable securities which will be admitted official stock exchange listings or traded on a regulated market within a year of issue	0.00%
d) Financial derivative instruments dealt with on a regulated exchange	2.32%
e) OTC Derivatives	0.00%
f) Other assets	27.02%
<b>Total Assets</b>	<b>100.00%</b>

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE GLOBAL CREDIT FUND**

**Financial assets at fair value through profit or loss**

**Fixed income securities**

Nominal	Description		Fair Value EUR	% of Net Assets
<b>Fixed income securities</b>				
<b>EUR</b>				
5,700,000	Bundesrepublik Deutschland 0.50% 15/02/2028	Citibank	6,081,615	3.04%
7,700,000	Bundesrepublik Deutschland 0.50% 15/08/2027	Citibank	8,200,385	4.10%
8,500,000	Bundesobligation 0.00% 05/04/2024 Bundesschatzanweisungen 0.00%	Citibank	8,689,635	4.34%
5,000,000	12/06/2020	Citibank	5,015,275	2.51%
5,000,000	Bundesobligation 0.00% 07/10/2022	Citibank	5,082,575	2.54%
4,000,000	Nokia 2.00% 11/03/2026	Citibank	4,157,960	2.08%
4,000,000	Vz 0 7/8 19/03/32 0.88% 19/03/2032	Citibank	3,949,220	1.97%
			<b>41,176,665</b>	<b>20.58%</b>
<b>GBP</b>				
2,400,000	Ukt 0 7/8 22/10/29 1.00% 20/12/2024	Citibank	2,848,204	1.42%
2,000,000	Ukt 4 1/4 07/09/39 4.25% 07/09/2039	Citibank	3,600,901	1.80%
1,000,000	Virgin Media Secured Finance 5.25% 15/05/2029	Citibank	1,280,363	0.64%
			<b>7,729,468</b>	<b>3.86%</b>
<b>USD</b>				
4,000,000	Apple Inc 2.90% 12/09/2027	Citibank	3,712,410	1.86%
10,000,000	American Express Co 3.70% 03/08/2023	Citibank	9,411,805	4.70%
5,000,000	At&T Inc 0.00% 30/06/2020	Citibank	4,471,247	2.23%
3,000,000	Bristol Myers Sqibb Co 2.90% 26/07/2024	Citibank	2,758,169	1.38%
3,000,000	Conagra Brands Inc 4.60% 01/11/2025	Citibank	2,953,376	1.48%
6,000,000	Comcast Corp 3.95% 15/10/2025	Citibank	5,835,528	2.92%
7,680,000	CVS 3.70% 09/03/2023	Citibank	7,126,595	3.56%
1,000,000	Dis 1 3/4 30/08/24 1.75% 30/08/2024	Citibank	883,011	0.44%
1,000,000	Dis 2 01/09/29 2.00% 01/09/2029	Citibank	865,310	0.43%
5,000,000	Halfmoon Parent Inc 4.13% 15/11/2025	Citibank	4,836,347	2.42%
4,000,000	Home Depot Inc 2.13% 15/09/2026	Citibank	3,552,053	1.77%
5,000,000	Hon 2 1/2 01/11/26 1.00% 20/12/2024	Citibank	4,532,116	2.26%
5,000,000	JP Morgan Chase & Co 3.80% 23/07/2024	Citibank	4,695,457	2.35%
3,500,000	Kinder Morgan 3.95% 01/09/2022	Citibank	3,249,200	1.62%
8,500,000	McDonald'S Corp 3.38% 26/05/2025	Citibank	7,999,882	4.00%
5,000,000	Noc 2.93 15/01/25 2.93% 15/01/2025	Citibank	4,593,586	2.30%
3,000,000	T 2 5/8 31/07/20 1.00% 20/12/2024	Citibank	2,688,266	1.34%
5,000,000	Tyson Foods Inc 3.90% 28/09/2023	Citibank	4,719,421	2.36%

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED)  
(Continued)**

**CHEYNE GLOBAL CREDIT FUND**

**Financial assets at fair value through profit or loss(Continued)**

<b>Nominal</b>	<b>Description</b>		<b>Fair Value EUR</b>	<b>% of Net Assets</b>
	<b>Fixed income securities(Continued)</b>			
6,000,000	Unilever Capital Corp 3.50% 22/03/2028	Citibank	5,801,265	2.90%
5,000,000	United Health Group Inc 3.88% 15/12/2028	Citibank	4,926,236	2.46%
2,000,000	United States Treasury Bond 4.50% 15/02/2036	Citibank	2,363,447	1.18%
3,100,000	Valero Energy Corp 3.40% 15/09/2026	Citibank	2,896,256	1.45%
1,000,000	Vw 2.7 26/09/22 2.70% 26/09/2022	Citibank	901,002	0.45%
3,588,000	Wells Fargo & Co 3.07% 24/01/2023	Citibank	3,262,251	1.63%
4,000,000	Wells Fargo & Co 0.00% 26/07/2021	Citibank	3,605,862	1.80%
1,000,000	Walmart Inc 2.85% 08/07/2024	Citibank	923,497	0.46%
5,000,000	Williams Companies Inc 3.60% 15/03/2022	Citibank	4,575,367	2.29%
			<b>108,138,962</b>	<b>54.04%</b>
	<b>Total fixed income securities</b>		<b>157,045,095</b>	<b>78.48%</b>

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE GLOBAL CREDIT FUND (Continued)**

**Financial assets at fair value through profit or loss (continued)**

<b>Credit default swaps</b>				
<b>Notional</b>	<b>Description</b>	<b>Counterparty</b>	<b>Fair Value</b>	<b>% of</b>
			<b>EUR</b>	<b>Net</b>
				<b>Assets</b>
<b>EUR</b>				
(1,000,000)	Allianz Se 1.00% 20/12/2023	BNP Paribas	22,987	0.01%
(3,000,000)	Allianz Se 1.00% 20/06/2022	Societe Generale	54,332	0.03%
(3,000,000)	Anheuser-Busch Inbev New_Mmr_Euro Cds1911 1.00% 20/12/2024	Morgan Stanley	84,725	0.04%
(3,000,000)	Astrazeneca_Mmr_Euro Cds191126005 1.00% 20/12/2024	Citibank	112,235	0.06%
(1,000,000)	Aviva_03Mmr_Euro Cds191119001 1.00% 20/12/2024	Bank of America	24,653	0.01%
(4,000,000)	Aviva 1.00% 20/12/2023	Barclays	44,255	0.02%
(5,000,000)	Bae Sys Plc 1.00% 20/12/2023	Citibank	144,144	0.07%
(2,000,000)	Bpplc_Mmr_Euro Cds180201035 1.00% 20/12/2022	Barclays	52,943	0.03%
(4,000,000)	Bp Plc 1.00% 20/12/2022	Citibank	105,886	0.05%
(3,000,000)	CSFB Ag Sen 1.00% 20/12/2023	JP Morgan Chase	80,367	0.04%
(1,000,000)	Centrica_Mmr_Euro Cds191213007 1.00% 20/12/2024	Citibank	8,123	0.00%
(6,000,000)	Centrica 1.00% 20/12/2022	Morgan Stanley	106,083	0.05%
(4,000,000)	CSFB Ag Sen 1.00% 20/12/2023	BNP Paribas	107,155	0.05%
(3,000,000)	Edf_03Mmr_Euro Cds180626005 1.00% 20/06/2023	Societe Generale	72,425	0.04%
(3,000,000)	Edf_03Mmr_Euro Cds191011001 1.00% 20/12/2024	Citibank	77,136	0.04%
(4,500,000)	Enel 1.00% 20/12/2023	Citibank	103,438	0.05%
(1,000,000)	Engie_Mmr_Euro Cds180626007 1.00% 20/06/2023	Societe Generale	29,683	0.01%
(4,000,000)	Ericsson 1.00% 20/12/2023	Citibank	61,465	0.03%
(1,000,000)	Ericsson 1.00% 20/12/2023	Citibank	15,366	0.01%
(1,250,000)	F 5.00% 20/12/2018	Goldman Sachs	86,764	0.04%
(4,000,000)	Glencore International Ag 5.00% 20/12/2022	BNP Paribas	527,461	0.26%
(7,000,000)	Heathrow Funding Limited 1.00% 20/12/2023	JP Morgan Chase	108,736	0.05%
(1,000,000)	Heidelbergzement_Mmr_Euro Cds180201017 5.00% 20/12/2022	Bank of America	141,518	0.07%
(3,500,000)	Heidelbergzement_Mmr_Euro Cds191125006 5.00% 20/12/2024	Credit Suisse	747,783	0.37%
(6,000,000)	Iberdrola 1.00% 20/12/2023	Societe Generale	187,285	0.09%
(7,000,000)	Imperial Brands 1.00% 20/12/2023	Bank of America	99,748	0.05%
(1,000,000)	Kering_Mmr_Euro Cds180201038 1.00% 20/12/2022	BNP Paribas	27,137	0.01%
(4,000,000)	Koninklijke Ahold Delhaize 1.00% 20/06/2023	Societe Generale	119,777	0.06%
(3,000,000)	Kpn_Sen_Mmr_Euro Cds190708002 1.00% 20/12/2024	BNP Paribas	53,524	0.03%
(3,000,000)	Lafarge Holcim Ltd 1.00% 20/12/2023	Societe Generale	65,311	0.03%
(2,000,000)	Lafargeholcim Ltd_Mmr_Euro Cds191025003 1.00% 20/12/2024	Credit Suisse	37,268	0.02%
(2,000,000)	Leonardo Spa_Mmr_Euro Cds191112005 5.00% 20/12/2024	Bank of America	406,207	0.20%

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019  
(UNAUDITED) (Continued)**

**CHEYNE GLOBAL CREDIT FUND (Continued)**

**Financial assets at fair value through profit or loss (continued)**

**Credit default swaps(continued)**

Notional	Description	Counterparty	Fair Value EUR	% of Net Assets
(4,000,000)	Lvmh_Mmr_Euro Cds191127003 1.00% 20/12/2024	Citibank	158,117	0.08%
(4,000,000)	Munichre Sub 1.00% 20/12/2023	JP Morgan Chase	95,727	0.05%
(2,000,000)	Naturgy Energy Group 1.00% 20/12/2023	Societe Generale	57,659	0.03%
(2,000,000)	Naturgy Energy Group 1.00% 20/12/2023	Barclays	57,659	0.03%
(3,000,000)	Next_03Mmr_Euro Cds191213003 1.00% 20/12/2024	Goldman Sachs	36,999	0.02%
(1,000,000)	Next_03Mmr_Euro Cds191213011 1.00% 20/12/2024	Citibank	12,333	0.01%
(4,000,000)	Rolls-Royce Plc 1.00% 20/12/2023	Citibank	39,120	0.02%
(2,000,000)	Rollsroyce_Mmr_Euro Cds191128003 1.00% 20/12/2024	Barclays	1,268	0.00%
(4,000,000)	Sminln 1.00% 20/12/2022	BNP Paribas	66,031	0.03%
(3,500,000)	Smurfit Kappa Acquisitions Unltd Co. 5.00% 20/06/2023	BNP Paribas	574,774	0.29%
(3,000,000)	Stora Enso 5.00% 20/12/2023	BNP Paribas	556,865	0.28%
(4,500,000)	SwissRe Sub Ltd 1.00% 20/12/2023	Barclays	92,587	0.05%
(3,000,000)	Tesco_Mmr_Euro Cds191101046 1.00% 20/12/2024	BNP Paribas	27,800	0.01%
(1,500,000)	Tesco_Mmr_Euro Cds191125007 1.00% 20/12/2024	Citibank	13,900	0.01%
(5,000,000)	Unibail Rodamcose 1.00% 20/06/2023	JP Morgan Chase	113,801	0.06%
(1,000,000)	Upcholding Bv_Mmr_Euro Cds191114002 5.00% 20/12/2024	BNP Paribas	181,330	0.09%
(2,000,000)	UPC Holding Bv 5.00% 20/12/2023	BNP Paribas	317,541	0.16%
(6,000,000)	Veolia Environnement 1.00% 20/12/2023	Citibank	196,048	0.10%
(7,000,000)	Vodafone 1.00% 20/12/2023	Citibank	164,157	0.08%
(3,000,000)	Volkswagen_Mmr_Euro Cds191119005 1.00% 20/12/2024	BNP Paribas	38,984	0.02%
(4,000,000)	Volvo_Mmr_Euro Cds180316004 1.00% 20/06/2023	Bank of America	105,458	0.05%
(4,000,000)	WPP 2005 Ltd 1.00% 20/06/2022	Barclays	74,474	0.04%
(2,000,000)	WPP 2005 Ltd 1.00% 20/06/2022	JP Morgan Chase	37,237	0.02%
(1,000,000)	Wpp2005Limited_Mmr_Euro Cds180626009 1.00% 20/06/2023	Societe Generale	21,558	0.01%
(3,000,000)	Ziggo Bond Finance B.V. 5.00% 20/12/2023	Citibank	480,088	0.24%
(6,500,000)	Zurich Insurance Company Ltd 1.00% 20/12/2023	Societe Generale	143,023	0.07%
			<b>7,580,458</b>	<b>3.77%</b>

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE GLOBAL CREDIT FUND (Continued)**

**Financial assets at fair value through profit or loss (continued)**

**Credit default swaps (continued)**

Notional	Description	Counterparty	Fair Value EUR	% of Net Assets
<b>USD</b>				
(7,000,000)	Amgen_Cds180323001 1.00% 20/06/2023	Citibank	160,790	0.08%
(3,000,000)	Apache_Cds180202001 1.00% 20/12/2022	Bank of America	31,513	0.02%
(500,000)	Apache_Cds180222002 1.00% 20/12/2022	JP Morgan Chase	5,252	0.00%
(6,000,000)	AT&T Inc 1.00% 20/12/2023	Barclays	102,541	0.05%
(5,000,000)	Barrick Gold 1.00% 20/12/2023	BNP Paribas	111,535	0.06%
(2,000,000)	Barrickgold_Cds191113002 1.00% 20/12/2024	Barclays	42,762	0.02%
(12,000,000)	Berkshire Hathaway 1.00% 20/12/2023	Citibank	315,272	0.16%
(3,000,000)	BHP Billiton Ltd 1.00% 20/06/2022	Morgan Stanley	55,360	0.03%
(4,000,000)	Bank of America Corp 1.00% 20/06/2022	Barclays	69,484	0.03%
(2,000,000)	Bank of America Corp 1.00% 20/06/2022	BNP Paribas	34,742	0.02%
(2,000,000)	Bofacorp_Sen_Cds180131007 1.00% 20/12/2022	BNP Paribas	40,841	0.02%
(6,000,000)	Bristolmyerssquibb_Cds180628003 1.00% 20/06/2023	Citibank	155,095	0.08%
(5,000,000)	Carnival 1.00% 20/12/2023	Goldman Sachs	133,464	0.07%
(2,000,000)	Lennar 5.00% 20/12/2023	BNP Paribas	307,028	0.15%
(1,500,000)	Devonenergy_Cds191121006 1.00% 20/12/2024	Barclays	19,339	0.01%
(2,000,000)	Devon Energy 1.00% 20/12/2023	JP Morgan Chase	34,584	0.02%
(3,000,000)	Dow Chem Co 1.00% 20/12/2022	Barclays	57,247	0.03%
(2,000,000)	Dow_Cds180131016 1.00% 20/12/2022	Barclays	38,165	0.02%
(5,000,000)	Dow Chem Co 1.00% 20/12/2022	Morgan Stanley	95,412	0.05%
(5,000,000)	Emn 7.60% 20/12/2022	Morgan Stanley	92,769	0.05%
(7,000,000)	Enbridge 1.00% 20/12/2023	Credit Suisse	147,154	0.07%
(1,000,000)	Encana 1.00% 20/12/2023	Morgan Stanley	3,058	0.00%
(1,000,000)	Encana 1.00% 20/12/2023	Bank of America	3,058	0.00%
(1,000,000)	Encana 1.00% 20/12/2023	Bank of America	3,058	0.00%
(2,000,000)	Ford Motor Co 5.00% 20/12/2022	Barclays	222,379	0.11%
(1,000,000)	Fordmotorco_Cds180131011 5.00% 20/12/2022	BNP Paribas	111,190	0.06%
(3,000,000)	Gm 5.00% 20/12/2022	Barclays	351,007	0.18%
(2,000,000)	Gm 5.00% 20/12/2022	Bank of America	234,004	0.12%

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE GLOBAL CREDIT FUND (Continued)**

**Financial assets at fair value through profit or loss (continued)**

**Credit default swaps (continued)**

Notional	Description	Counterparty	Fair Value EUR	% of Net Assets
<b>USD (continued)</b>				
(2,000,000)	Gmcorp (New)_09Xr Cds180314002 5.00% 20/06/2023	BNP Paribas	262,440	0.13%
(2,000,000)	Hartford 1.00% 20/12/2023	Bank of America	54,318	0.03%
(5,000,000)	Hartford 1.00% 20/12/2023	JP Morgan Chase	135,795	0.07%
(3,000,000)	Hess 1.00% 20/12/2023	Goldman Sachs	51,129	0.03%
(3,500,000)	Hp Inc 1.00% 20/12/2023	BNP Paribas	43,676	0.02%
(3,000,000)	International Paper 1.00% 20/12/2023	Citibank	75,378	0.04%
(6,000,000)	Kraft Heinz 1.00% 20/12/2023	BNP Paribas	81,360	0.04%
(1,000,000)	Kroger_09Xr Cds180131031 1.00% 20/12/2022	Morgan Stanley	19,140	0.01%
(3,000,000)	Marriott_14Xr Cds191125013 1.00% 20/12/2024	JP Morgan Chase	83,607	0.04%
(6,000,000)	MetLife 1.00% 20/12/2023	Credit Suisse	134,411	0.07%
(3,000,000)	Mondelez International, Inc 1.00% 20/06/2023	Barclays	70,243	0.04%
(2,000,000)	Mondelez International, Inc 1.00% 20/06/2023	Bank of America	46,829	0.02%
(2,000,000)	Lennar 5.00% 20/12/2023	Credit Suisse	307,029	0.15%
(8,000,000)	Pepsi_09Xr Cds180123001 1.00% 20/12/2022	Citibank	167,355	0.08%
(6,000,000)	Pfizer_09Xr Cds180628002 1.00% 20/06/2023	Citibank	149,583	0.07%
(3,000,000)	Rio Tinto Ltd 1.00% 20/06/2022	Morgan Stanley	54,405	0.03%
(3,000,000)	Royal Caribbean Cruises 5.00% 20/12/2023	Bank of America	478,328	0.24%
(1,000,000)	Royal Caribbean Cruises 5.00% 20/12/2023	Barclays	159,443	0.08%
(7,500,000)	Simon Property Group 1.00% 20/12/2023	Barclays	183,843	0.09%
(4,000,000)	The Kroger Co. 1.00% 20/12/2022	Barclays	76,560	0.04%
(6,000,000)	United Rentals North America Inc 5.00% 20/12/2023	JP Morgan Chase	934,044	0.47%
(4,000,000)	Viacomcbs_Xr14 Cds191106002 1.00% 20/12/2024	Barclays	64,210	0.03%
			<b>6,611,229</b>	<b>3.33%</b>
			<b>14,191,68</b>	
	<b>Total credit default swaps</b>		<b>7</b>	<b>7.10%</b>

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE GLOBAL CREDIT FUND (Continued)**

**Financial assets at fair value through profit or loss (continued)**

**Futures**

<b>Notional</b>	<b>Description</b>	<b>Counterparty</b>	<b>Fair Value EUR</b>	<b>% of Net Assets</b>
<b>EUR</b>				
(16)	Euro-Bund Future Mar20	Morgan Stanley	26,850	0.01%
			<b>26,850</b>	<b>0.01%</b>
<b>GBP</b>				
(6)	Long Gilt Future Mar20	Morgan Stanley	13,053	0.01%
			<b>13,053</b>	<b>0.01%</b>
<b>USD</b>				
(99)	Us 5Yr Note (Cbt) Mar20	Morgan Stanley	11,146	0.01%
(39)	Us 10Yr Note (Cbt)Mar20	Morgan Stanley	30,116	0.02%
(37)	Us Long Bond(Cbt) Mar20	Morgan Stanley	99,563	0.05%
			<b>140,825</b>	<b>0.08%</b>
	<b>Total unrealised gain on futures</b>		<b>180,728</b>	<b>0.10%</b>

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE GLOBAL CREDIT FUND (Continued)**

**Financial assets at fair value through profit or loss (continued)**

**Forward currency contracts**

<b>Maturity</b>				<b>Unrealised</b>	<b>% of</b>
<b>Date</b>	<b>Counterparty</b>	<b>Amount Bought</b>	<b>Amount Sold</b>	<b>Gain</b>	<b>Net</b>
				<b>EUR</b>	<b>Assets</b>
20/2/2020	Citibank	CHF4,094,429	EUR(3,732,180)	36,095	0.02%
20/2/2020	Citibank	CHF16,000	EUR(14,606)	119	0.00%
20/2/2020	Citibank	GBP149,936,598	EUR(174,613,888)	2,024,771	1.01%
20/2/2020	Citibank	GBP72,010	EUR(83,876)	958	0.00%
20/2/2020	Citibank	GBP6,142	EUR(7,141)	95	0.00%
20/2/2020	Citibank	GBP17,376	EUR(20,241)	229	0.00%
20/2/2020	Citibank	GBP10,360	EUR(12,067)	138	0.00%
20/2/2020	Citibank	GBP53,813	EUR(62,861)	536	0.00%
20/2/2020	Citibank	GBP232,500	EUR(271,437)	2,468	0.00%
20/2/2020	Citibank	GBP33,058	EUR(38,577)	369	0.00%
20/2/2020	Citibank	GBP34,761	EUR(40,655)	296	0.00%
20/2/2020	Citibank	GBP80,379	EUR(94,045)	649	0.00%
20/2/2020	Citibank	GBP26,295	EUR(30,748)	229	0.00%
20/2/2020	Citibank	GBP31,449	EUR(36,841)	209	0.00%
20/2/2020	Citibank	GBP57,292	EUR(67,283)	212	0.00%
20/2/2020	Citibank	GBP41,334	EUR(48,530)	165	0.00%
20/2/2020	Citibank	GBP29,922	EUR(35,098)	153	0.00%
20/2/2020	Citibank	GBP49,380	EUR(57,816)	358	0.00%
20/2/2020	Citibank	GBP33,164	EUR(38,926)	144	0.00%
20/2/2020	Citibank	GBP5,072	EUR(5,968)	8	0.00%
20/2/2020	Citibank	GBP18,739	EUR(22,064)	12	0.00%
20/2/2020	Citibank	EUR12,227	GBP(10,212)	197	0.00%
20/2/2020	Citibank	EUR5,562,035	USD(6,200,000)	56,312	0.03%
20/2/2020	Citibank	EUR111,010,533	USD(123,740,000)	1,126,961	0.56%
20/2/2020	Citibank	EUR210,825	USD(235,000)	2,140	0.00%
20/2/2020	Citibank	EUR224,614	USD(250,000)	2,609	0.00%
20/2/2020	Citibank	EUR361,076	USD(400,000)	5,868	0.00%
20/2/2020	Citibank	EUR103,894	USD(115,000)	1,772	0.00%
20/2/2020	Citibank	EUR539,213	USD(600,000)	6,402	0.00%
20/2/2020	Citibank	EUR76,382	USD(85,000)	900	0.00%
20/2/2020	Citibank	EUR4,484,900	USD(5,000,000)	44,801	0.02%
20/2/2020	Citibank	EUR62,914	USD(70,000)	753	0.00%
20/2/2020	Citibank	GBP16,159	EUR(18,951)	86	0.00%
<b>Total unrealised gain on forward currency contracts</b>				<b>3,317,014</b>	<b>1.64%</b>

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE GLOBAL CREDIT FUND (Continued)**

**Financial liabilities at fair value through profit or loss**

**Credit default swaps**

Notional	Description	Counterparty	Fair Value EUR	% of Net Assets
<b>EUR</b>				
31,330,000	Itraxx Europe 1.00% 20/12/2023	Morgan Stanley	(820,806)	(0.41)%
(2,000,000)	Tdc_Mmr_Euro Cds191112009 1.00% 20/12/2024	Citibank	(1,626)	(0.00)%
			<b>(822,432)</b>	<b>(0.41)%</b>
<b>USD</b>				
1,030,000	Cdx_Na_Ig_Series 31_Xr_5Yr Cds190430002 1.00% 20/12/2023	Morgan Stanley	(23,476)	(0.01)%
(3,000,000)	Dell 1.00% 20/12/2023	JP Morgan Chase	(7,223)	0.00%
(2,000,000)	Dell 1.00% 20/12/2023	Morgan Stanley	(4,815)	0.00%
3,000,000	Dish Dbs Corp 5.00% 20/06/2021	JP Morgan Chase	(167,255)	(0.08)%
(2,500,000)	Encana_09Xr Cds191218001 1.00% 20/12/2024	Credit Suisse	(24,301)	(0.01)%
(1,000,000)	Xerox_09Xr Cds191108001 1.00% 20/12/2024	Morgan Stanley	(3,036)	0.00%
			<b>(230,106)</b>	<b>(0.10)%</b>
	<b>Total credit default swaps</b>		<b>(1,052,538)</b>	<b>(0.51)%</b>

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE GLOBAL CREDIT FUND (Continued)**

**Financial liabilities at fair value through profit or loss (continued)**

<b>Futures</b>			<b>Unrealised Loss</b>	<b>% of</b>
<b>Notional</b>	<b>Description</b>	<b>Counterpart</b>	<b>EUR</b>	<b>Net</b>
<b>EUR</b>				
(5)	Euro-Bund Future Mar20	Morgan	(8,790)	0.00%
			<b>(8,790)</b>	<b>0.00%</b>
<b>GBP</b>				
(4)	Long Gilt Future Mar20	Morgan	(1,900)	0.00%
			<b>(1,900)</b>	<b>0.00%</b>
<b>USD</b>				
(334)	Us Long Bond(Cbt) Mar20	Morgan	(966,295)	(0.48)
			<b>(966,295)</b>	<b>(0.48)</b>
<b>Total Futures</b>			<b>(976,985)</b>	<b>(0.48)</b>

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE GLOBAL CREDIT FUND (Continued)**

**Financial liabilities at fair value through profit or loss (continued)**

**Forward currency contracts**

<b>Maturity</b>				<b>Unrealised loss</b>	<b>% of Net Assets</b>
<b>Date</b>	<b>Counterparty</b>	<b>Amount Bought</b>	<b>Amount Sold</b>	<b>EUR</b>	
20/2/2020	Citibank	GBP24,887	EUR(29,385)	(66)	(0.00)%
20/2/2020	Citibank	GBP38,933	EUR(46,079)	(213)	(0.00)%
20/2/2020	Citibank	GBP64,555	EUR(76,484)	(433)	(0.00)%
20/2/2020	Citibank	GBP537,100	EUR(633,430)	(678)	0.00%
20/2/2020	Citibank	GBP81,965	EUR(96,719)	(157)	(0.00)%
20/2/2020	Citibank	GBP1,389,051	EUR(1,647,139)	(10,713)	(0.01)%
20/2/2020	Citibank	GBP45,485	EUR(53,952)	(367)	(0.00)%
20/2/2020	Citibank	GBP10,300	EUR(12,278)	(144)	(0.00)%
20/2/2020	Citibank	USD6,376,136	EUR(5,720,206)	(58,071)	(0.03)%
20/2/2020	Citibank	USD66,400	EUR(59,457)	(492)	(0.00)%
20/2/2020	Citibank	USD100,000	EUR(89,845)	(1,044)	(0.00)%
20/2/2020	Citibank	USD50,000	EUR(45,134)	(733)	(0.00)%
20/2/2020	Citibank	USD115,000	EUR(103,873)	(1,751)	(0.00)%
20/2/2020	Citibank	USD100,000	EUR(89,869)	(1,067)	(0.00)%
20/2/2020	Citibank	USD385,000	EUR(345,965)	(4,077)	(0.00)%
20/2/2020	Citibank	USD300,000	EUR(269,632)	(3,226)	(0.00)%
20/2/2020	Citibank	EUR8,728,563	GBP(7,495,000)	(101,213)	(0.05)%
20/2/2020	Citibank	EUR5,823	GBP(5,000)	(68)	0.00%
20/2/2020	Citibank	EUR268,772	GBP(230,000)	(2,188)	0.00%
20/2/2020	Citibank	EUR85,761	GBP(73,971)	(1,383)	0.00%
20/2/2020	Citibank	EUR79,846	GBP(68,635)	(1,012)	0.00%
20/2/2020	Citibank	EUR502,743	GBP(430,774)	(4,747)	(0.00)%
<b>Total unrealised loss on forward currency contracts</b>				<b>(193,843)</b>	<b>(0.09)%</b>

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE GLOBAL CREDIT FUND (Continued)**

	<b>Fair Value EUR</b>	<b>% of Net Assets</b>
<b>Total financial assets at fair value through profit or loss</b>	174,734,524	87.32%
<b>Total financial liabilities at fair value through profit or loss</b>	(2,223,366)	-1.11%
<b>Other net assets</b>	27,605,661	13.79%
<b>Net Assets Attributable to Holders of Redeemable Shares</b>	<b>200,116,819</b>	<b>100.00%</b>

	<b>% of Total Assets</b>
<b>Analysis of Total Assets:</b>	
a) Transferable securities and money market instruments admitted to official stock exchange listings or a traded regulated market	65.44%
b) Transferable securities and money market instruments other than those admitted to official stock exchange listings or another traded regulated market	0.00%
c) Recently issued transferable securities which will be admitted official stock exchange listings or traded on a regulated market within a year of issue	0.00%
d) Financial derivative instruments dealt with on a regulated exchange	0.00%
e) OTC Derivatives	7.37%
f) Other assets	27.19%
<b>Total Assets</b>	<b>100.00%</b>

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE ENHANCED GLOBAL CREDIT FUND**

**Financial assets at fair value through profit or loss**

**Fixed income securities**

Nominal	Description	Fair Value EUR	% of Net Assets
<b>Fixed income securities</b>			
<b>EUR</b>			
700,000	German Treasury Bill 0.00% 12/02/2020	786,457	0.66%
		<b>786,457</b>	<b>0.66%</b>
<b>GBP</b>			
2,500,000	United Kingdom Treasury Bill 0.00% 24/02/2020	3,308,381	2.78%
17,000,000	United Kingdom Treasury Bill 0.00% 02/03/2020	22,494,851	18.87%
		<b>25,803,232</b>	<b>21.65%</b>
<b>USD</b>			
2,000,000	Cvs Health Corp 2.80% 20/07/2020	2,007,430	1.68%
3,000,000	United States Treasury Bill 0.00% 30/04/2020	2,985,035	2.50%
10,000,000	United States Treasury Bill 0.00% 20/02/2020	9,979,655	8.37%
5,000,000	United States Treasury Bill 0.00% 11/06/2020	4,965,825	4.17%
2,000,000	United States Treasury Bill 0.00% 25/06/2020	1,985,142	1.67%
3,000,000	United States Treasury Bill 0.00% 16/07/2020	2,975,091	2.50%
15,000,000	United States Treasury Note 15/08/2020	14,990,332	12.57%
10,000,000	United States Treasury Note 31/05/2020	9,990,625	8.38%
2,000,000	United States Treasury Note 15/02/2020	2,005,000	1.68%
1,000,000	United States Treasury Note 15/02/2020	999,746	0.84%
2,500,000	United States Treasury Note 31/05/2020	2,509,082	2.10%
10,000,000	United States Treasury Note 31/07/2020	10,058,594	8.44%
10,000,000	United States Treasury Note 15/04/2020	10,000,195	8.39%
		<b>75,451,752</b>	<b>63.29%</b>
	<b>Total fixed income securities</b>	<b>102,041,441</b>	<b>85.60%</b>

**Credit default swaps**

Notional	Description	Counterparty	Fair Value EUR	% of Net Assets
<b>EUR</b>				
(2,000,000)	Allianz Se 1.00% 20/12/2023	Citibank	51,606	0.04%
(2,000,000)	Anglo American 5.00% 20/06/2023	Citibank	355,766	0.30%
(1,000,000)	Anheuser Busch Inbev Finance Inc 1.00% 20/06/2023	Citibank	27,696	0.02%
(2,000,000)	Aviva 1.00% 20/12/2023	Citibank	24,838	0.02%
(2,000,000)	Anheuser Busch Inbev Finance Inc 1.00% 24/09/2020	Citibank	51,055	0.04%

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE ENHANCED GLOBAL CREDIT FUND (Continued)**

**Financial assets at fair value through profit or loss (continued)**

**Credit default swaps (continued)**

Notional	Description	Counterparty	Fair Value EUR	% of Net Assets
<b>EUR (continued)</b>				
(1,000,000)	Aviva 03Mmr 0.01% 12/20/2024	Citibank	27,674	0.02%
(2,000,000)	Astrazeneca Mmr 0.01% 12/20/2024	Citibank	83,989	0.07%
(2,000,000)	Bae Sys Plc 1.00% 20/12/2022	Citibank	55,283	0.05%
(3,000,000)	Bat 1.00% 20/12/2023	Citibank	70,966	0.06%
(1,000,000)	Bmw Mmr 0.01% 12/20/2024	Citibank	33,596	0.03%
(2,000,000)	Bp Capital Markets Plc 4.20% 15/06/2018	Citibank	59,429	0.05%
(1,000,000)	Bp Plc 1.00% 20/12/2023	Citibank	35,908	0.03%
(1,000,000)	Bp Plc 1.00% 20/06/2023	Citibank	32,809	0.03%
(1,000,000)	Carrefour 1.00% 20/06/2023	Citibank	22,357	0.02%
(2,000,000)	Centrica 1.00% 20/12/2022	Citibank	39,693	0.03%
(1,000,000)	Centrica Mmr 0.01% 12/20/2024	Citibank	9,118	0.01%
(1,000,000)	Clariant Ag 1.00% 20/12/2022	Citibank	24,474	0.02%
(1,000,000)	Cnh Industrial N.V. Mmr 0.05% 12/20/2024	Citibank	230,068	0.19%
(1,000,000)	Continental Mmr 0.01% 12/20/2024	Citibank	22,240	0.02%
(2,000,000)	Csfb 1.00% 20/12/2023	Citibank	60,141	0.05%
(2,000,000)	Ericsson 1.00% 20/12/2023	Citibank	34,497	0.03%
(1,000,000)	Electricite De France Sa 1.00% 20/06/2023	Citibank	27,099	0.02%
(2,000,000)	Electricite De France Sa 1.00% 20/06/2023	Citibank	54,198	0.05%
(1,000,000)	Enel Mmr 0.01% 12/20/2024	Citibank	23,431	0.02%
(1,000,000)	Fiat Chrysler Automobiles N.V. Mmr 0.05% 12/20/2024	Citibank	221,780	0.19%
(1,000,000)	Glencore International Ag 5.00% 20/06/2023	Citibank	164,141	0.14%
(1,000,000)	Glencoreint 5.00% 20/12/2022	Citibank	148,019	0.12%
(2,000,000)	Heathrow Funding Limited 1.00% 20/12/2023	Citibank	34,873	0.03%
(1,000,000)	Heathrow Funding Limited 1.00% 20/12/2023	Citibank	17,437	0.01%
(2,000,000)	Heidelberger Zement 5.00% 20/12/2023	Citibank	404,312	0.34%
(3,000,000)	Iberdrola 1.00% 20/12/2023	Citibank	105,114	0.09%
(3,000,000)	Imperial Brands 1.00% 20/12/2023	Citibank	47,986	0.04%
(6,330,000)	Itraxx Europe S30 1.00% 20/12/2023	Citibank	186,153	0.16%
(8,000,000)	Itraxx Europe S30 1.00% 20/12/2023	Citibank	235,265	0.20%
(13,500,000)	Itraxx 1.00% 20/12/2023	Citibank	397,009	0.33%
(2,000,000)	Koninklijke Ahold Delhaize 1.00% 20/06/2023	Citibank	67,225	0.06%
(1,000,000)	Koninklijke Ahold Delhaize 1.00% 20/06/2023	Citibank	33,612	0.03%
(1,500,000)	Kpn Sen Mmr 0.01% 12/20/2024	Citibank	30,040	0.03%

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE ENHANCED GLOBAL CREDIT FUND (Continued)**

**Financial assets at fair value through profit or loss (continued)**

**Credit default swaps (continued)**

Notional	Description	Counterparty	Fair Value EUR	% of Net Assets
<b>EUR (continued)</b>				
(2,000,000)	Lvmh Mmr 0.01% 12/20/2024	Citibank	88,743	0.07%
(2,000,000)	Lafarge Holcim Ltd 1.00% 20/12/2023	Citibank	48,874	0.04%
(1,000,000)	Leonardo Spa Mmr 0.05% 12/20/2024	Citibank	227,984	0.19%
(1,000,000)	Munichre Sub 03R 0.01% 12/20/2024	Citibank	27,353	0.02%
(2,000,000)	Munichre 1.00% 20/12/2023	Citibank	53,727	0.05%
(2,000,000)	National Grid Transco Plc 5.00% 02/07/2018	Citibank	54,115	0.05%
(1,000,000)	Next_03Mmr 0.01% 12/20/2024	Citibank	13,844	0.01%
(1,000,000)	Next 03Mmr 0.01% 12/20/2024	Citibank	13,844	0.01%
(1,000,000)	Next Plc 5.38% 26/10/2021	Citibank	20,611	0.02%
(1,000,000)	Naturgy Energy Group 1.00% 20/12/2023	Citibank	32,361	0.03%
(2,000,000)	Naturgy Energy Group 1% 20/12/2023	Citibank	64,722	0.05%
(2,000,000)	Nokia 5.00% 20/12/2023	Citibank	379,747	0.32%
(1,000,000)	Pearson Plc 1.00% 20/12/2022	Citibank	21,901	0.02%
(2,000,000)	Prudential Financial 1.00% 20/06/2023	Citibank	49,416	0.04%
(2,000,000)	Renault 1.00% 20/12/2023	Citibank	13,843	0.01%
(2,000,000)	Rolls-Royce Plc 1.00% 20/06/2023	Citibank	26,788	0.02%
(1,000,000)	Rolls Royce 1.00% 20/12/2023	Citibank	10,978	0.01%
(1,500,000)	Smurfit Kappa Acquisitions Unltd Co 5.00% 20/06/2023	Citibank	276,507	0.23%
(1,000,000)	Stora Enso 5.00% 20/12/2023	Citibank	208,360	0.17%
(1,000,000)	Storaenso 5.00% 20/12/2023	Citibank	208,360	0.17%
(2,000,000)	Stgobain 1.00% 20/12/2023	Citibank	65,790	0.06%
(3,000,000)	Swissre 1.00% 20/12/2023	Citibank	69,286	0.06%
(1,000,000)	Tesco Plc 1.00% 20/06/2023	Citibank	19,394	0.02%
(1,500,000)	Tesco Mmr 0.01% 12/20/2024	Citibank	15,603	0.01%
(1,000,000)	Upcb 5.50% 15/01/2028	Citibank	144,422	0.12%
(1,000,000)	Upcholding Bv Mmr 0.05% 12/20/2024	Citibank	203,543	0.17%
(2,000,000)	Unibail Rodamco Se 1.00% 20/06/2023	Citibank	51,097	0.04%
(1,000,000)	Unibail-Rodamco Se 1.00% 20/12/2023	Citibank	26,867	0.02%
(500,000)	Upc Holding Bv 5.00% 20/12/2023	Citibank	89,110	0.07%
(3,000,000)	Veolia Environnement 1.00% 20/12/2023	Citibank	110,032	0.09%
(1,000,000)	Vodafone Gp Plc 1.00% 20/06/2023	Citibank	25,391	0.02%
(1,000,000)	Vodafone Gp Plc 1.00% 20/12/2022	Citibank	24,456	0.02%
(1,000,000)	Vodafone Gp Plc 1.00% 20/12/2022	Citibank	24,456	0.02%
(1,000,000)	Volks Wagen Mm 0.01% 12/20/2024	Citibank	14,587	0.01%

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE ENHANCED GLOBAL CREDIT FUND (Continued)**

**Financial assets at fair value through profit or loss (continued)**

**Credit default swaps (continued)**

Notional	Description	Counterparty	Fair Value EUR	% of Net Assets
<b>EUR (continued)</b>				
(1,000,000)	Volkswagen Aktiengesellschaft 1.00% 20/12/2022	Citibank	21,108	0.02%
(2,000,000)	Vinci 1.00% 20/06/2023	Citibank	68,275	0.06%
(1,000,000)	Vinci 1.00% 20/06/2023	Citibank	34,137	0.03%
(1,000,000)	Volvo 1.00% 20/06/2023	Citibank	29,594	0.02%
(1,000,000)	Volvo 1.00% 20/06/2023	Citibank	29,594	0.02%
(1,000,000)	Wpp 2005 Ltd 1.00% 20/06/2023	Citibank	24,199	0.02%
(1,000,000)	Wpp 2005 Ltd 1.00% 20/06/2023	Citibank	24,199	0.02%
(1,500,000)	Ziggo Bond Finance Bv 5.00% 20/12/2023	Citibank	269,449	0.23%
(500,000)	Ziggo Bond Finance Bv 5.00% 20/12/2023	Citibank	89,816	0.08%
(1,000,000)	Zurich Insurance Company Ltd 1.00% 20/12/2023	Citibank	24,699	0.02%
(2,000,000)	Zurich Insurance Company Ltd 1.00% 20/12/2023	Citibank	49,398	0.04%
			<b>6,941,477</b>	<b>5.81%</b>
<b>USD</b>				
(2,000,000)	Amgen 1.00% 20/06/2023	Citibank	51,568	0.04%
(1,000,000)	Amgen 1.00% 20/06/2023	Citibank	25,784	0.02%
(2,000,000)	Apache 1.00% 20/12/2022	Citibank	23,583	0.02%
(3,000,000)	At&T Inc 1.00% 20/12/2023	Citibank	57,551	0.05%
(1,000,000)	Barrick Gold 1.00% 20/12/2023	Citibank	25,040	0.02%
(3,000,000)	Barrick Gold 1.00% 20/12/2023	Citibank	75,119	0.06%
(4,500,000)	Berkshire Hathaway 1.00% 20/12/2023	Citibank	132,709	0.11%
(2,000,000)	Bhp Billiton Group Mr14 0.01% 12/20/2024	Citibank	64,405	0.05%
(3,000,000)	Bristol Myers Squibb 1.00% 20/06/2023	Citibank	87,047	0.07%
(3,000,000)	Bofa Corp 1.00% 20/06/2023	Citibank	76,232	0.06%
(1,000,000)	Campbellsoup 09Xr 0.01% 12/20/2024	Citibank	19,764	0.02%
(2,000,000)	C 1.00% 15/05/2018	Citibank	42,954	0.04%
(1,000,000)	Cbs Corp 4.30% 15/02/2021	Citibank	20,495	0.02%
(2,000,000)	Comcast Corp 1.00% 20/12/2022	Citibank	48,403	0.04%
(1,000,000)	Coxent 6.80% 01/08/28	Citibank	24,876	0.02%
(11,200,000)	Cdx Ig31 1.00% 20/12/2023	Citibank	286,547	0.24%
(1,000,000)	Conoco Phillips 09Xr 0.01% 12/20/2024	Citibank	31,208	0.03%
(3,000,000)	Carnival 1.00% 20/12/2023	Citibank	89,888	0.08%
(2,000,000)	Cbs 1.00% 20/12/2023	Citibank	43,597	0.04%
(54,000,000)	Cdx 1.00% 20/12/2023	Citibank	1,381,568	1.16%
(1,000,000)	Comcast Corp 1.00% 20/06/2023	Citibank	26,496	0.02%

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE ENHANCED GLOBAL CREDIT FUND (Continued)**

**Financial assets at fair value through profit or loss (continued)**

**Credit default swaps (continued)**

Notional	Description	Counterparty	Fair Value EUR	% of Net Assets
<b>USD (continued)</b>				
(3,000,000)	Conagra Brands Inc 1.00% 20/12/2023	Citibank	65,524	0.05%
(1,000,000)	Cvs Health Corp 1.00% 20/12/2023	Citibank	22,365	0.02%
(1,000,000)	Dell 1.00% 20/06/2023	Citibank	3,541	0.00%
(1,000,000)	Domtarcorp 09Xr 0.01% 12/20/2024	Citibank	11,155	0.01%
(1,000,000)	Devon Energy Corp 1.00% 20/12/2022	Citibank	20,592	0.02%
(1,000,000)	Devon Energy Corp 1.00% 20/12/2022	Citibank	24,876	0.02%
(1,000,000)	Dow Chem Co 1.00% 20/06/2023	Citibank	21,978	0.02%
(1,000,000)	Dow Chem Co 1.00% 20/12/2022	Citibank	21,420	0.02%
(1,000,000)	Dow Chem Co 1.00% 20/12/2022	Citibank	21,420	0.02%
(1,000,000)	Eastmanchemical 1.00% 20/06/2023	Citibank	21,719	0.02%
(2,000,000)	Expedia Group 1.00% 20/12/2023	Citibank	39,792	0.03%
(1,000,000)	Enbridge 1.00% 20/12/2023	Citibank	23,597	0.02%
(1,000,000)	Encana 1.00% 20/12/2023	Citibank	3,432	0.00%
(3,000,000)	Enbridge 1.00% 20/12/2023	Citibank	70,791	0.06%
(1,000,000)	Ford Motor Credit Co. 09Xr14 0.01% 12/20/2024	Citibank	161,913	0.14%
(1,000,000)	First Energy Corp 7.38% 15/11/2031	Citibank	20,827	0.02%
(1,000,000)	First Energy Corp 1.00% 20/12/2022	Citibank	124,810	0.10%
(1,000,000)	General Motors Corp 5.00% 20/12/2023	Citibank	147,295	0.12%
(1,000,000)	General Motors Corp 5.00% 20/12/2022	Citibank	131,335	0.11%
(1,000,000)	General Motors Corp 5.00% 20/12/2022	Citibank	131,335	0.11%
(1,000,000)	Halliburton 09Xr 0.01% 12/20/2024	Citibank	18,788	0.02%
(3,000,000)	Hartford 1.00% 20/12/2023	Citibank	91,458	0.08%
(2,000,000)	Hess 1.00% 20/12/2023	Citibank	38,261	0.03%
(3,000,000)	Hp Inc 1.00% 20/12/2023	Citibank	42,022	0.04%
(1,000,000)	Ibm 09Xr 0.01% 12/20/2024	Citibank	26,501	0.02%
(2,000,000)	International Paper 1.00% 20/12/2023	Citibank	56,408	0.05%
(1,000,000)	International Paper 1.00% 20/12/2023	Citibank	28,204	0.02%
(3,000,000)	Jpm 1.00% 20/12/2023	Citibank	86,275	0.07%
(1,000,000)	Kinder Morgan Inc 3.05% 12/01/2019	Citibank	21,605	0.02%
(1,000,000)	Kinder Morgan Inc 1.00% 20/12/2022	Citibank	21,605	0.02%
(2,000,000)	Kraft Heinz 1.00% 20/12/2023	Citibank	30,442	0.03%
(1,000,000)	Kroger 0.01% 12/20/2024	Citibank	20,357	0.02%
(1,000,000)	Kinder Morgan Inc 1.00% 20/06/2023	Citibank	22,072	0.02%
(1,000,000)	Lennar 5.00% 20/12/2023	Citibank	172,319	0.14%
(1,000,000)	Lennar 5.00% 20/12/2023	Citibank	172,319	0.14%
(1,000,000)	Marriott 14Xr 0.01% 12/20/2024	Citibank	31,283	0.03%
(1,000,000)	Metlife 1.00% 20/12/2023	Citibank	25,146	0.02%
(2,000,000)	Metlife Inc 1.00% 20/12/2022	Citibank	44,306	0.04%
(3,000,000)	Mondelez International, Inc 1.00% 20/06/2023	Citibank	78,848	0.07%

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE ENHANCED GLOBAL CREDIT FUND (Continued)**

**Financial assets at fair value through profit or loss (continued)**

**Credit default swaps (continued)**

Notional	Description	Counterparty	Fair Value EUR	% of Net Assets
<b>USD (continued)</b>				
(1,000,000)	National Rural Utilities Cooperative 0.01% 12/20/2024	Citibank	32,070	0.03%
(3,000,000)	Pfizer 1.00% 20/06/2023	Citibank	83,953	0.07%
(1,000,000)	Pepsi 1.00% 20/06/2023	Citibank	25,691	0.02%
(2,000,000)	Pepsi 1.00% 20/12/2022	Citibank	46,964	0.04%
(2,000,000)	Prudential Financial 1.00% 20/12/2022	Citibank	42,888	0.04%
(1,000,000)	Pultegroupinc_09Xr 0.05% 12/20/2024	Citibank	206,304	0.17%
(1,000,000)	Riotinto 1.00% 20/12/2023	Citibank	27,910	0.02%
(1,000,000)	Riotinto 03Mr 0.01% 12/20/2024	Citibank	30,413	0.03%
(2,000,000)	Royal Caribbean Cruises 5.00% 20/12/2023	Citibank	357,950	0.30%
(1,000,000)	Royal Caribbean Cruises 5.00% 20/12/2023	Citibank	178,975	0.15%
(1,000,000)	Rydersystem_09Xr 0.01% 12/20/2024	Citibank	14,407	0.01%
(1,000,000)	Ryder System Inc 2.55% 06/01/2019	Citibank	19,436	0.02%
(1,000,000)	Simon Property Group Lp 1.00% 20/06/2023	Citibank	25,736	0.02%
(1,000,000)	Simon Property Group Lp 4.38% 03/01/2021	Citibank	23,943	0.02%
(1,000,000)	Simon Property Group Lp 1.00% 20/12/2022	Citibank	23,943	0.02%
(2,000,000)	Target 1.00% 20/12/2023	Citibank	64,231	0.05%
(1,000,000)	The Kroger Co. 1.00% 20/12/2022	Citibank	21,485	0.02%
(1,000,000)	The Kroger Co. 1.00% 20/12/2022	Citibank	21,485	0.02%
(1,000,000)	Time Warner Cable Llc 14Xr 0.01% 20/12/2024	Citibank	10,212	0.01%
(3,000,000)	Tyson Foods Inc 1.00% 20/06/2023	Citibank	81,050	0.07%
(3,000,000)	United Rentals North America Inc 5.00% 20/12/2023	Citibank	524,233	0.44%
(2,000,000)	Ups 0.01% 12/20/2024	Citibank	64,853	0.05%
(1,000,000)	Valero Energy Corp 1.00% 20/12/2023	Citibank	26,049	0.02%
(1,000,000)	Valero Energy Corp 1.00% 20/12/2023	Citibank	26,049	0.02%
(3,000,000)	Verizon Comm Inc 1.00% 20/12/2023	Citibank	82,700	0.07%
(1,000,000)	Wells Fargo 0.01% 12/20/2024	Citibank	30,383	0.03%
(2,000,000)	Wells Fargo & Co 1.00% 20/12/2022	Citibank	44,723	0.04%
			<b>6,890,806</b>	<b>5.78%</b>
<b>Total credit default swaps</b>			<b>13,832,283</b>	<b>11.61%</b>

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE ENHANCED GLOBAL CREDIT FUND (Continued)**

**Financial assets at fair value through profit or loss (continued)**

**Forward currency contracts**

				Unrealised Gain	% of Net
Maturity				EUR	Assets
Date	Counterparty	Amount Bought	Amount Sold		
20/02/2020	Citibank	CHF39,012	USD(39,714)	719	0.00%
20/02/2020	Citibank	CHF59,524	USD(60,478)	1,212	0.00%
20/02/2020	Citibank	CHF4,189,478	USD(4,257,552)	84,411	0.07%
20/02/2020	Citibank	CHF19,300	USD(19,676)	327	0.00%
20/02/2020	Citibank	CHF29,548	USD(30,218)	405	0.00%
20/02/2020	Citibank	CHF20,114	USD(20,579)	267	0.00%
20/02/2020	Citibank	CHF4,236	USD(4,356)	34	0.00%
20/02/2020	Citibank	EUR17,023,244	USD(18,971,163)	198,716	0.17%
20/02/2020	Citibank	EUR175,265	USD(194,958)	2,408	0.00%
20/02/2020	Citibank	EUR100,700	USD(112,516)	882	0.00%
20/02/2020	Citibank	GBP414,725	USD(537,829)	12,364	0.01%
20/02/2020	Citibank	GBP3,700	USD(4,872)	37	0.00%
<b>Total unrealised gain on forward currency contracts</b>				<b>301,782</b>	<b>0.25%</b>

**Financial liabilities at fair value through profit or loss**

**Credit default swaps**

Notional	Description	Counterparty	Fair Value	% of Net
			EUR	Assets
<b>EUR</b>				
(1,000,000)	Tdc_Mmr 0.01% 20/12/2024	Citibank	(912)	0.00%
			<b>(912)</b>	<b>0.00%</b>
<b>USD</b>				
(1,000,000)	Dell 1.00% 20/12/2023	Citibank	(2,702)	0.00%
(1,000,000)	Dell 1.00% 20/12/2023	Citibank	(2,702)	0.00%
1,000,000	Dish Dbs Corp 5.00% 20/06/2021	Citibank	(62,582)	(0.05)%
(1,000,000)	Encana 09Xr 0.01% 20/12/2024	Citibank	(10,911)	(0.01)%
(1,500,000)	Encana_09Xr 0.01% 20/12/2024	Citibank	(16,366)	(0.01)%
(1,000,000)	Macys 09Xr 0.01% 20/12/2024	Citibank	(29,772)	(0.02)%
			<b>(125,035)</b>	<b>(0.11)%</b>
<b>Total credit default swaps</b>			<b>(125,947)</b>	<b>(0.11)%</b>

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 31 DECEMBER 2019 (UNAUDITED) (Continued)**

**CHEYNE ENHANCED GLOBAL CREDIT FUND (Continued)**

**Financial liabilities at fair value through profit or loss (Continued)**

**Forward currency contracts**

<b>Maturity Date</b>	<b>Counterparty</b>	<b>Amount Bought</b>	<b>Amount Sold</b>	<b>Unrealised loss EUR</b>	<b>% of Net Assets</b>
20/02/2020	Citibank	USD3,048,746	CHF(3,000,000)	(60,445)	(0.05)%
20/02/2020	Citibank	USD7,410,940	EUR(6,650,000)	(77,627)	(0.07)%
20/02/2020	Citibank	USD1,106,387	EUR(1,000,000)	(19,713)	(0.02)%
20/02/2020	Citibank	USD445,206	EUR(400,000)	(5,234)	0.00%
20/02/2020	Citibank	USD69,829	GBP(52,859)	(296)	0.00%
24/02/2020	Citibank	USD3,229,530	GBP(2,500,000)	(87,424)	(0.07)%
02/03/2020	Citibank	USD22,003,222	GBP(17,000,000)	(556,174)	(0.47)%
20/02/2020	Citibank	USD117,463	GBP(90,506)	(2,606)	0.00%
20/02/2020	Citibank	CHF180,029	USD(186,835)	(253)	0.00%
<b>Total unrealised loss on forward currency contracts</b>				<b>(809,772)</b>	<b>(0.68)%</b>

	<b>Fair Value EUR</b>	<b>% of Net Assets</b>
<b>Total financial assets at fair value through profit or loss</b>	116,175,506	97.46%
<b>Total financial liabilities at fair value through profit or loss</b>	(935,719)	(0.78)%
<b>Other net assets</b>	3,967,812	3.32%
<b>Net Assets Attributable to Holders of Redeemable Shares</b>	<b>119,207,599</b>	<b>100.00%</b>

<b>Analysis of Total Assets:</b>	<b>% of Net Assets</b>
a) Transferable securities and money market instruments admitted to official stock exchange listings or a traded regulated market	58.03%
b) Transferable securities and money market instruments other than those admitted to official stock exchange listings or another traded regulated market	0.00%
c) Recently issued transferable securities which will be admitted official stock exchange listings or traded on a regulated market within a year of issue	0.00%
d) Financial derivative instruments dealt with on a regulated exchange	0.00%
e) OTC financial derivative instruments	8.04%
f) Other assets	33.93%
<b>Total Assets</b>	<b>100.00%</b>

**CHEYNE SELECT UCITS FUND plc**

**SIGNIFICANT PORTFOLIO CHANGES FOR THE YEAR ENDED 31 DECEMBER 2019 (UNAUDITED)**

**CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND**

**Material Purchases**

<b>Nominal</b>	<b>Investments</b>	<b>Cost EUR</b>
11,000	Danaher Corp 4.75%	9,776,521
10,500,000	Ftv 0.875% 15/02/2022	9,562,888
8,850,000	Eeft 0.75% 15/03/2049	8,231,125
7,988,790	Affp 0.125% 25/03/2026	8,119,589
8,000,000	Lumentum Holdings In 0.50% 01/09/2022	7,274,896
8,000,000	Snap Inc 0.75% 01/08/2026	7,206,545
8,000,000	Coupa Software Inc 0.13% 15/06/2025	7,197,133
59,049	WInfp 0.00% 30/07/2026	6,549,206
5,000,000	Sainsbury 1.25% 21/11/2019	5,700,501
4,878,890	Orpfp 0.375% 17/05/2027	4,881,590
4,000,000	Phpln 2.875% 15/07/2025	4,514,803
4,000,000	Jpm 0.00% 18/09/2022	4,425,000
3,800,000	Gn Store Nord 0.00% 21/05/2024	3,880,828
3,500,000	Fregr 0.00% 24/09/2019	3,668,200
4,000,000	Etsy Inc 0.13% 05/12/2022	3,617,781
40,000	Dominion Energy Inc 7.25%	3,565,214
3,500,000	Gollbz 3.75% 15/07/2024	3,102,012
3,000,000	Cellnex Telecom Sa 0.50% 05/07/2028	3,006,300
3,000,000	Fresenius Medical 1.13% 31/01/2020	3,006,000
3,000,000	Ptec 0.5% 19/11/2019	2,999,401
3,250,000	Bili 1.375% 01/04/2026	2,953,048
4,400,000	Ams Ag 0.88% 28/09/2022	2,923,686
3,000,000	Cyberark Software Ltd 0.00% 15/11/2024	2,745,080
3,000,000	Akamai Tech 0.38% 01/09/2027	2,714,071
3,000,000	Tabula Rasa Hlthcr 1.75% 15/02/2026	2,683,064
3,000,000	Cnmd 2.625% 01/02/2024	2,661,103
3,000,000	Palo Alto Networks 0.75% 01/07/2023	2,661,063
3,000,000	Lenovo Group Ltd 3.38% 24/01/2024	2,660,736
2,000,000	Isat 3.875% 09/09/2023	2,645,837
26,039	Kefrp 0.00% 30/09/2022	2,606,750

**CHEYNE SELECT UCITS FUND plc**

**SIGNIFICANT PORTFOLIO CHANGES FOR THE YEAR ENDED 31 DECEMBER 2019 (UNAUDITED)  
(Continued)**

**CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND (continued)**

**Material Sales**

<b>Nominal</b>	<b>Investment</b>	<b>Proceeds EUR</b>
11,000	Danaher Corp 4.75%	9,791,526
10,500,000	Ftv 0.875% 15/02/2022	9,662,761
8,850,000	Eeft 0.78% 15/03/2049	8,293,550
7,988,790	Affp 0.125% 25/03/2026	8,135,628
6,000,000	Inmarsat Plc 3.88% 09/09/2023	7,498,633
8,000,000	Coup 0.125% 15/06/2025	7,414,024
59,049	Wlnfp 0.00% 30/7/2026	6,492,986
-	Sbryln 1.25% 21/11/2019	5,834,010
6,000,000	Lumentum Holdings In 0.50% 01/09/2022	5,563,010
4,878,890	Orpfp 0.38% 17/05/2025	4,899,147
3,600,000	Chegg Inc 0.25% 15/05/2023	4,688,559
4,000,000	Phpln 2.88% 15/07/2025	4,544,206
4,000,000	Jpm 0.00 18/09/2022	4,396,350
4,000,000	Square Inc 0.50% 15/05/2023	4,197,948
4,000,000	Stmicro 0.00% 03/07/2022	4,182,890
4,250,000	Nutanix Inc 0.00% 15/01/2023	4,075,501
3,700,000	Cellnex Telecom Sa 1.50% 16/01/2026	4,038,450
4,320,000	Snap Inc 0.75% 01/08/2026	3,934,877
4,000,000	Nxp Semiconductor Nv 1.00% 01/12/2019	3,792,115
3,500,000	fregr 0.00% 24/09/2019	3,734,685

The above represents aggregate purchases of a security exceeding 1 per cent of the total value of purchases for the year or aggregate disposals greater than 1 per cent of the total value of sales. If there were fewer than 20 purchases/sales that exceed 1 per cent during the year the largest 20 purchases/sales are disclosed.

**CHEYNE SELECT UCITS FUND plc**

**SIGNIFICANT PORTFOLIO CHANGES FOR THE YEAR ENDED 31 DECEMBER 2019 (UNAUDITED)  
(Continued)**

**CHEYNE GLOBAL CREDIT FUND**

**Material Purchases**

<b>Nominal</b>	<b>Investments</b>	<b>Cost EUR</b>
8,500,000	Bundesobligation 0.00% 05/04/2024	8,711,310
5,700,000	Bundesrepublik Deutschland 0.50% 15/08/2027	5,959,920
5,000,000	Bundesobligation 0.00% 07/10/2022	5,089,900
5,000,000	Bundesschatzanweisungen 0.00% 12/06/2020	5,035,200
5,000,000	Halfmoon Parent Inc 4.13% 15/11/2025	4,928,400
5,000,000	United Health Group Inc 3.88% 15/12/2028	4,660,745
5,000,000	Hon 2 1/2 01/11/26 1.00% 20/12/2024	4,650,834
5,000,000	Noc 2.93 15/01/25 2.93% 15/01/2025	4,646,385
4,000,000	Verizon Communications 0.88% 19/03/2032	3,995,800
4,000,000	Nokia 2.00% 11/03/2026	3,991,780
4,000,000	Apple Inc 2.90% 12/09/2027	3,627,840
2,000,000	Ukt 4 1/4 07/09/39 4.25% 07/09/2039	3,604,847
4,000,000	United States Treasury Bond 2.75% 31/08/2023	3,582,741
4,000,000	Home Depot Inc 2.13% 15/09/2026	3,460,695
2,400,000	Ukt 0 7/8 22/10/29 1.00% 20/12/2024	2,837,904
3,000,000	United States Treasury Bond 2.58% 15/02/2036	2,710,648
3,000,000	United States Treasury Bill 0.00% 17/12/2019	2,704,585
3,000,000	Bristol Myers Squibb Co 2.90% 26/07/2024	2,671,040
2,000,000	Virgin Media Secured Finance 5.25% 15/05/2029	2,319,775
2,000,000	United States Treasury Bond 4.50% 15/02/2036	2,312,741
2,000,000	United States Treasury Bond 2.58% 15/02/2029	1,747,988

**CHEYNE SELECT UCITS FUND plc**

**SIGNIFICANT PORTFOLIO CHANGES FOR THE YEAR ENDED 31 DECEMBER 2019 (UNAUDITED)  
(Continued)**

**CHEYNE GLOBAL CREDIT FUND (continued)**

**Material Sales/Maturity**

<b>Nominal</b>	<b>Investment</b>	<b>Proceeds EUR</b>
9,000,000	Bat Holdind Bv 2.375% 19/01/23	9,656,370
	- Renault 0.00% 18/03/2019	8,293,000
7,000,000	Hon 2 1/2 01/11/26 1.00% 20/12/2024	7,000,000
7,292,000	Verizon Communications 4.016% 12/03/29	6,707,984
6,300,000	Bundesrepublik Deutschland 0.50% 15/08/2027	6,554,556
	- Royal bank of scotland 5.38% 30/09/2019	6,000,000
5,000,000	Halfmoon Parent Inc 4.13% 15/11/2025	4,928,400
5,000,000	Anheuser-Busch Inbev Finance Inc 0.00% 01/02/2021	4,454,673
	- Schlumberger Fin 1.50% 04/03/2019	4,100,000
4,000,000	United States Treasury Bond 2.75% 31/08/23	3,709,462
	- Imperial Brands Fin Plc 7.75% 24/06/2019	2,793,143
	- United States Treasury Bill 0.00% 17/12/19	2,689,739
	- Siemens Financieringsmaatschappij Nv 0.00% 13/09/2019	2,255,503
2,000,000	United States Treasury Bond 2.625% 15/02/29	1,880,085
2,000,000	Conagra Brands Inc 4.60% 01/11/2025	1,849,368
	290 US LONG BOND(CBT) Mar 19	1,706,477
	324 US Long Bond(Cbt) Jun19	1,612,549
3,500,000	Verizon Communications Float 0.00% 16/03/2022	1,325,230
(6,000,000)	Nokia 5.00% 20/12/2023	1,279,953

The above represents aggregate purchases of a security exceeding 1 per cent of the total value of purchases for the year or aggregate disposals greater than 1 per cent of the total value of sales. If there were fewer than 20 purchases/sales that exceed 1 per cent during the year the largest 20 purchases/sales are disclosed.

**CHEYNE SELECT UCITS FUND plc**

**SIGNIFICANT PORTFOLIO CHANGES FOR THE YEAR ENDED 31 DECEMBER 2019 (UNAUDITED)  
(Continued)**

**CHEYNE ENHANCED GLOBAL CREDIT FUND**

**Material Purchases**

<b>Nominal</b>	<b>Investments</b>	<b>Cost EUR</b>
17,000,000	United Kingdom Treasury Bill 0.00% 02/03/2019	21,951,245
20,000,000	Cash mgmnt Bill 0.00% 16/09/2019	19,983,874
19,000,000	United States Treasury Note 1.625% 31/08/2019	18,987,070
19,000,000	United States Treasury Bill 0.00% 01/07/2019	18,771,923
18,000,000	United States Treasury Note 1.625% 31/08/2019	17,894,531
15,000,000	United States Treasury Bill 0.00% 08/10/2019	14,971,366
15,000,000	United States Treasury Bill 0.00% 22/10/2019	14,959,749
15,000,000	United States Treasury Note 1.375% 31/08/2019	14,954,297
15,000,000	United States Treasury Bill 0.00% 07/05/2019	14,817,942
14,000,000	United States Treasury Note 1.625% 31/08/2019	13,971,680
13,000,000	United States Treasury Note 1.25% 31/07/2019	12,980,195
10,000,000	United States Treasury Note 1.625% 31/07/2019	10,071,094
10,000,000	United States Treasury Note 1.625% 31/08/2019	9,985,156
10,000,000	United States Treasury Bill 0.00% 10/01/2019	9,984,036
10,000,000	United States Treasury Note 1.50% 15/04/2019	9,982,031
10,000,000	United States Treasury Bill 0.00% 10/01/2019	9,929,714
10,000,000	United States Treasury Bill 0.00% 20/02/2019	9,918,229
6,000,000	United States Treasury Bill 0.00% 27/08/2019	5,990,191
5,000,000	United States Treasury Bill 0.00% 03/09/2019	4,992,067
5,000,000	United States Treasury Bill 0.00% 23/07/2019	4,991,829
5,000,000	United States Treasury Bill 0.00% 28/5/2019	4,990,676
5,000,000	United States Treasury Bill 0.00% 17/12/2019	4,987,147
5,000,000	United States Treasury Bill 0.00% 11/06/2019	4,962,449
4,500,000	United States Treasury Bill 0.00% 06/04/2019	4,493,792
4,000,000	United States Treasury Bill 0.00% 14/5/2019	3,992,872
4,000,000	United States Treasury Bill 0.00% 25/6/2019	3,992,759
4,000,000	United States Treasury Bill 0.00% 30/4/2019	3,992,502
4,000,000	United States Treasury Note 1.00% 15/11/2019	3,947,031

**CHEYNE SELECT UCITS FUND plc**

**SIGNIFICANT PORTFOLIO CHANGES FOR THE YEAR ENDED 31 DECEMBER 2019 (UNAUDITED)  
(Continued)**

**CHEYNE ENHANCED GLOBAL CREDIT FUND (continued)**

**Material Sales/Maturity**

<b>Nominal</b>	<b>Investment</b>	<b>Proceeds EUR</b>
	- Cash Mgmt Bill 0.00% 16/09/2019	20,000,000
	- United Kingdom Treasury Bill 0.00% 30/11/2019	19,717,500
	- United States Treasury Bill 0.00% 11/07/2019	19,000,000
	- US Treasury Note 1.625% 31/08/2019	19,000,000
	- United States Treasury Note 1.00% 31/08/2019	18,000,000
	- Netherlands Government 1.25% 15/01/2019	17,148,750
	- United States Treasury Note 1.00% 30/11/2019	16,000,000
	- United States Treasury Bill 0.00% 22/10/2019	15,000,000
15,000,000	United States Treasury Bill 0.00% 08/10/2019	14,988,917
3,000,000	United States Treasury Bill 0.00% 05/7/2019	14,978,268
	- United States Treasury Bill 0.00% 06/08/2019	14,000,000
	- United States Treasury Note 1.25% 31/08/2019	13,000,000
	- United States Treasury Bill 0.00% 01/10/2019	10,000,000
10,000,000	United States Treasury Bill 0.00% 30/01/2019	9,974,269
	- United States Treasury Note 1.00% 15/11/2019	9,000,000
	- United States Treasury Bill 0.00% 27/08/2019	6,000,000
	- United States Treasury Bill 0.00% 28/05/2019	5,000,000
	- United States Treasury Bill 0.00% 23/07/2019	5,000,000
	- United States Treasury Bill 0.00% 03/09/2019	5,000,000
	- United States Treasury Bill 0.00% 17/12/2019	5,000,000
	- United States Treasury Bill 0.00% 06/04/2019	4,500,000
	- United States Treasury Bill 0.00% 30/04/2019	4,000,000
	- United States Treasury Bill 0.00% 14/05/2019	4,000,000
	- United States Treasury Bill 0.00% 25/06/2019	4,000,000
	- United States Treasury Bill 0.00% 02/07/2019	3,000,000

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## CHEYNE SELECT UCITS FUND plc

### ADDITIONAL INFORMATION (UNAUDITED)

For the year ended 31 December 2019

#### **1. REMUNERATION DISCLOSURE PROVIDED BY CHEYNE CAPITAL SMC LIMITED**

Cheyne Capital SMC Limited (CCSMC), has implemented a Remuneration Policy (the ‘Policy’) to ensure that its remuneration arrangements: (i) are consistent with and promote sound and effective risk management; (ii) do not encourage risk taking that is inconsistent with the risk profiles, rules or constitutional documents of the Funds; and (iii) do not impair compliance with the its duty to act in the best interest of the Funds and includes measures to avoid conflicts of interest. Please note that on appointment of the Manager on 13th May 2019 the CCSMC policy replaced that of the Investment Manager.

CCSMC has made an assessment of the nature, scale and complexity of its business in line with the UCITS Regulations, AIFM Regulations and ESMA’s Guidance on Sound Remuneration Principles (“ESMA Remuneration Guidance”) and has determined that overall, its business activity is relatively low risk when compared to other fund management company structures.

The Policy is in line with CCSMC’s business strategy, objectives, values and long-term interests. CCSMC’s overall objective is to achieve attractive and controlled performance and capital growth for all funds under management and to develop strong long-term relationships with investors. CCSMC’s income is dependent upon the funds for which it serves as manager or AIFM, and therefore the profit available for distribution under the Policy is dependent upon the performance of such funds including the AIF. As such, the fulfilment of CCSMC’s objectives is interlinked with the best interests of CCSMC’s clients, which in turn is in line with the Policy. The Policy promotes effective risk management and does not tolerate breaches of internal risk guidelines.

CCSMC has delegated day to day portfolio management to Cheyne Capital Management (UK) LLP (CCMLLP), which as an AIFM in its own capacity, regulated by the FCA, has remuneration policies and procedures equivalent to those of CCSMC. The quantitative disclosures required under Article 22 of AIFMD in accordance with the European Securities and Markets Authority (ESMA) guidance for the year ended 31 March 2019, in respect of remuneration derived from the AIF, including both CCSMC and CCMLLP, are as follows.

#### **CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND**

	<b>Aggregate quantitative information on remuneration of Code Staff</b>				
<b>Business Area</b>	<b>Number of Code Staff</b>	<b>AIFM Total Remuneration (all variable)</b>	<b>Code Staff relevant to the Company</b>	<b>Remuneration derived from the Company (all variable)</b>	<b>Deferred Remuneration derived from the Company</b>
Portfolio Management	1	GBP353,373	1	GBP345,260	GBP8,113
Senior Management	8	GBP63,617	8	GBP58,442	GBP5,175
Total	9	GBP416,990	9	GBP403,702	GBP13,288

## CHEYNE SELECT UCITS FUND plc

**ADDITIONAL INFORMATION (UNAUDITED) (continued)**  
**For the year ended 31 December 2019**

### **1. REMUNERATION DISCLOSURE PROVIDED BY CHEYNE CAPITAL MANAGEMENT (UK) LLP** **(Continued)**

#### **CHEYNE GLOBAL CREDIT FUND**

	<b>Aggregate quantitative information on remuneration of Code Staff</b>				
<b>Business Area</b>	<b>Number of Code Staff</b>	<b>AIFM Total Remuneration (all variable)</b>	<b>Code Staff relevant to the Company</b>	<b>Remuneration derived from the Company (all variable)</b>	<b>Deferred Remuneration derived from the Company</b>
Portfolio Management	7	GBP593,462	7	GBP516,794	GBP76,668
Senior Management	8	GBP139,776	8	GBP128,389	GBP11,387
Total	15	GBP733,238	15	GBP645,183	GBP88,055

#### **CHEYNE ENHANCED GLOBAL CREDIT FUND**

	<b>Aggregate quantitative information on remuneration of Code Staff</b>				
<b>Business Area</b>	<b>Number of Code Staff</b>	<b>AIFM Total Remuneration (all variable)</b>	<b>Code Staff relevant to the Company</b>	<b>Remuneration derived from the Company (all variable)</b>	<b>Deferred Remuneration derived from the Company</b>
Portfolio Management	7	GBP124,523	7	GBP108,703	GBP15,820
Senior Management	7	GBP36,136	7	GBP33,196	GBP2,940
Total	14	GBP160,659	14	GBP141,899	GBP18,760

Remuneration Code information is provided as required under the FCA Rules (BIPRU 11.5.18).

### **2. THE SFT REGULATION**

The Securities Financing Transactions Regulation (SFT Regulation) introduces mandatory reporting for securities financing transactions (SFTs) and sets minimum disclosure and consent requirements on the re-use of collateral, with the aim of reforming shadow banking and improving transparency in the SFT market. The SFT Regulation was formally adopted by the EU on 16 November 2015 and came into force on 12 January 2016. An SFT consists of any transaction that uses assets belonging to a counterparty to generate financing means and comprise for the following:

- repurchase transactions;
- securities or commodities lending, securities or commodities borrowing;
- any transaction having an equivalent economic effect, in particular a buy/sell-back or sell/buy-back transaction; and
- margin lending transaction.

For the year ended 31 December 2019, the Company did not hold any SFTs. The periodical disclosure requirements under SFT Regulation in accordance with Section A of the Annex to SFT Regulation do not apply.

**ADDITIONAL INFORMATION (UNAUDITED) (continued)**

**For the year ended 31 December 2019**

**3. DISTRIBUTION OF FINANCIAL STATEMENTS WAIVER**

With respect to Cheyne Convertibles Absolute Return Fund and Cheyne Global Credit Fund this document may only be distributed in Switzerland to qualified investors within the meaning of art. 10 para. 3, 3bis and 3ter CISA. The state of the origin of the Fund is Ireland. In Switzerland, the representative is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, whilst the paying agent is Banque Cantonale de Geneve, 17 quai de l'Île, 1204 Geneve, Switzerland. The basic documents of the Fund such as the Prospectus, the key investor information document (KIID), the constitution, the list of purchases and sales as well as the annual and semi-annual report may be obtained free of charge from the representative. In respect of the shares distributed in or from Switzerland, the place of performance and jurisdiction is at the registered office of the representative. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of shares. The Prospectus, the key investor information documents, the constitution, the annual and semi-annual reports, a list of changes in the composition of the portfolios as well as the issue and redemption prices are available free of charge pursuant to Sec. 297(1) of the German Capital Investment Code from the office of the German information agent (ACOLIN Europe GmbH, Reichenaustrasse 11 a – c, 78467 Konstanz, Germany).

**4. CYBERSECURITY RISK**

Cybersecurity breaches may occur allowing an unauthorized party to gain access to assets of the Funds, Shareholder data, or proprietary information, or may cause the Company, the Investment Manager, the Distributor, the Administrator, the Custodian or other service providers to suffer data corruption or lose operational functionality. The Funds may be affected by intentional cybersecurity breaches which include unauthorized access to systems, networks, or devices (such as through "hacking" activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws). A cybersecurity breach could result in the loss or theft of Shareholder data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. Such incidents could cause the Company, the Investment Manager, the Distributor, the Administrator, the Custodian, or other service providers to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss. Consequently, Shareholders may lose some or all of their invested capital. In addition, such incidents could affect issuers in which a Fund invests, and thereby cause a Fund's investments to lose value, as a result of which investors, including the relevant Fund and its Shareholders, could potentially lose all or a portion of their investment with that issuer.

**5. CUSTODY AND TITLE RISK**

The Depositary is under a duty to take into custody and to hold the property of each Sub-Fund of the Company on behalf of its Shareholders. The Central Bank legally requires the Depositary to separately hold the non-cash assets of each Sub-Fund and to maintain sufficient records to clearly identify the nature and amount of all assets that it holds, the ownership of each asset and where the documents of title to such assets are physically located. When the Depositary employs a sub-custodian the Depositary retains responsibility for the assets of the Sub-Fund. However, it should be noted that not all jurisdictions have the same rules and regulations as Ireland regarding the custody of assets and the recognition of the interests of a beneficial owner such as a Sub-Fund. Therefore, in such jurisdictions, there is a risk that if a sub-custodian becomes bankrupt or insolvent, the Sub-Fund's beneficial ownership of the assets held by such sub-custodian may not be recognised and consequently the creditors of the sub-custodian may seek to have recourse to the assets of the Sub-Fund. In those jurisdictions where the Sub-Fund's beneficial ownership of its assets is ultimately recognised, the Sub-Fund may suffer delay and cost in recovering those assets. The Sub-Funds may invest in markets where custodial and/or settlement systems are not fully developed, such as Russia and Argentina, the assets of a Sub-Fund which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of such sub-custodians is necessary, may be exposed to risk.

**ADDITIONAL INFORMATION (UNAUDITED) (continued)**  
**For the year ended 31 December 2019**

**6. Brexit Planning**

In preparation for the withdrawal of the United Kingdom from the European Union (hereinafter referred to as “Brexit”) which occurred on 31 January 2020, Cheyne established an Irish domiciled Super Management Company, Cheyne Capital SMC Limited (the “Manager”), which obtained authorisation from the Central Bank of Ireland on 20th March 2019 to act as an AIFM and a UCITS Manager. Effective 13 May 2019, CCSMC was appointed as Manager to the Company and effective from the same date, CCSMC sub-delegated day-to-day portfolio management to Cheyne Capital Management (UK) LLP.