

**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)

**Report and Unaudited Financial Statements**

**For the period from 1 January 2016 to 30 June 2016**

**Registration No: 472277**

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# CHEYNE SELECT UCITS FUND plc

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## COMPANY INFORMATION

### DIRECTORS

Jeff Bronheim (British resident) <sup>2</sup>  
John Skelly (Irish resident) <sup>1</sup>  
Ronan Daly (Irish resident, resigned 1 January 2016) <sup>1</sup>  
Bronwyn Wright (Irish resident, appointed 1 January 2016) <sup>1</sup>

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

<sup>2</sup> non-executive Director

### REGISTERED OFFICE

La Touche House  
Custom House Dock  
IFSC  
Dublin 1  
Ireland

## INVESTMENT MANAGER AND PORTFOLIO

### SUPPORT MANAGER

Cheyne Capital Management (UK) LLP  
Stornoway House  
13 Cleveland Row  
London SW1A 1DH  
United Kingdom

### INVESTMENT ADVISOR

Cheyne Capital International L.P.  
Mercury House  
1<sup>st</sup> Floor, 101 Front Street  
Hamilton HM12  
Bermuda

### ADMINISTRATOR\*

GlobeOp Financial Services (Ireland) Limited  
La Touche House  
Custom House Dock  
IFSC  
Dublin 1  
Ireland

### AUDITORS

KPMG LLP  
15 Canada Square  
Canary Wharf  
London, E14 5GL  
United Kingdom

### CUSTODIAN/DEPOSITARY SERVICES PROVIDER

Citi Depositary Services Ireland Limited  
1 North Wall Quay  
Dublin 1  
Ireland

### LEGAL ADVISORS

*(as to Irish law)*

Dechert  
Third Floor  
3 George's Dock  
Dublin 1  
Ireland

*(as to United States and English law)*

Dechert LLP  
160 Queen Victoria Street  
London EC4V 4QQ  
United Kingdom

\*With effect from 12 March 2016, Citibank Europe plc was replaced with GlobeOp Financial Services (Ireland) Limited as administrator of the Company pursuant to a deed of novation to the services agreement entered into between Citibank Europe plc, GlobeOp Financial Services (Ireland) Limited and the Company.

## INVESTMENT MANAGER'S REPORTS

### Cheyne Convertibles Absolute Return Fund

The Cheyne Convertibles Absolute Return Fund Class S2 (EUR) returned -1.90% in the first-half of 2016 with annualised volatility of 4.2%. This compares with the Bank of America Merrill Lynch Global 300 Convertible Bond Index which returned +1.01% over the same time period with annualised volatility of 6.9%, the MSCI AC World Local Equity Index, returned -1.52% (volatility 13.2%), and the Dow Jones Corporate Bond Index, which returned +6.37% (volatility 5.1%).

The first half of 2016 commenced with market volatility as global markets once again resumed their highly correlated performance to the oil price, which declined to below \$34 a barrel towards the end of January. Global growth concerns, expected further tightening from the US Fed and a string of devaluation moves of the Chinese RMB fuelled the broad based sell off. This early year performance in the equity markets spread the risk-off mode to the credit markets also with iTRAXX crossover trading wider by approximately 100bp at the peak of the sell-off in February. This weakness was not long lasting however as a strong rebound in risk appetite was fuelled by dovish expectations for further expansive stimulus from the ECB and lowered future policy expectations from the US Fed. Towards the end of the H1 2016, regional performance between Europe and the US diverged with the former suffering from the uncertainties surrounding the UK referendum on EU membership. Markets gyrated significantly as campaigning progressed, with a seemingly market-benign result priced in. The subsequent unexpected "leave" verdict triggered elevated levels of volatility and a notable leg lower for global risk assets, with Sterling tumbling over 8% versus the US dollar, one of the biggest one day falls on record.

Convertible bonds delivered mixed returns for the first-half of 2016. Through the market swings, the asset class withstood the early year's market volatility, but has broadly struggled to keep pace with the market rally in the latter stages of H1. Valuations in the asset class saw weakness over H1, as a combination of wider spreads, weaker investor sentiment and broad based risk aversion caused overhang.

Issuance across the globe for H1 stood at \$37.8 billion, with Europe and the US contributing \$16.0 billion and \$14.8 billion respectively, according to UBS. Both regions continue to be diverse in terms of sector and credit rating with notable new supply coming from French domiciled aerospace system provider Safran (€650mn, 5year), global luxury designer LVMH Moët Hennessy (\$750mn, 5year), UK based oil and petrochemicals giant, BP Plc (£400mn, 7 year) and a jumbo issue from Swiss-based oilfield services enterprise, Weatherford International (\$1.265bn, 5year). Issuance from Emerging markets took a step lower compared to H1 last year as the impact of heightened volatility in particular weighed on the new issue calendar. Emerging market issuance of note included two prominent issues in the infrastructure space from railroad rolling stock provider, CRRC Corp (\$600mn, 5year) and railway construction specialist China Railway Construction (\$500mn, 5year); both new entrants to the convertible market, along with a repeat issue from Indian textiles company Sintex (\$110mn, 6year).

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

**Cheyne Global Credit Fund**

The Cheyne Global Credit Fund Class GC-I1 returned +2.02% in the first half of 2016, taking annualised returns since inception in April 2012 to 4.4% and Annualised Volatility to 4.2%.

Financial markets experienced their worst start to the year since 2008, leading to credit spreads selling off significantly in January and early February. Continued fears over China (growth, devaluation), a slump in oil price (declined to levels of over a decade ago), and increased concerns of a US recession were all catalysts. These combined with considerations of central banks' perceived declining ability to prop up growth weighed heavily on investor confidence.

A recovery in risk assets began in late February as commodities found a firmer footing and oil prices stabilised around \$40. With regard to credit spreads the most notable feature of the 9th March ECB monetary stimulus announcement was the extension of its asset purchase programme to include a wide universe of investment grade corporate bonds which caused European credit to outperform other asset classes. After a very volatile first quarter, financial markets were somewhat calmer in April and May with generic credit spreads broadly unchanged.

The major political event in HY1 2016 was the announcement of a referendum on the UK's membership of the European Union. In the weeks leading up to the vote, market sentiment swung back and forth along with opinion polls between Leave and Remain, with the markets pricing in a very high likelihood of a Remain vote. As markets became increasingly complacent, we chose to reduce exposure to many UK related names in the portfolio that we felt could underperform in the event of a Brexit decision, including RBS, Lloyds, Tesco and Jaguar.

The decision by the UK to vote to leave the European Union on 23rd June brought considerable turmoil and volatility in risk markets and a subsequent drop in sterling. We subsequently added some UK positions to the portfolio that would benefit from FX tailwinds including exporters such as GKN and Jaguar (at materially wider levels than we cut pre Referendum) and further reduced Tesco as we doubt their ability to pass on the increased import costs in a highly competitive UK grocery market. The fund returned -0.7% in June and it is important to stress that there were no idiosyncratic dislocations across the portfolio, moreover due to the high level of geographic diversification across our predominantly investment-grade universe the implications of the Brexit decision were limited. Approximately 20% of the Cheyne Global Credit Fund is invested in companies that are either headquartered in the UK or depend to some degree on the health of the UK economy. Many of these companies, while nominally British, are in fact extremely geographically diversified in terms of operations and will be beneficiaries of a sterling depreciation. The hedge portfolio performed as expected during the market volatility and reduced the magnitude of the drawdown in the immediate aftermath of the referendum result.

Having taken protective action in the portfolio during the first half of 2016, we are confident that it is robust and well positioned going into the second half of the year. Whilst we anticipate periods of heightened volatility, we note that central banks are ready to provide liquidity at any sign of material market stress and such market events can provide compelling trading opportunities. Moreover, given the ample access of investment grade credit to both balance sheet cash (which is at record high levels for both US and EU corporates, enough in US IG corporates to cover 93% of their debt maturities over the next five years) and alternative liquidity (committed bank lines, dividends that can be cut, growth capex that can be trimmed and assets that can be sold, secured or securitised), the use of monetary accommodation to term out maturities at very low cost and eight years of aggressive cost control in response to subdued growth, we believe a material upsurge in investment-grade default rates to be unlikely. We continue to apply our proven research to identify negative credit transition early on and de-select deteriorating names from the portfolio.

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

**Cheyne European Mid Cap Equity Fund**

The Cheyne European Mid Cap Equity Fund employs what we believe to be a simple investment strategy: using fundamental analysis to identify over- and under-priced equities in the European mid cap equity universe, and to capitalise on those mispricings by maintaining a balanced book of longs and shorts – with low net exposure overall – in order to deliver attractive returns to our investors predominantly through alpha generation rather than beta capture.

This investment strategy works well in environments when the market is focusing on fundamental value. Earnings periods are therefore a key catalyst for us. Over time, corporate earnings announcements help to refocus market attention on the underlying fundamentals of the companies in our portfolio.

The strategy does not work well on a short term basis when market attention is focused predominantly on broader macro concerns and general market sentiment. Often, in these environments, investors buy or sell the equity market or a particular sector, with little regard for the fundamental value of the underlying companies. Our investment strategy will struggle to generate positive returns in such an environment, however, it typically sets us up well going forward by widening the opportunity set of mispriced securities for the strategy to exploit. In these scenarios, therefore, we typically look to increase gross exposure to take advantage of these opportunities.

The first half of 2016 was particularly difficult for the strategy as, by a coincidence of the calendar timing, we experienced two periods of extreme market environments such as this. Firstly, at the start of 2016, the Stoxx Europe Mid 200 index fell by -17.4% (31st December 2015 to 11th February 2016) on the back of global growth concerns, a weakening oil price and a slowdown in China. Key negative contributors included long positions in the autos sector where there was no specific company newsflow, with the share price declines reflecting general concerns of a slowdown within the sector. We used this volatility to add to several core long positions and closed a number of short positions during the market drawdown. As anticipated, the subsequent earnings season helped us to recoup a large portion of losses incurred during the market drawdown, and we ended the quarter down -0.7% YTD (EUR institutional class). Key positive contributors in this earnings season included French video gaming group UbiSoft with earnings upgrades following a capital markets day, Austrian construction materials company Wienerberger following better than expected results, and Italian defence company Finmeccanica which also announced better than expected results.

The second difficult environment during the 1st half was the weeks leading up to and the days following the UK's referendum on its EU membership on the 23rd June. Once again – and arguably more understandably than in January/February – the market's attention was focused on the outcome of the referendum and its broader implications for growth, rather than the specific fundamentals of our portfolio companies. The fund did not take a view on the outcome of the referendum, given how close the polls were, and limited the exposure to UK names. Nevertheless, the unexpected "out" vote led to a particularly sharp overreaction in many instances (in our view). For example, IT services company Sopra Steria Group experienced a share price decline of almost 25% from 22nd June to a low on 6th July, because approximately 30% of its revenues are UK based. But this meant the market was effectively ascribing zero value to its UK business – despite the fact that roughly two thirds of that business is exposed to the UK government, much of which is long term contracted. It also appeared out of line when compared to, for example, UK housebuilder Berkeley Group which fell by similar levels despite being 100% exposed to the UK. This is the type of share price vs. fundamentals dislocation we saw across the market in this period. As articulated above, this makes it difficult in the interim as a stockpicker focused on a fundamental portfolio, but looking forward it has created particularly severe price dislocations which the fund is well placed to exploit.

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

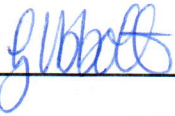
**Cheyne European Mid Cap Equity Fund (Continued)**

Due to the timing of how the calendar fell around the referendum, the fund ended the first half of 2016 with a net return of -5.4% (Class I2 EUR) - clearly a disappointing performance for the strategy. We ended the period looking forward to the start of the 2Q earnings season which begins in mid-July, optimistic that once again it will prove a fruitful period for returns generation by the strategy. At the time of writing, earnings announcements to date have indeed been positive for the strategy.

We have been fortunate to benefit from strong investor support throughout what has been a challenging time for the strategy. The fund's assets under management fell slightly from USD 100 million to USD 85 million over the first half, but this was offset at the strategy level by inflows into a managed account which helped the total strategy assets under management grow from USD 109 million to USD 143 million over the period.

**CPO AFFIRMATION**

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

Signed: 

Gary Ibbott: Partner and Chief Financial Officer

Cheyne Capital Management (UK) LLP as the commodity pool operator (CPO) on behalf of Cheyne Select UCITS Fund plc - Cheyne Global Credit Fund.

Date: 22 August 2016



# CHEYNE SELECT UCITS FUND plc

## AGGREGATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

|  | 30-Jun-16<br>EUR          | 31-Dec-15<br>EUR          |
|--|---------------------------|---------------------------|
| <b>Assets</b>  |                           |                           |
| Cash in hand and cash equivalents  | 29,751,952                | 26,441,252                |
| Margin cash  | 33,608,524                | 33,210,563                |
| <i>Financial assets at fair value through profit or loss:</i>                                |                           |                           |
| Investments in transferable securities   | 153,349,020               | 267,269,833               |
| Investments in financial derivative instruments  | 16,509,762                | 27,099,361                |
| Sales awaiting settlement  | 6,543,007                 | 3,719,967                 |
| Other receivables  | 3,080,063                 | 5,028,525                 |
| <b>Total assets</b>  | <u>242,842,328</u>        | <u>362,769,501</u>        |
| <b>Liabilities</b>   |                           |                           |
| Bank overdraft-cash in hand  | (27,950)                  | (54,603)                  |
| Bank overdraft-margin cash   | (2,684,609)               | (1,387,097)               |
| <i>Financial liabilities at fair value through profit or loss:</i>                           |                           |                           |
| Investments in financial derivative instruments  | (7,270,322)               | (12,569,895)              |
| Purchases awaiting settlement  | (2,539,255)               | (8,386,291)               |
| Accrued expenses   | (414,885)                 | (410,345)                 |
| Research and data fees payable   | (138,015)                 | (142,182)                 |
| Portfolio support fee payable  | (16,305)                  | (23,319)                  |
| Investment advisor fee payable   | (112,530)                 | (158,247)                 |
| Investment management fee payable  | (165,977)                 | (229,994)                 |
| Performance fees payable   | -                         | (1,900)                   |
| Subscriptions received in advance  | -                         | (161,000)                 |
| <b>Total liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b> | <u>(13,369,848)</u>       | <u>(23,524,873)</u>       |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                               | <u><b>229,472,480</b></u> | <u><b>339,244,628</b></u> |
| Adjustment for revaluation of net assets attributable to Redeemable Shareholders             | 22,851                    | 35,027                    |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                               | <u><b>229,495,331</b></u> | <u><b>339,279,655</b></u> |

## CHEYNE SELECT UCITS FUND plc

### AGGREGATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

|  | Note | 30-Jun-16<br>EUR   | 30-Jun-15 <sup>*</sup><br>EUR |
|--|------|--------------------|-------------------------------|
| <b>Income</b>  |      |                    |                               |
| Net (loss)/gain on financial assets and liabilities at fair value through profit or loss |      | (9,726,219)        | 24,323,617                    |
| Net gain/(loss) on foreign exchange  |      | 171,677            | (581,391)                     |
| Interest income  |      | 8,532,361          | 21,263,995                    |
| Dividend income  |      | 983,110            | 869,289                       |
| Other income   |      | -                  | 59,190                        |
| <b>Total (loss)/income</b>   |      | <b>(39,071)</b>    | <b>45,934,700</b>             |
| <b>Expenses</b>  |      |                    |                               |
| Interest expense   |      | (3,490,480)        | (10,419,959)                  |
| Dividend expense   |      | (1,896,944)        | (1,789,198)                   |
| Investment management fee  | 3(f) | (1,114,397)        | (1,850,126)                   |
| Investment advisor fee   | 3(e) | (755,574)          | (1,329,104)                   |
| Other expenses   |      | (316,508)          | (405,033)                     |
| Administration fee   | 3(a) | (206,485)          | (358,346)                     |
| Research and data fees   | 3(i) | (129,529)          | (326,498)                     |
| Portfolio support fee  | 3(h) | (109,766)          | (204,145)                     |
| Directors' fees  | 3(d) | (34,837)           | (41,178)                      |
| Custodian fee  | 3(c) | (32,689)           | (43,163)                      |
| Transaction costs  |      | (24,340)           | (4,797)                       |
| Performance allocation   | 3(g) | (11)               | (1,448,387)                   |
| Liquidation fee  |      | -                  | (4,484)                       |
| <b>Total expenses</b>  |      | <b>(8,111,560)</b> | <b>(18,224,418)</b>           |
| Withholding tax  |      | (2,294)            | (41,745)                      |
| <b>(Decrease)/increase in Net Assets Attributable to Holders of Redeemable Shares</b>    |      | <b>(8,152,925)</b> | <b>27,668,537</b>             |

\* Effective 24 April 2015, the Cheyne South East Asia Long/Short (Malacca) Fund was closed and effective 31 July 2015, the Cheyne European Real Estate Bond Fund was closed.

For the purposes of aggregating the financial statements of the Funds, the Statement of Comprehensive Income figures for the Cheyne South East Asia Long/Short (Malacca) Fund had been translated from US Dollar to Euro at the average exchange rate for the period ended 30 June 2015.

The Company has no recognised gains or losses during the period other than those reported in the Statement of Comprehensive Income. All results are from continuing operations with exception of Cheyne South East Asia Long/Short (Malacca) Fund and Cheyne European Real Estate Bond Fund.

## CHEYNE SELECT UCITS FUND plc

### AGGREGATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

|  | 30-Jun-16<br>EUR   | 30-Jun-15 <sup>*</sup><br>EUR |
|--|--------------------|-------------------------------|
| <b>Net assets attributable to holders of redeemable shares at beginning of the period</b>      | 339,244,628        | 532,176,893                   |
| (Decrease)/increase in net assets attributable to holders of redeemable shares from operations | (8,152,925)        | 27,668,537                    |
| Issue of redeemable shares during the period   | 45,317,780         | 128,414,054                   |
| Redemption of redeemable shares during the period  | (146,937,003)      | (181,695,612)                 |
| Foreign exchange translation**   | -                  | 920,412                       |
| <b>Net assets attributable to holders of redeemable shares at end of the period</b>            | <u>229,472,480</u> | <u>507,484,284</u>            |

\* Effective 24 April 2015, the Cheyne South East Asia Long/Short (Malacca) Fund was closed and effective 31 July 2015, the Cheyne European Real Estate Bond Fund was closed.

\*\* For the purposes of aggregating the financial statements of the Funds, the Statement of Financial Position figures for the Cheyne South East Asia Long/Short (Malacca) Fund had been translated from US Dollar to Euro at the exchange rate ruling at the period end, while 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 period. 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 PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

|  | 30-Jun-16<br>EUR     | 30-Jun-15*<br>EUR   |
|--|----------------------|---------------------|
| <b>Cash flows from operating activities</b>  |                      |                     |
| (Decrease)/increase in net assets attributable to holders of redeemable shares from operations | (8,152,925)          | 27,668,537          |
| <b>Adjusted for working capital changes</b>  |                      |                     |
| Decrease in investments in transferable securities   | 113,920,813          | 34,122,046          |
| Decrease/(increase) investments financial derivative instruments                               | 5,290,026            | (12,187,459)        |
| Increase in sales awaited settlement   | (2,823,040)          | (11,741,260)        |
| Decrease/(increase) in other receivables   | 1,948,462            | (1,703,674)         |
| (Decrease)/increase in purchases awaiting settlement   | (5,847,036)          | 3,425,666           |
| Decrease in accrued expenses and other payables  | (118,275)            | (175,641)           |
| <b>Net cash inflow from operating activities</b>   | <b>104,218,025</b>   | <b>39,408,215</b>   |
| <b>Financing</b>   |                      |                     |
| Proceeds from issuance of redeemable shares  | 45,156,780           | 127,840,155         |
| Redemptions paid on redeemable shares  | (146,937,003)        | (181,695,612)       |
| <b>Net cash outflow from financing activities</b>  | <b>(101,780,223)</b> | <b>(53,855,457)</b> |
| <b>Increase/(decrease) in cash and cash equivalents</b>  | <b>2,437,802</b>     | <b>(14,447,242)</b> |
| Cash and cash equivalents at start of period   | 58,210,115           | 89,845,456          |
| Notional foreign exchange adjustment**   | -                    | 920,412             |
| <b>Cash and cash equivalents at end of Period</b>  | <b>60,647,917</b>    | <b>76,318,626</b>   |
| <b>Supplemental cash flow information</b>  |                      |                     |
| Net cash from operating activities includes:   |                      |                     |
| Interest received  | 10,540,470           | 18,063,066          |
| Interest paid  | (3,521,609)          | (10,277,988)        |
| Dividend received  | 926,428              | 746,223             |
| Dividend paid  | (1,801,362)          | (1,711,417)         |

\* Effective 24 April 2015, the Cheyne South East Asia Long/Short (Malacca) Fund was closed and effective 31 July 2015, the Cheyne European Real Estate Bond Fund was closed.

\*\* For the purposes of aggregating the financial statements of the Funds for the period ended 30 June 2015, the Statement of Cash Flows figures for the Cheyne South East Asia Long/Short (Malacca) Fund had been translated from US Dollar to Euro at the average exchange rate for the period ended 30 June 2015.

**NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016**

**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, as an Undertaking for Collective Investment in Transferable Securities (UCITS) pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011.

The Company is organised as an umbrella fund with constituent Funds. As at 30 June 2016, there were three Funds in existence, the Cheyne Convertibles Absolute Return Fund, the Cheyne Global Credit Fund and the Cheyne European Mid Cap Equity 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 Company was authorised by the Central Bank of Ireland on 3 September 2009. Segregated liability under Irish law applies as between the Funds.

Cheyne South East Asia Long/Short (Malacca) Fund and Cheyne European Real Estate Bond Fund were liquidated prior to the year ended 31 December 2015.

The investment objective of each Fund is disclosed in the notes to the individual Funds.

As at 30 June 2016 the Company had no employees.

*Investment Manager Registration*

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.

Cheyne Capital Management (UK) LLP is authorised by the Financial Conduct Authority (FCA) as an Alternative Investment Fund Manager (AIFM) under the Alternative Investment Fund Manager Directive (AIFMD).

All funds have a base currency of EUR except Cheyne South East Asia Long/Short (Malacca) Fund which had USD.

**2. Significant Accounting Policies**

The Company prepares its interim financial statements in accordance with IAS 34: Interim Financial Reporting and the UCITS Regulations.

There have been no changes to the significant accounting policies adopted by the Company since the last audited financial statements dated 31 December 2015.

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

**3. Fees and Expenses**

**(a) Administration Fee**

GlobeOp Financial Services (Ireland) Limited is the “Administrator” of the Company pursuant to an Administration Agreement dated 12 March 2016. The Company shall pay 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*, based on 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.

**(b) 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 Fund’s Auditor. The Audit fees for each Fund are shown in the notes to the financial statements of the individual Funds.

**(c) Custodian and Depositary Fee**

Citi Depositary Services Ireland Limited acts as the “Custodian and Trustee” of the Company. On 18 March 2016, the UCITS V Directive became effective and Citi Depositary Services Ireland Limited now has additional operational and oversight responsibilities as a “Trustee” and became the “Depositary” of the Company.

The Company shall pay the custodian fee out of the relevant funds as disclosed in the notes to the financial statements of the individual Funds.

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*, based on asset size, across the relevant Funds.

In addition to such remuneration, the Custodian shall also be entitled 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.

The Custodian is also entitled to be repaid for all of its out-of-pocket expenses reasonably incurred on behalf of the Funds, including the fees and expenses of any sub-custodian (which shall be at normal commercial rates) and transaction charges (which shall also be at normal commercial rates) levied by the Custodian and which are payable by the Company.

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

**(d) 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 Funds. The Company has engaged Grant Thornton to provide Directors payroll services on a quarterly basis.

**(e) Investment Advisor Fee**

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 shall be 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.

**(f) Investment Management Fee**

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 shall be 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.

**(g) Performance Allocation**

The performance allocation charged to the Funds for the period ended 30 June 2016 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.

**(h) 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.

**(i) Research and data fees**

When trading equity securities, the Investment Manager on behalf of the Company may use execution-only or full service brokerage. When using full service brokerage, in addition to order execution, commission-sharing arrangements will be used to accumulate balances to be used in compliance with FCA Rules solely for the purchase, on behalf of the Company, of substantive research.

The Company will also reimburse the Investment Manager for monies spent by the Investment Manager to obtain other research, market data, corporate access, analysis and/or other similar services for the Company, up to a maximum of 0.10% per annum of the average net asset value of the Fund.

**NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016 (Continued)**

**4. 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.

The Investment Manager actively monitors market prices throughout the period 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.



NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

**Market risk (continued)**

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)

*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.

***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 in fixed income securities and swaps. 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.

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

***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.

***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.

**NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016 (Continued)**

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

**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, Citi Depositary Services Ireland Limited and margin cash is held with Bank of America, Bank of Nomura, Barclays Bank, BNP Paribas, Credit Suisse, Deutsche Bank, Goldman Sachs, JP Morgan Chase, Morgan Stanley, Societe Generale and UBS at period 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.

**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.

**NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016 (Continued)**

**5. Exchange Rates**

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

| <b>Currency</b> | <b>30-Jun-16</b> | <b>31-Dec-15</b> |
|-----------------|------------------|------------------|
| AUD             | 1.4920           | 1.4931           |
| CAD             | 1.4428           | 1.5090           |
| CHF             | 1.0823           | 1.0874           |
| CNY             | N/A              | 7.0540           |
| DKK             | 7.4398           | 7.4627           |
| EUR             | 1.0000           | 1.0000           |
| GBP             | 0.8311           | 0.7370           |
| HKD             | 8.6187           | 8.4190           |
| JPY             | 113.9724         | 130.6765         |
| NOK             | 9.2964           | 9.6152           |
| SEK             | 9.4127           | 9.1582           |
| SGD             | 1.4952           | 1.5411           |
| THB             | N/A              | 39.1611          |
| USD             | 1.1110           | 1.0863           |
| ZAR             | N/A              | 16.8328          |

**6. Connected and Related Party Transactions**

In accordance with Regulations 40, 41 and 42 of the Central Bank UCITS Regulations, the Directors are satisfied that there are arrangements (evidenced by written procedures) in place to ensure that all transactions with its promoter, Investment Manager, Custodian, Administrator and/or group companies of these ("Connected Parties") are carried out as if negotiated at arm's length and are in the best interests of the shareholders. The Directors are satisfied that transactions with Connected Parties entered into during the period complied with the obligations set out in this paragraph.

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.

Connected and related party transactions are made on terms equivalent to those that prevail in arm's length transactions only if such terms can be substantiated.

Cheyne Capital Management (UK) LLP, a United Kingdom limited liability Partnership, acts as Investment Manager of the Company and provides day-to-day management of the investment program. For details of the investment management fee, performance allocation, and research and data fees paid/payable to the Investment Manager please see Note 3 of the aggregated financial statements.

Cheyne Capital International L.P. acts as Investment Advisor of the Company and provides advisory services, strategic advice and marketing assistance. For details of the investment advisor fee and the performance allocation paid/payable to the Investment Advisor please see Note 3 of the aggregated financial statements.

Cheyne Capital Management (UK) LLP acts as Portfolio Support Manager to the Company. For details of fees paid/payable to the Portfolio Support Manager see Note 3 of the aggregated financial statements.

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

**6. Connected and Related Party Transactions (continued)**

GlobeOp Financial Services (Ireland) Limited is the “Administrator” of the Company pursuant to an Administration Agreement dated 12 March 2016. The Company shall pay Administration fee out of the relevant Funds as disclosed in the notes to the financial statements of the individual Funds. For details of fees paid/payable to the Administrator see Note 3 of the aggregated financial statements.

Citi Depositary Services Ireland Limited acts as the Custodian and Depositary of the Company pursuant to a Custody Agreement dated 9 November 2015. For details of fees paid/payable to the Custodian and Depositary see Note 3 of the aggregated financial statements.

Mr. Bronheim, a Director, is General Counsel for the Investment Manager and is also a Director of other Cheyne managed funds.

Mr. Daly, who resigned as a Director on 1 January 2016, was also a Director of other Cheyne managed funds.

Mr. Skelly, a Director, is an employee of Carne Global Financial Services Limited which provides Money Laundering Reporting Officer (MLRO) and Designated Person Oversight services to the Company. During the period, EUR21,813 (30 June 2015: EUR32,078) was paid to Carne Global Financial Services Limited, EUR8,594 remained unpaid as at 30 June 2016 (31 December 2015: EUR10,158). Mr. Skelly is also a Director of other Cheyne managed funds.

Ms. Wright, who was appointed as a Director on 1 January 2016, is also a Director of other Cheyne managed funds.

The Directors were not, at the end of the period, interested in shares in, or debentures of, the Company or any other body corporate being the Company’s subsidiary or holding company or a subsidiary of the Company’s holding company. For details of fees paid/payable to the Directors, please see Note 3 of the aggregated financial statements.

**7. Contingent Liabilities**

As at 30 June 2016, the Company did not have any significant commitments or contingent liabilities, other than those which are disclosed in the Aggregated Financial Statements.

**8. Soft Commissions**

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

The Investment Manager has in compliance with the FCA’s rules on dealing commission implemented a number of commission sharing arrangements in order to purchase substantive research. Commission sharing arrangements have been applied to Cheyne European Mid Cap Equity Fund.

**9. Distributions**

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

**NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016 (Continued)**

**10. Significant Events During the Period**

Effective 1 January 2016, Ronan Daly resigned from the Company as a Director and Bronwyn Wright was appointed as a Director of the Company.

With effect from 12 March 2016, Citibank Europe plc was replaced with GlobeOp Financial Services (Ireland) Limited as administrator of the Company pursuant to a deed of novation to the services agreement entered into between Citibank Europe plc, GlobeOp Financial Services (Ireland) Limited and the Company.

An updated Supplement for each Fund and an updated Prospectus was issued on 14 March 2016.

On 18 March 2016, the UCITS V Directive became effective and the Citi Depositary Services Ireland Limited (the "Depositary") became strictly liable for assets and they now have additional operational and oversight responsibilities.

**11. Subsequent Events Since the Period End**

There is no significant event affecting the Company since the period end.

**12. Approval of Financial Statements**

The Directors approved the financial statements on 22 August 2016.

**CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016**

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

|  | Note | 30-Jun-16<br>EUR   | 31-Dec-15<br>EUR    |
|--|------|--------------------|---------------------|
| <b>Assets</b>  |      |                    |                     |
| Cash in hand and cash equivalents  | 5    | 283,728            | 230,657             |
| Margin cash  | 5    | 13,240,579         | 17,774,009          |
| <i>Financial assets at fair value through profit or loss:</i>                                |      |                    |                     |
| Investments in transferable securities   | 3    | 27,567,274         | 69,394,839          |
| Investments in financial derivative instruments  | 3    | 4,281,999          | 5,854,662           |
| Other receivables  | 4    | 461,468            | 518,889             |
| Sales awaiting settlement  |      | 3,500,814          | 3,719,967           |
| <b>Total assets</b>  |      | <b>49,335,862</b>  | <b>97,493,023</b>   |
| <b>Liabilities</b>   |      |                    |                     |
| Bank overdraft-cash in hand  | 5    | (27,950)           | (50,317)            |
| Bank overdraft-margin cash   | 5    | (490,781)          | (67,477)            |
| <i>Financial liabilities at fair value through profit or loss:</i>                           |      |                    |                     |
| Investments in financial derivative instruments  | 3    | (2,892,881)        | (4,468,790)         |
| Purchases awaiting settlement  |      | (977,134)          | (8,188,925)         |
| Accrued expenses   | 6    | (188,348)          | (198,498)           |
| Research and data fees payable   | 2(i) | (31,224)           | (54,337)            |
| Portfolio support fee payable  | 2(h) | (4,047)            | (5,737)             |
| Investment advisor fee payable   | 2(e) | (30,661)           | (42,929)            |
| Investment management fee payable  | 2(f) | (45,127)           | (63,419)            |
| Performance fees payable   | 2(g) | -                  | (1,831)             |
| <b>Total liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b> |      | <b>(4,688,153)</b> | <b>(13,142,260)</b> |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                               |      | <b>44,647,709</b>  | <b>84,350,763</b>   |

#### Net Asset Value per Redeemable Share

|                            | 30-Jun-16   | 31-Dec-15   | 31-Dec-14     |
|----------------------------|-------------|-------------|---------------|
| <b>Class D1 (USD)</b>      |             |             |               |
| Number of shares per class | 383.35      | 383.35      | 2,647.87      |
| Net Asset Value per share  | USD1,136.68 | USD1,160.46 | USD1,148.72   |
| Net Asset Value            | EUR392,228  | EUR409,519  | EUR2,513,659  |
| <b>Class D2 (EUR)</b>      |             |             |               |
| Number of shares per class | 828.62      | 827.36      | 23,861.86     |
| Net Asset Value per share  | EUR1,087.62 | EUR1,115.62 | EUR1,105.86   |
| Net Asset Value            | EUR901,220  | EUR923,021  | EUR26,387,759 |
| <b>Class D3 (GBP)</b>      |             |             |               |
| Number of shares per class | -           | 26.11       | 3,952.82      |
| Net Asset Value per share  | -           | GBP1,156.88 | GBP1,123.17   |
| Net Asset Value            | -           | EUR40,982   | EUR5,720,890  |

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



## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016 (Continued)

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

|                            | 30-Jun-16     | 31-Dec-15     | 31-Dec-14     |
|----------------------------|---------------|---------------|---------------|
| <b>Class D4 (CHF)</b>      |               |               |               |
| Number of shares per class | 65.26         | 76.26         | 1,220.56      |
| Net Asset Value per share  | CHF1,106.45   | CHF1,138.14   | CHF1,138.46   |
| Net Asset Value            | EUR66,720     | EUR79,823     | EUR1,155,695  |
| <b>Class I1 (USD)</b>      |               |               |               |
| Number of shares per class | 4,683.41      | 24,934.17     | 54,392.90     |
| Net Asset Value per share  | USD1,174.43   | USD1,195.81   | USD1,177.90   |
| Net Asset Value            | EUR4,951,033  | EUR27,447,823 | EUR52,947,890 |
| <b>Class I2 (EUR)</b>      |               |               |               |
| Number of shares per class | 25,541.07     | 34,660.79     | 51,588.34     |
| Net Asset Value per share  | EUR1,162.27   | EUR1,189.23   | EUR1,175.21   |
| Net Asset Value            | EUR29,685,505 | EUR41,219,506 | EUR60,627,032 |
| <b>Class I3 (GBP)</b>      |               |               |               |
| Number of shares per class | 2,535.28      | 4,301.27      | 2,584.63      |
| Net Asset Value per share  | GBP1,159.89   | GBP1,181.99   | GBP1,142.36   |
| Net Asset Value            | EUR3,538,467  | EUR6,898,082  | EUR3,804,660  |
| <b>Class I4 (CHF)</b>      |               |               |               |
| Number of shares per class | 4,106.57      | 4,391.75      | 5,107.39      |
| Net Asset Value per share  | CHF1,062.98   | CHF1,090.89   | CHF1,086.43   |
| Net Asset Value            | EUR4,033,333  | EUR4,405,915  | EUR4,614,913  |
| <b>Class S1 (USD)</b>      |               |               |               |
| Number of shares per class | 398.83        | 943.68        | 943.68        |
| Net Asset Value per share  | USD1,342.68   | USD1,362.15   | USD1,331.95   |
| Net Asset Value            | EUR482,025    | EUR1,183,314  | EUR1,038,746  |
| <b>Class S2 (EUR)</b>      |               |               |               |
| Number of shares per class | 307.87        | 1,108.10      | 2,976.10      |
| Net Asset Value per share  | EUR1,331.53   | EUR1,357.35   | EUR1,329.94   |
| Net Asset Value            | EUR409,939    | EUR1,504,077  | EUR3,958,026  |
| <b>Class S3 (GBP)</b>      |               |               |               |
| Number of shares per class | 115.57        | 128.69        | 128.69        |
| Net Asset Value per share  | GBP1,346.36   | GBP1,367.02   | GBP1,311.35   |
| Net Asset Value            | EUR187,239    | EUR238,701    | EUR217,466    |

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

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

|  | Note | 30-Jun-16<br>EUR   | 30-Jun-15<br>EUR   |
|--|------|--------------------|--------------------|
| <b>Income</b>  |      |                    |                    |
| Net (loss)/gain on financial assets and liabilities at fair value through profit or loss | 8    | (2,095,036)        | 14,638,190         |
| Net gain/(loss) on foreign exchange  |      | 153,114            | (1,855,081)        |
| Interest income  |      | 918,912            | 2,166,972          |
| Dividend income  |      | 201,105            | 123,168            |
| Other income   |      | -                  | 157                |
| <b>Total (loss)/income</b>   |      | <b>(821,905)</b>   | <b>15,073,406</b>  |
| <b>Expenses</b>  |      |                    |                    |
| Interest expense   |      | (849,490)          | (857,806)          |
| Dividend expense   |      | (721,573)          | (954,820)          |
| Investment management fee  | 2(f) | (327,679)          | (610,576)          |
| Investment advisor fee   | 2(e) | (221,945)          | (478,234)          |
| Other expenses   | 2(j) | (90,007)           | (129,526)          |
| Administration fee   | 2(a) | (62,260)           | (96,751)           |
| Portfolio support fee  | 2(h) | (29,496)           | (55,066)           |
| Research and data fees   | 2(i) | (29,078)           | (68,856)           |
| Transaction costs  |      | (17,068)           | (2,433)            |
| Directors' fees  | 2(d) | (9,951)            | (10,086)           |
| Custodian fee  | 2(c) | (9,169)            | (5,682)            |
| Performance allocation   | 2(g) | (11)               | (277,667)          |
| <b>Total expenses</b>  |      | <b>(2,367,727)</b> | <b>(3,547,503)</b> |
| Withholding tax  |      | (1,308)            | -                  |
| <b>(Decrease)/increase in Net Assets Attributable to Holders of Redeemable Shares</b>    |      | <b>(3,190,940)</b> | <b>11,525,903</b>  |

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

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

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### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

|  | 30-Jun-16<br>EUR         | 30-Jun-15<br>EUR          |
|--|--------------------------|---------------------------|
| <b>Net assets attributable to holders of redeemable shares at beginning of the period</b>      | 84,350,763               | 162,986,736               |
| (Decrease)/increase in net assets attributable to holders of redeemable shares from operations | (3,190,940)              | 11,525,903                |
| Issue of redeemable shares during the period   | 818,975                  | 3,930,643                 |
| Redemption of redeemable shares during the period  | (37,331,089)             | (55,459,325)              |
| <b>Net assets attributable to holders of redeemable shares at end of the period</b>            | <b><u>44,647,709</u></b> | <b><u>122,983,957</u></b> |

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

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

|  | 30-Jun-16<br>EUR    | 30-Jun-15<br>EUR    |
|--|---------------------|---------------------|
| <b>Cash flows from operating activities</b>  |                     |                     |
| (Decrease)/increase in net assets attributable to holders of redeemable shares from operations | (3,190,940)         | 11,525,903          |
| <b>Adjusted for working capital changes</b>  |                     |                     |
| Decrease in investments in transferable securities   | 41,827,565          | 39,936,987          |
| Increase in investments financial derivative instruments                                       | (3,246)             | (3,613,740)         |
| Decrease/(increase) in sales awaiting settlement   | 219,153             | (6,549,688)         |
| Decrease/(increase) in other receivables   | 57,421              | (159,535)           |
| (Decrease)/increase in purchases awaiting settlement   | (7,211,791)         | 2,889,643           |
| (Decrease)/increase in accrued expenses and other payable                                      | (67,344)            | 56,004              |
| <b>Net cash inflow from operating activities</b>   | <b>31,630,818</b>   | <b>44,085,574</b>   |
| <b>Financing</b>   |                     |                     |
| Proceeds from issuance of redeemable shares  | 818,975             | 3,930,643           |
| Redemptions paid on redeemable shares  | (37,331,089)        | (55,459,325)        |
| <b>Net cash outflow from financing activities</b>  | <b>(36,512,114)</b> | <b>(51,528,682)</b> |
| <b>Decrease in cash and cash equivalents</b>   | <b>(4,881,296)</b>  | <b>(7,443,108)</b>  |
| Cash and cash equivalents at start of period   | 17,886,872          | 23,197,836          |
| <b>Cash and cash equivalents at end of period</b>  | <b>13,005,576</b>   | <b>15,754,728</b>   |
| <b>Supplemental cash flow information</b>  |                     |                     |
| Net cash from operating activities includes:   |                     |                     |
| Interest received  | 969,871             | 1,993,048           |
| Interest paid  | (878,281)           | (848,626)           |
| Dividend received  | 199,797             | 123,168             |
| Dividend paid  | (709,838)           | (872,378)           |

*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 PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

#### 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).

The Fund currently has Class D1 (USD), Class D2 (EUR), Class D3 (GBP), Class D4 (CHF), Class I1 (USD), Class I2 (EUR), Class I3 (GBP), Class I4 (CHF), Class S1 (USD), Class S2 (EUR) and Class S3 (GBP) shares of which only Class D and Class I shares are available for investment.

#### 2. Fees and Expenses

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

GlobeOp 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 period, an administration fee of EUR62,260 (30 June 2015: EUR96,751) was charged to the Fund out of which, EUR9,208 remained unpaid as at 30 June 2016 (31 December 2015: EUR11,747).

##### (b) **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 period, an audit fee of EUR14,451 (30 June 2015: EUR23,044) was charged to the Fund, of which EUR8,920 was payable as at 30 June 2016 (31 December 2015: EUR8,623). Payment in respect of other assurance, tax advisory and other non-audit fees are EURNil (30 June 2015: EURNil).

##### (c) **Custodian and Depositary Fee**

Citi Depositary Services Ireland Limited acts as the “Custodian and Trustee” of the Company. On 18 March 2016, the UCITS V Directive became effective and Citi Depositary Services Ireland Limited now has additional operational and oversight responsibilities as a “Trustee” and became the “Depositary” of the Fund.

The Custodian shall be entitled to receive out of the assets of the Fund an annual fee, accrued daily and payable monthly in arrears, based on the number of transactions and the NAV of the Fund, of up to a maximum fee of 0.02% of the NAV of the Fund (plus VAT, if any thereon), subject to a minimum annual depositary services fee of EUR12,000 when an entity within Citigroup is the sub-custodian and EUR18,500 when any other sub-custodian is used and subject to a minimum annual custody services fee of EUR15,500.

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

##### (c) Custodian and Depositary Fee (continued)

In addition to such remuneration, the Custodian shall also be entitled to charge the Fund fees relating to any custody or transactional services, as may be agreed with the Company and which shall be charged at standard commercial rates.

The Custodian is also entitled to be repaid for all of its out-of-pocket expenses reasonably incurred on behalf of the Fund, including the fees and expenses of any sub-custodian (which shall be at normal commercial rates) and transaction charges (which shall also be at normal commercial rates) levied by the Custodian and which are payable by the Fund.

During the period a custodian fee of EUR9,169 (30 June 2015: EUR5,682) was charged to the Fund, EUR3,013 remained unpaid as at 30 June 2016 (31 December 2015: EUR3,058).

During the period depositary services fees of EUR7,704 (30 June 2015: EUR13,915) was charged to the Fund, EUR1,067 remained unpaid as at 30 June 2016 (31 December 2015: EUR3,282).

##### (d) 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 period Directors' fees of EUR9,951 (30 June 2015: EUR10,086) were charged to the Fund, EUR382 remained unpaid as at 30 June 2016 (31 December 2015: EURNil).

##### (e) Investment Advisor Fee

The Fund appointed Cheyne Capital International Limited as Investment Advisor to provide advisory services in respect of the Fund pursuant to the Investment Advisory Agreement.

The Investment Advisor shall be entitled to receive, out of the assets of the Fund an annual fee, accrued daily and calculated and paid 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 and a rate of 0.30% per annum of the NAV of the Fund allocable to Class S shares. The Investment Advisor is 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 period an investment advisor fee of EUR221,945 (30 June 2015: EUR478,234) was charged to the Fund, EUR30,661 remained unpaid as at 30 June 2016 (31 December 2015: EUR42,929).

##### (f) Investment Management Fee

The Investment 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 0.45% per annum of the NAV of the Fund allocable to Class S shares and 0.90% per annum of the NAV of the Fund allocable to Class I and D shares.

The Investment 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016 (Continued)**

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

**(f) Investment Management Fee (continued)**

During the period an investment management fee of EUR327,679 (30 June 2015: EUR610,576) was charged to the Fund, EUR45,127 remained unpaid as at 30 June 2016 (31 December 2015: EUR63,419).

**(g) Performance Allocation**

The Investment Manager and the Investment Advisor shall be entitled to receive a total performance allocation 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 allocation. The Investment Manager shall be entitled to receive out of the assets allocable to Class S shares a performance allocation equal to 10% of the increase in the NAV of the relevant Class over the HWM during a performance period, disregarding any uncrystallised performance allocation. For Class I and D shares, 60% of any performance allocation will be due to the Investment Manager and 40% will be due to the Investment Advisor. The performance allocation for Class S will be due to the Investment Manager. 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 allocation, the interest rate is (i) for any EUR Share Class, the 3 month EURIBOR (Euro Interbank Offered Rate) on the first day of the performance period, (ii) for any USD Share Class, the 3 month dollar LIBOR on the first day of the performance period, (iii) for any CHF Share Class, the 3 month Swiss Franc LIBOR on the first day of the performance period and (iv) for any GBP Share Class, the 3 month GBP LIBOR on the first day of the performance period.

The HWM ensures that, if the class falls in value, a performance allocation 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 allocation in any previous period, the Investment Manager will retain all performance allocation previously crystallised for that class but no further performance allocation will be charged until performance above the HWM is achieved by the class.

The performance allocation shall accrue at each Valuation Point and accordingly the NAV will be adjusted to reflect such fee. Notwithstanding the foregoing, any accrued performance allocation 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 allocation is calculated as a *pro rata* portion of the un-crystallised performance allocation which forms part of the price at which the relevant shareholder redeemed.

During the period a performance fee of EUR11 (30 June 2015: EUR277,667) was charged to the Fund, EURNil remained unpaid as at 30 June 2016 (31 December 2015: EUR1,831). The performance allocation is periodically verified by the Custodian.

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

##### (h) **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 period a portfolio support fee of EUR29,496 (30 June 2015: EUR55,066) was charged to the Fund and EUR4,047 remained unpaid as at 30 June 2016 (31 December 2015: EUR5,737).

##### (i) **Research and data fees**

When trading equity securities, the Investment Manager on behalf of the Fund may use execution-only or full service brokerage. When using full service brokerage, in addition to order execution, commission-sharing arrangements may be used to accumulate balances to be used in compliance with FCA Rules solely for the purchase, on behalf of the Fund, of substantive research.

The Fund will also reimburse the Investment Manager for monies spent by the Investment Manager to obtain other research, market data, corporate access, analysis and/or other similar services for the Company, up to a maximum of 0.10% per annum of the average net asset value of the Fund.

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

|                          | 30-Jun-16       | 30-Jun-15       |
|--------------------------|-----------------|-----------------|
|                          | EUR             | EUR             |
| Research and data fees * | (23,973)        | (65,134)        |
| VAT                      | (5,105)         | (3,722)         |
| <b>Total</b>             | <b>(29,078)</b> | <b>(68,856)</b> |

\* Research and data fees disclosed in the table above are exclusive of VAT. The research and data fees recognised in the Statement of Comprehensive Income are inclusive of VAT.

##### (j) **Other Expenses**

|                          | 30-Jun-16       | 30-Jun-15        |
|--------------------------|-----------------|------------------|
|                          | EUR             | EUR              |
| Legal fees               | (34,809)        | (34,712)         |
| Miscellaneous expenses   | (31,468)        | (42,615)         |
| Audit fees               | (14,451)        | (23,044)         |
| Insurance expense        | (8,844)         | (14,389)         |
| Depository services fees | (7,704)         | (13,915)         |
| Directors expenses       | (267)           | (265)            |
| VAT services fee expense | 7,536           | (586)            |
|                          | <b>(90,007)</b> | <b>(129,526)</b> |



## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

|  | 30-Jun-16         | 31-Dec-15         |
|--|-------------------|-------------------|
|  | EUR               | EUR               |
| <b>Financial assets at fair value through profit or loss</b> |                   |                   |
| <i><b>Held for Trading:</b></i>                              |                   |                   |
| Convertible bonds  | 27,567,274        | 69,394,839        |
| Options  | 2,055,162         | 3,172,538         |
| Unrealised gain on forward currency contracts                | 672,421           | 1,794,010         |
| Unrealised gain on CFD                                       | 1,418,928         | 888,114           |
| Unrealised gain on futures                                   | 135,488           | -                 |
|  | <b>31,849,273</b> | <b>75,249,501</b> |

|   | 30-Jun-16          | 31-Dec-15          |
|---|--------------------|--------------------|
|   | EUR                | EUR                |
| <b>Financial liabilities at fair value through profit or loss</b> |                    |                    |
| <i><b>Held for Trading:</b></i>                                   |                    |                    |
| Unrealised loss on forward currency contracts                     | (582,851)          | (3,200,066)        |
| Unrealised loss on CFD  | (2,310,030)        | (1,201,892)        |
| Unrealised loss on futures  | -                  | (66,832)           |
|   | <b>(2,892,881)</b> | <b>(4,468,790)</b> |

#### 4. Other Receivables

|                                   | 30-Jun-16      | 31-Dec-15      |
|-----------------------------------|----------------|----------------|
|                                   | EUR            | EUR            |
| Interest receivable on securities | 459,086        | 510,045        |
| Prepaid insurance expenses        | 2,382          | 8,844          |
|                                   | <b>461,468</b> | <b>518,889</b> |

#### 5. Cash and Cash Equivalents

|                                     | 30-Jun-16         | 31-Dec-15         |
|-------------------------------------|-------------------|-------------------|
|                                     | EUR               | EUR               |
| Cash in hand and cash equivalents*: |                   |                   |
| -CHF                                | 10                | 10                |
| -EUR                                | 283,102           | 230,026           |
| -GBP                                | 321               | 362               |
| -HKD                                | 8                 | 8                 |
| -JPY                                | 283               | 247               |
| -USD                                | 4                 | 4                 |
|                                     | <b>283,728</b>    | <b>230,657</b>    |
| Margin cash:                        |                   |                   |
| -AUD                                | 479               | 479               |
| -CAD                                | 32,601            | 17,009            |
| -CHF                                | 2,631             | 951               |
| -EUR                                | 11,397,527        | 9,807,118         |
| -GBP                                | 204,304           | 1,089,609         |
| -HKD                                | 536,606           | 120,440           |
| -JPY                                | 112,787           | 3,255,717         |
| -SEK                                | 799               | 2                 |
| -SGD                                | 390               | 378               |
| -USD                                | 952,455           | 3,482,306         |
|                                     | <b>13,240,579</b> | <b>17,774,009</b> |

\* Cash in hand and cash equivalents are held with the Custodian.

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

|  | 30-Jun-16<br>EUR         | 31-Dec-15<br>EUR         |
|--|--------------------------|--------------------------|
| Bank overdraft-cash in hand:                   |                          |                          |
| -CHF   | (27,854)                 | (50,228)                 |
| -EUR   | (96)                     | (89)                     |
|  | <u>(27,950)</u>          | <u>(50,317)</u>          |
| Bank overdraft-margin cash:                    |                          |                          |
| -EUR   | (159,429)                | (41)                     |
| -GBP   | (197,217)                | -                        |
| -HKD   | -                        | (5,286)                  |
| -USD   | (134,135)                | (62,150)                 |
|  | <u>(490,781)</u>         | <u>(67,477)</u>          |
| <b>Total cash in hand and cash equivalents</b> | <b><u>13,005,576</u></b> | <b><u>17,886,872</u></b> |

#### 6. Accrued Expenses

The table below details the accrued expenses at period end:

|                                  | 30-Jun-16<br>EUR        | 31-Dec-15<br>EUR        |
|----------------------------------|-------------------------|-------------------------|
| Interest payable                 | (63,964)                | (92,755)                |
| Legal fees payable               | (47,205)                | (35,852)                |
| Miscellaneous expenses payable   | (27,140)                | (27,555)                |
| Dividend payable                 | (26,466)                | (14,731)                |
| Administrator fee payable        | (9,208)                 | (11,747)                |
| Audit fees payable               | (8,920)                 | (8,623)                 |
| Custodian fees payable           | (3,013)                 | (3,058)                 |
| Depository services fees payable | (1,067)                 | (3,282)                 |
| Directors expense payable        | (632)                   | (472)                   |
| Directors' fees payable          | (382)                   | -                       |
| VAT services fees payable        | (351)                   | (423)                   |
| <b>Total</b>                     | <b><u>(188,348)</u></b> | <b><u>(198,498)</u></b> |

#### 7. 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 EUR202,864 (31 December 2015: EUR436,409). 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.

# CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

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

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.

**30-Jun-16**

| <b>Assets</b>                                    | <b>&lt;1<br/>month</b> | <b>1 - 3<br/>months</b> | <b>3 - 12<br/>months</b> | <b>&gt;12<br/>months</b> | <b>Non-<br/>interest<br/>bearing</b> | <b>Total</b>      |
|--|------------------------|-------------------------|--------------------------|--------------------------|--------------------------------------|-------------------|
|  | <b>EUR</b>             | <b>EUR</b>              | <b>EUR</b>               | <b>EUR</b>               | <b>EUR</b>                           | <b>EUR</b>        |
| <i>Held for Trading:</i>                         |                        |                         |                          |                          |                                      |                   |
| Convertible bonds                                | -                      | 1,007,790               | -                        | 26,559,484               | -                                    | 27,567,274        |
| Unrealised gain on forward<br>currency contracts | -                      | -                       | -                        | -                        | 672,421                              | 672,421           |
| Options  | -                      | -                       | -                        | -                        | 2,055,162                            | 2,055,162         |
| Unrealised gain on CFD                           | -                      | -                       | -                        | -                        | 1,418,928                            | 1,418,928         |
| Unrealised gain on futures                       | -                      | -                       | -                        | -                        | 135,488                              | 135,488           |
| <i>Loans and receivables:</i>                    |                        |                         |                          |                          |                                      |                   |
| Cash in hand and cash<br>equivalents             | 283,728                | -                       | -                        | -                        | -                                    | 283,728           |
| Margin cash                                      | 13,240,579             | -                       | -                        | -                        | -                                    | 13,240,579        |
| Other receivables                                | -                      | -                       | -                        | -                        | 461,468                              | 461,468           |
| Sales awaiting settlement                        | -                      | -                       | -                        | -                        | 3,500,814                            | 3,500,814         |
| <b>Total assets</b>                              | <b>13,524,307</b>      | <b>1,007,790</b>        | <b>-</b>                 | <b>26,559,484</b>        | <b>8,244,281</b>                     | <b>49,335,862</b> |

**30-Jun-16**

| <b>Liabilities</b>   | <b>&lt;1<br/>month</b> | <b>1 - 3<br/>months</b> | <b>3 - 12<br/>months</b> | <b>&gt;12<br/>months</b> | <b>Non-<br/>interest<br/>bearing</b> | <b>Total</b>       |
|--|------------------------|-------------------------|--------------------------|--------------------------|--------------------------------------|--------------------|
|  | <b>EUR</b>             | <b>EUR</b>              | <b>EUR</b>               | <b>EUR</b>               | <b>EUR</b>                           | <b>EUR</b>         |
| <i>Held for Trading:</i>   |                        |                         |                          |                          |                                      |                    |
| Unrealised loss on forward<br>currency contracts   | -                      | -                       | -                        | -                        | (582,851)                            | (582,851)          |
| Unrealised loss on CFD   | -                      | -                       | -                        | -                        | (2,310,030)                          | (2,310,030)        |
| <i>Other financial liabilities<br/>measured at amortised cost:</i>                                       |                        |                         |                          |                          |                                      |                    |
| Bank overdraft-Cash in hand  | (27,950)               | -                       | -                        | -                        | -                                    | (27,950)           |
| Bank overdraft-margin cash   | (490,781)              | -                       | -                        | -                        | -                                    | (490,781)          |
| Accrued expenses and other<br>payables   | -                      | -                       | -                        | -                        | (299,407)                            | (299,407)          |
| Purchases awaiting<br>settlement   | -                      | -                       | -                        | -                        | (977,134)                            | (977,134)          |
| <b>Total liabilities (excluding<br/>Net Assets Attributable to<br/>Holders of Redeemable<br/>Shares)</b> | <b>(518,731)</b>       | <b>-</b>                | <b>-</b>                 | <b>-</b>                 | <b>(4,169,422)</b>                   | <b>(4,688,153)</b> |

# CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

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

31-Dec-15

|  | <1<br>month       | 1 - 3<br>months  | 3 - 12<br>months | >12<br>months     | Non-<br>interest<br>bearing | Total             |
|--|-------------------|------------------|------------------|-------------------|-----------------------------|-------------------|
| Assets   |                   |                  |                  |                   |                             |                   |
| <i>Held for Trading:</i>                         | EUR               | EUR              | EUR              | EUR               | EUR                         | EUR               |
| Convertible bonds                                | -                 | 1,393,213        | 373,136          | 67,628,490        | -                           | 69,394,839        |
| Unrealised gain on forward<br>currency contracts | -                 | -                | -                | -                 | 1,794,010                   | 1,794,010         |
| Options  | -                 | -                | -                | -                 | 3,172,538                   | 3,172,538         |
| Unrealised gain on CFD                           | -                 | -                | -                | -                 | 888,114                     | 888,114           |
| <i>Loans and receivables:</i>                    |                   |                  |                  |                   |                             |                   |
| Cash in hand and cash<br>equivalents             | 230,657           | -                | -                | -                 | -                           | 230,657           |
| Margin cash                                      | 17,774,009        | -                | -                | -                 | -                           | 17,774,009        |
| Other receivables                                | -                 | -                | -                | -                 | 518,889                     | 518,889           |
| Sales awaiting settlement                        | -                 | -                | -                | -                 | 3,719,967                   | 3,719,967         |
| <b>Total assets</b>                              | <b>18,004,666</b> | <b>1,393,213</b> | <b>373,136</b>   | <b>67,628,490</b> | <b>10,093,518</b>           | <b>97,493,023</b> |

31-Dec-15

|  | <1<br>month      | 1 - 3<br>months | 3 - 12<br>months | >12<br>months | Non-<br>interest<br>bearing | Total               |
|--|------------------|-----------------|------------------|---------------|-----------------------------|---------------------|
| Liabilities  |                  |                 |                  |               |                             |                     |
| <i>Held for Trading:</i>   | EUR              | EUR             | EUR              | EUR           | EUR                         | EUR                 |
| Unrealised loss on forward<br>currency contracts   | -                | -               | -                | -             | (3,200,066)                 | (3,200,066)         |
| Unrealised loss on CFD   | -                | -               | -                | -             | (1,201,892)                 | (1,201,892)         |
| Unrealised loss on futures   | -                | -               | -                | -             | (66,832)                    | (66,832)            |
| <i>Other financial liabilities<br/>measured at amortised cost:</i>                                       |                  |                 |                  |               |                             |                     |
| Bank overdraft-cash in hand  | (50,317)         | -               | -                | -             | -                           | (50,317)            |
| Bank overdraft-margin cash   | (67,477)         | -               | -                | -             | -                           | (67,477)            |
| Accrued expenses and other<br>payables   | -                | -               | -                | -             | (366,751)                   | (366,751)           |
| Purchases awaiting<br>settlement   | -                | -               | -                | -             | (8,188,925)                 | (8,188,925)         |
| <b>Total liabilities (excluding<br/>Net Assets Attributable to<br/>Holders of Redeemable<br/>Shares)</b> | <b>(117,794)</b> | <b>-</b>        | <b>-</b>         | <b>-</b>      | <b>(13,024,466)</b>         | <b>(13,142,260)</b> |

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

#### 7. 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 30 June 2016 and 31 December 2015:

| Currency     | 30-Jun-16<br>EUR   | 31-Dec-15<br>EUR |
|--------------|--------------------|------------------|
| AUD          | 479                | 480              |
| CAD          | (708,932)          | (10,973)         |
| CHF          | (25,213)           | (3,666)          |
| GBP          | 166,762            | 82,673           |
| HKD          | (30,609)           | 458,250          |
| JPY          | 39,378             | 1,314,416        |
| SEK          | (3,243)            | 2                |
| SGD          | 390                | 378              |
| USD          | (1,776,576)        | 3,267,370        |
| <b>Total</b> | <b>(2,337,564)</b> | <b>5,108,930</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 EUR(11,688) (31 December 2015: EUR25,545). A decrease of 50 basis points would have had an equal but opposite effect.

Exchange rates used are outlined on page 19 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.

|                               | NAV Effect<br>30-Jun-16<br>EUR | NAV Effect<br>31-Dec-15<br>EUR |
|-------------------------------|--------------------------------|--------------------------------|
| Stocks down 50%               | (7,143,142)                    | (4,753,443)                    |
| Volatility increase by 10 bps | 4,829,388                      | 8,074,678                      |
| Yields rising by 100 bps      | (868,087)                      | (2,102,287)                    |
| Yields rising by 50 bps       | (446,083)                      | (1,158,029)                    |

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

#### 7. 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 30 June 2016 and 31 December 2015 (excluding cash).

##### **Country of risk exposure 30 June 2016 and 31 December 2015:**

| Country<br>of risk | Notional<br>Exposure<br>Long<br>EUR | Notional<br>Exposure<br>Short<br>EUR | Long<br>(% NAV) | Short<br>(% NAV) | Notional<br>Exposure<br>Long<br>EUR | Notional<br>Exposure<br>Short<br>EUR | Long<br>(% NAV) | Short<br>(% NAV) |
|--------------------|-------------------------------------|--------------------------------------|-----------------|------------------|-------------------------------------|--------------------------------------|-----------------|------------------|
|                    | 30-Jun-16                           | 30-Jun-16                            |                 |                  | 31-Dec-15                           | 31-Dec-15                            |                 |                  |
| United States      | 38,905,455                          | (23,704,571)                         | 87.14           | (53.09)          | 64,201,870                          | (33,507,719)                         | 76.11           | (39.73)          |
| China              | 11,416,324                          | (2,854,135)                          | 25.57           | (6.39)           | 19,818,854                          | (6,987,528)                          | 23.50           | (8.28)           |
| Norway             | 8,708,135                           | (7,288,879)                          | 19.51           | (16.33)          | 7,941,614                           | (4,517,354)                          | 9.42            | (5.35)           |
| Germany            | 7,434,881                           | (3,137,872)                          | 16.65           | (7.03)           | 26,856,239                          | (16,913,534)                         | 31.84           | (20.05)          |
| Britain            | 5,945,222                           | (627,920)                            | 12.46           | (6.84)           | 10,997,260                          | (3,277,502)                          | 13.04           | (3.89)           |
| South Africa       | 5,562,200                           | (3,052,054)                          | 11.58           | (14.81)          | 4,767,578                           | (1,617)                              | 5.65            | -                |
| Japan              | 5,170,411                           | (6,613,495)                          | 11.18           | (3.78)           | 7,846,175                           | (7,545,908)                          | 9.30            | (8.95)           |
| Italy              | 4,990,452                           | (1,685,960)                          | 8.38            | (3.98)           | 12,310,895                          | (6,872,325)                          | 14.59           | (8.15)           |
| France             | 3,741,009                           | (1,778,661)                          | 3.04            | (1.33)           | 2,758,268                           | -                                    | 3.27            | -                |
| Netherlands        | 2,935,352                           | (863,363)                            | 2.61            | -                | 6,380,350                           | (112,506)                            | 7.56            | (0.13)           |
| Spain              | 2,140,000                           | (769,464)                            | 2.26            | -                | 2,341,516                           | -                                    | 2.78            | -                |
| Hungary            | 2,139,612                           | -                                    | -               | -                | 2,257,684                           | -                                    | 2.68            | -                |
| Belgium            | 1,356,376                           | (594,650)                            | 87.14           | (53.09)          | 1,671,674                           | (885,569)                            | 1.98            | (1.05)           |
| Sweden             | 1,166,990                           | -                                    | 25.57           | (6.39)           | -                                   | -                                    | -               | -                |
| Europe             | 1,130,401                           | (1,727,700)                          | 19.50           | (16.33)          | 1,366,245                           | (1,962,600)                          | 1.62            | (2.33)           |
| Switzerland        | 1,007,787                           | -                                    | 16.65           | (7.03)           | 919,455                             | -                                    | 1.09            | -                |
| Mexico             | -                                   | -                                    | -               | -                | 4,301,561                           | (496,989)                            | 5.10            | (0.59)           |
| Portugal           | -                                   | -                                    | -               | -                | 1,485,171                           | -                                    | 1.76            | -                |
| Hong Kong          | -                                   | -                                    | -               | -                | 1,060,156                           | -                                    | 1.26            | -                |
| Taiwan             | -                                   | -                                    | -               | -                | 930,103                             | -                                    | 1.10            | -                |
| Canada             | -                                   | -                                    | -               | -                | 685,940                             | -                                    | 0.81            | -                |
| India              | -                                   | -                                    | -               | -                | 373,188                             | -                                    | 0.44            | -                |
| Israel             | -                                   | -                                    | -               | -                | 1,597                               | -                                    | -               | -                |
| <b>Total</b>       | <b>103,750,607</b>                  | <b>(54,698,724)</b>                  | <b>232.38</b>   | <b>(122.51)</b>  | <b>181,273,393</b>                  | <b>(83,081,151)</b>                  | <b>214.90</b>   | <b>(98.50)</b>   |

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

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

Sector exposure 30 June 2016 and 31 December 2015:

| Sector of risk            | Notional<br>Exposure<br>Long<br>EUR | Notional<br>Exposure<br>Short<br>EUR |                 |                  | Notional<br>Exposure<br>Long<br>EUR | Notional<br>Exposure<br>Short<br>EUR |                 |                  |
|---------------------------|-------------------------------------|--------------------------------------|-----------------|------------------|-------------------------------------|--------------------------------------|-----------------|------------------|
|                           | 30-Jun-16                           | 30-Jun-16                            | Long<br>(% NAV) | Short<br>(% NAV) | 31-Dec-15                           | 31-Dec-15                            | Long<br>(% NAV) | Short<br>(% NAV) |
| Consumer,<br>Non-cyclical | 19,767,011                          | (13,251,736)                         | 44.27           | (29.69)          | 26,676,885                          | (14,965,792)                         | 31.63           | (17.74)          |
| Technology                | 18,013,103                          | (11,381,322)                         | 40.34           | (25.50)          | 28,765,565                          | (12,425,294)                         | 34.10           | (14.73)          |
| Financial                 | 17,730,616                          | (5,063,523)                          | 39.71           | (11.34)          | 21,560,729                          | (8,202,387)                          | 25.56           | (9.73)           |
| Communication             | 13,629,333                          | (7,054,612)                          | 30.53           | (15.80)          | 40,734,073                          | (18,470,890)                         | 48.29           | (21.90)          |
| Consumer,<br>Cyclical     | 12,432,680                          | (7,363,321)                          | 27.85           | (16.49)          | 17,857,921                          | (7,913,622)                          | 21.17           | (9.38)           |
| Industrial                | 7,305,441                           | (2,587,180)                          | 16.36           | (5.79)           | 27,933,204                          | (14,939,534)                         | 33.11           | (17.71)          |
| Energy                    | 5,303,396                           | (1,014,827)                          | 11.88           | (2.27)           | 4,814,519                           | -                                    | 5.71            | -                |
| Index                     | 4,838,845                           | (5,768,749)                          | 10.84           | (12.92)          | 3,460,451                           | (4,828,285)                          | 4.10            | (5.72)           |
| Basic Materials           | 2,837,591                           | (863,363)                            | 6.36            | (1.93)           | 2,898,796                           | (462,602)                            | 3.44            | (0.55)           |
| Utilities                 | 1,892,591                           | (350,091)                            | 4.24            | (0.78)           | 6,571,250                           | (872,745)                            | 7.79            | (1.04)           |
| <b>Total</b>              | <b>103,750,607</b>                  | <b>(54,698,724)</b>                  | <b>232.38</b>   | <b>(122.51)</b>  | <b>181,273,393</b>                  | <b>(83,081,151)</b>                  | <b>214.90</b>   | <b>(98.50)</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.

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.

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

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

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 of Ireland. This approach does not allow for any kind of netting or hedging. The average leverage of 355% (31 December 2015: 313%) has been computed using data calculated daily and was calculated over the period ranging from 1 January 2016 until 30 June 2016.

##### **VaR utilisation during the period ended 30 June 2016**

| Lowest | Highest | Average |
|--------|---------|---------|
| 2.52%  | 6.20%   | 4.14%   |

##### **VaR utilisation during the year ended 31 December 2015**

| Lowest | Highest | Average |
|--------|---------|---------|
| 2.22%  | 6.35%   | 3.54%   |

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

The tables below indicate the long-term credit ratings of the counterparties of financial assets held as at 30 June 2016 and 31 December 2015:

##### **30-June-16**

|                             | <b>Moody's</b> | <b>Standard &amp; Poors</b> | <b>Fitch</b> |
|-----------------------------|----------------|-----------------------------|--------------|
| Bank of America             | Baa1           | BBB+                        | A            |
| Bank of Nomura              | Baa1           | BBB+                        | N/R          |
| BNP Paribas                 | A1             | A                           | A+           |
| Citibank                    | Baa1           | BBB+                        | A            |
| Daiwa Securities Group      | Baa1           | BBB+                        | A-           |
| JP Morgan                   | A3             | A-                          | A+           |
| Mizuho Bank                 | A1             | A                           | N/R          |
| Morgan Stanley              | A3             | BBB+                        | A            |
| Societe Generale            | A2             | A                           | A            |
| Standard Chartered Bank Plc | A1             | BBB+                        | A+           |



## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

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

**31-Dec-15**

|                        | <b>Moody's</b> | <b>Standard &amp; Poors</b> | <b>Fitch</b> |
|------------------------|----------------|-----------------------------|--------------|
| Bank of America        | Baa1           | BBB+                        | A            |
| Bank of Nomura         | Baa1           | BBB+                        | N/R          |
| BNP Paribas            | A1             | A+                          | A+           |
| Citibank               | A1             | A                           | A+           |
| Daiwa Securities Group | Baa1           | BBB+                        | A-           |
| JP Morgan              | A3             | A-                          | A+           |
| Morgan Stanley         | A3             | BBB+                        | A            |
| Societe Generale       | A2             | A                           | A            |

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:

|               | <b>Notional<br/>Exposure<br/>Long<br/>EUR</b> | <b>Notional<br/>Exposure<br/>Short<br/>EUR</b> | <b>Long<br/>(% NAV)</b> | <b>Short<br/>(% NAV)</b> | <b>Notional<br/>Exposure<br/>Long<br/>EUR</b> | <b>Notional<br/>Exposure<br/>Short<br/>EUR</b> | <b>Long<br/>(% NAV)</b> | <b>Short<br/>(% NAV)</b> |
|---------------|---|--|-------------------------|--------------------------|---|--|-------------------------|--------------------------|
| <b>Rating</b> | <b>30-June-16</b>                             | <b>30-June-16</b>                              |                         |                          | <b>31-Dec-15</b>                              | <b>31-Dec-15</b>                               |                         |                          |
| A             | 2,323,108                                     | -  | 5.20                    | -                        | 1,643,875                                     | -  | 1.95                    | -                        |
| A-            | 1,012,190                                     | -  | 2.27                    | -                        | 5,276,000                                     | -  | 6.25                    | -                        |
| A+            | -   | -  | -                       | -                        | 969,262                                       | -  | 1.15                    | -                        |
| AA-           | 913,730                                       | -  | 2.05                    | -                        | -   | -  | -                       | -                        |
| AA+           | -   | -  | -                       | -                        | 899,306                                       | -  | 1.07                    | -                        |
| BBB+          | 3,763,198                                     | -  | 8.43                    | -                        | 8,671,245                                     | -  | 10.28                   | -                        |
| BBB           | 1,035,339                                     | -  | 2.32                    | -                        | -   | -  | -                       | -                        |
| BBB-          | -   | -  | -                       | -                        | 7,493,813                                     | -  | 8.88                    | -                        |
| BB+           | 10,378,991                                    | -  | 23.24                   | -                        | 26,395,681                                    | -  | 31.29                   | -                        |
| BB            | 2,318,300                                     | -  | 5.19                    | -                        | -   | -  | -                       | -                        |
| BB-           | -   | -  | -                       | -                        | 3,652,269                                     | -  | 4.33                    | -                        |
| B+            | -   | -  | -                       | -                        | 7,755,248                                     | -  | 9.19                    | -                        |
| B             | 722,377                                       | -  | 1.62                    | -                        | -   | -  | -                       | -                        |
| B-            | 2,976,970                                     | -  | 6.67                    | -                        | 3,605,395                                     | -  | 4.27                    | -                        |
| Not<br>rated  | 78,306,404                                    | (54,698,724)                                   | 175.39                  | (122.51)                 | 114,911,299                                   | (83,081,153)                                   | 136.23                  | (98.50)                  |
| <b>Total</b>  | <b>103,750,607</b>                            | <b>(54,698,724)</b>                            | <b>232.38</b>           | <b>(122.51)</b>          | <b>181,273,393</b>                            | <b>(83,081,153)</b>                            | <b>214.90</b>           | <b>(98.50)</b>           |

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

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

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

| Financial Instrument                          | Total<br>30-June-16<br>EUR | Total<br>31-Dec-15<br>EUR |
|---|----------------------------|---------------------------|
| Convertible bonds                             | 27,567,274                 | 69,394,839                |
| Options                                       | 2,055,162                  | 3,172,538                 |
| Unrealised gain on forward currency contracts | 672,421                    | 1,794,010                 |
| Unrealised gain on futures                    | 135,488                    | -                         |
| Unrealised gain on CFD                        | 1,418,928                  | 888,114                   |
| Cash in hand and cash equivalents             | 283,728                    | 230,657                   |
| Margin cash                                   | 13,240,579                 | 17,774,009                |
| Other receivables                             | 461,468                    | 518,889                   |
| Sales awaiting settlement                     | 3,500,814                  | 3,719,967                 |
| <b>Total</b>                                  | <b>49,335,862</b>          | <b>97,493,023</b>         |

##### *Liquidity risk*

The following table details the residual contractual maturities of financial liabilities at 30 June 2016:

|   | <1<br>month<br>EUR  | 1 - 3<br>months<br>EUR | >3<br>months<br>EUR | No<br>maturity<br>EUR | Total<br>EUR        |
|---|---------------------|------------------------|---------------------|-----------------------|---------------------|
| Bank overdraft-cash in hand   | (27,950)            | -                      | -                   | -                     | (27,950)            |
| Bank overdraft-margin cash  | (490,781)           | -                      | -                   | -                     | (490,781)           |
| Accrued expenses and other payables   | (299,407)           | -                      | -                   | -                     | (299,407)           |
| Purchases awaiting settlement   | (977,134)           | -                      | -                   | -                     | (977,134)           |
| Unrealised loss on forward currency contracts                                     | -                   | (582,851)              | -                   | -                     | (582,851)           |
| Unrealised loss on CFD  | (2,310,030)         | -                      | -                   | -                     | (2,310,030)         |
| Net assets attributable to holders of redeemable shares                           | (44,647,709)        | -                      | -                   | -                     | (44,647,709)        |
| <b>Total liabilities (including net assets attributable to redeemable shares)</b> | <b>(48,753,011)</b> | <b>(582,851)</b>       | <b>-</b>            | <b>-</b>              | <b>(49,335,862)</b> |

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

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

The following table details the residual contractual maturities of financial liabilities at 31 December 2015:

|   | <1<br>month<br>EUR  | 1 - 3<br>months<br>EUR | >3<br>months<br>EUR | No<br>maturity<br>EUR | Total<br>EUR        |
|---|---------------------|------------------------|---------------------|-----------------------|---------------------|
| Bank overdraft-cash in hand   | (50,317)            | -                      | -                   | -                     | (50,317)            |
| Bank overdraft-margin cash  | (67,477)            | -                      | -                   | -                     | (67,477)            |
| Accrued expenses and other payables   | (366,751)           | -                      | -                   | -                     | (366,751)           |
| Purchases awaiting settlement   | (8,188,925)         | -                      | -                   | -                     | (8,188,925)         |
| Unrealised loss on forward currency contracts                                     | (3,200,066)         | -                      | -                   | -                     | (3,200,066)         |
| Unrealised loss on CFD  | (1,201,892)         | -                      | -                   | -                     | (1,201,892)         |
| Unrealised loss on futures  | -                   | (66,832)               | -                   | -                     | (66,832)            |
| Net assets attributable to holders of redeemable shares                           | (84,350,763)        | -                      | -                   | -                     | (84,350,763)        |
| <b>Total liabilities (including net assets attributable to redeemable shares)</b> | <b>(97,426,191)</b> | <b>(66,832)</b>        | <b>-</b>            | <b>-</b>              | <b>(97,493,023)</b> |

For details on market risk, please refer to Note 4 of the aggregated financial statements.

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

|   | 30-June-16<br>EUR  | 30-June-15<br>EUR |
|---|--------------------|-------------------|
| <b>Held for trading:</b>  |                    |                   |
| Net realised (loss)/gain on investments   | (1,129,625)        | 16,904,072        |
| Movement in unrealised loss on investments  | (965,411)          | (2,265,882)       |
| <b>Net (loss)/gain on financial assets and liabilities at fair value through profit or loss</b> | <b>(2,095,036)</b> | <b>14,638,190</b> |

#### 9. Connected and Related Party Transactions

For details of connected and related party transactions, please see Note 6 of the aggregated financial statements.

During the period Directors' fees of EUR9,951 (30 June 2015: EUR 10,086) were charged to the Fund, out of which EUR382 remained unpaid as at 30 June 2016 (31 December 2015: EURNil).

During the period an investment advisor fee of EUR221,945 (30 June 2015: EUR478,234) was charged to the Fund, out of which EUR30,661 remained unpaid as at 30 June 2016 (31 December 2015: EUR42,929).

## CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

#### 9. Connected and Related Party Transactions (continued)

During the period an investment management fee of EUR327,679 (30 June 2015: EUR610,576) was charged to the Fund, out of which EUR45,127 remained unpaid as at 30 June 2016 (31 December 2015: EUR63,419).

During the period a performance fee of EUR11 (30 June 2015: EUR277,667) was charged to the Fund, out of which EURNil remained unpaid as at 30 June 2016 (31 December 2015: EUR1,831).

During the period a portfolio support fee of EUR29,496 (30 June 2015: EUR55,066) was charged to the Fund, out of which EUR4,047 remained unpaid as at 30 June 2016 (31 December 2015: EUR5,737).

During the period research and data fees of EUR29,078 (30 June 2015: EUR68,856) were charged to the Fund, out of which EUR31,224 remained unpaid as at 30 June 2016 (31 December 2015: EUR54,337). The research and data fees' amounts disclosed in this note are VAT inclusive.

#### *Other related parties*

As at 30 June 2016, 11,528.99 (31 December 2015: 12,304.92) shares of Class I2 (EUR) are held by FCP Diversification Prudentielle which is managed by the same Investment Manager.

#### 10. Significant Events During the Period

Please refer to Note 10 of the aggregated financial statements for the significant events notes during the period.

#### 11. Subsequent Events Since the Period End

There is no significant event affecting the Fund since the period end.

**CHEYNE EUROPEAN REAL ESTATE BOND FUND**  
**UNAUDITED FINANCIAL STATEMENTS (LIQUIDATED)**  
**FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016**

## CHEYNE EUROPEAN REAL ESTATE BOND FUND (LIQUIDATED)

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### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

|  | 30-Jun-16* | 31-Dec-15* |
|--|------------|------------|
|  | EUR        | EUR        |
| <b>Assets</b>  |            |            |
| <b>Total assets</b>  | -          | -          |
| <b>Liabilities</b>   |            |            |
| <b>Total liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b> | -          | -          |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                               | -          | -          |

\*The Cheyne European Real Estate Bond Fund was closed on 31 July 2015. All balances were wound up before the year ended 31 December 2015, resulting in zero balances for all the accounts of the statement of financial position.

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

# CHEYNE EUROPEAN REAL ESTATE BOND FUND (LIQUIDATED)

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016 (Continued)

### Net Asset Value per Redeemable Share

|                            | 31-July-15* | 31-Dec-14     |
|----------------------------|-------------|---------------|
| <b>Class HGRE-D1 (EUR)</b> |             |               |
| Number of shares per class | -           | 15,364.36     |
| Net Asset Value per share  | -           | EUR108.75     |
| Net Asset Value            | -           | EUR1,670,822  |
| <b>Class HGRE-D2 (USD)</b> |             |               |
| Number of shares per class | -           | 1,000.00      |
| Net Asset Value per share  | -           | USD104.40     |
| Net Asset Value            | -           | EUR86,278     |
| <b>Class HGRE-D3 (GBP)</b> |             |               |
| Number of shares per class | -           | 200.00        |
| Net Asset Value per share  | -           | GBP104.70     |
| Net Asset Value            | -           | EUR26,982     |
| <b>Class HGRE-I1 (EUR)</b> |             |               |
| Number of shares per class | 7,042.87    | 389,055.37    |
| Net Asset Value per share  | EUR110.50   | EUR112.31     |
| Net Asset Value            | EUR778,215  | EUR43,693,058 |
| <b>Class HGRE-I2 (USD)</b> |             |               |
| Number of shares per class | 9,050.09    | 405,477.03    |
| Net Asset Value per share  | USD112.08   | USD112.89     |
| Net Asset Value            | EUR918,044  | EUR37,827,333 |
| <b>Class HGRE-I3 (GBP)</b> |             |               |
| Number of shares per class | 361.53      | 131,440.91    |
| Net Asset Value per share  | GBP112.27   | GBP113.35     |
| Net Asset Value            | EUR57,328   | EUR19,198,156 |
| <b>Class HGRE-I4 (CHF)</b> |             |               |
| Number of shares per class | 591.70      | 13,782.95     |
| Net Asset Value per share  | CHF96.70    | CHF99.62      |
| Net Asset Value            | EUR53,885   | EUR1,141,966  |

\*Effective 31 July 2015, the Cheyne European Real Estate Bond Fund was closed.

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

## CHEYNE EUROPEAN REAL ESTATE BOND FUND (LIQUIDATED)

### STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

|   | Note | 30-Jun-16*<br>EUR | 30-Jun-15<br>EUR |
|---|------|-------------------|------------------|
| <b>Income</b>   |      |                   |                  |
| Net gain on financial assets and liabilities at fair value through profit or loss | 4    | -                 | 4,063,720        |
| Net gain on foreign exchange  |      | -                 | 884,955          |
| Interest income   |      | -                 | 813,112          |
| <b>Total income</b>   |      | <u>-</u>          | <u>5,761,787</u> |
| <b>Expenses</b>   |      |                   |                  |
| Investment management fee   | 2(f) | -                 | (294,327)        |
| Investment advisor fee  | 2(e) | -                 | (200,062)        |
| Other expenses  | 2(j) | -                 | (71,992)         |
| Interest expense  |      | -                 | (65,801)         |
| Administration fee  | 2(a) | -                 | (59,513)         |
| Research fees   | 2(i) | -                 | (43,894)         |
| Portfolio support fees  | 2(h) | -                 | (35,116)         |
| Director's fees   | 2(d) | -                 | (8,010)          |
| Custodian fee   | 2(c) | -                 | (7,686)          |
| <b>Total expenses</b>   |      | <u>-</u>          | <u>(786,401)</u> |
| <b>Increase in Net Assets Attributable to Holders of Redeemable Shares</b>        |      | <u>-</u>          | <u>4,975,386</u> |

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

\*There was no income and expenses accrued for the period from 1 January 2016 to 30 June 2016 following the closure of the Fund on 31 July 2015.

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



## CHEYNE EUROPEAN REAL ESTATE BOND FUND (LIQUIDATED)

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### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

|   | 30-Jun-16* | 30-Jun-15         |
|---|------------|-------------------|
|   | EUR        | EUR               |
| <b>Net assets attributable to holders of redeemable shares at beginning of the period</b> | -          | 103,633,090       |
| Increase in net assets attributable to holders of redeemable shares from operations       | -          | 4,975,386         |
| Issue of redeemable shares during the period  | -          | 6,511,137         |
| Redemption of redeemable shares during the period   | -          | (35,069,197)      |
| <b>Net assets attributable to holders of redeemable shares at end of the period</b>       | -          | <b>80,050,416</b> |

\*The Cheyne European Real Estate Bond Fund was closed on 31 July 2015. All balances were wound up before the year ended 31 December 2015 and the Fund recorded its net assets attributable to holders of redeemable shares at the beginning and end of the period as zero.

## CHEYNE EUROPEAN REAL ESTATE BOND FUND (LIQUIDATED)

### STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

|   | 30-Jun-16* | 30-Jun-15           |
|---|------------|---------------------|
|   | EUR        | EUR                 |
| <b>Cash flows from operating activities</b>   |            |                     |
| Increase in net assets attributable to holders of redeemable shares from operations | -          | 4,975,386           |
| <b>Adjusted for working capital changes</b>   |            |                     |
| Decrease in investments in transferable securities                                  | -          | 11,786,350          |
| Increase in investments in financial derivative instruments                         | -          | (466,196)           |
| Increase in other receivables and assets  | -          | (8,331)             |
| Decrease in accrued expenses and other payable                                      | -          | (87,272)            |
| <b>Net cash inflow from operating activities</b>                                    | <b>-</b>   | <b>16,199,937</b>   |
| <b>Financing</b>  |            |                     |
| Proceeds from issuance of redeemable shares   | -          | 5,937,238           |
| Redemptions paid on redeemable shares   | -          | (35,069,197)        |
| <b>Net cash outflow from financing activities</b>                                   | <b>-</b>   | <b>(29,131,959)</b> |
| <b>Decrease in cash and cash equivalents</b>  | <b>-</b>   | <b>(12,932,022)</b> |
| Cash and cash equivalents at start of period  | -          | 17,132,732          |
| <b>Cash and cash equivalents at end of period</b>                                   | <b>-</b>   | <b>4,200,710</b>    |
| <b>Supplemental cash flow information</b>   |            |                     |
| Net cash from operating activities includes:  |            |                     |
| Interest received   | -          | 809,204             |
| Interest paid   | -          | (65,801)            |

\*Effective 31 July 2015, the Cheyne European Real Estate Bond Fund was closed. All receivables and obligations were collected and fulfilled before the year ended 31 December 2015, there were no movements in working capital or financing activities for the period from 1 January 2016 to 30 June 2016.

## CHEYNE EUROPEAN REAL ESTATE BOND FUND (LIQUIDATED)

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

#### 1. General Information

The investment objective of the Cheyne European Real Estate Bond Fund (the “Fund”) was to maximise total rates of return, meaning capital appreciation plus income of its investments, over the medium term from investments in bonds backed by real estate, with prudent selection of bonds and generally moderate levels of volatility. The Fund invested in fixed income and asset backed securities.

The Fund had Class HGRE-D1 (EUR), Class HGRE-D2 (USD), Class HGRE-D3 (GBP), Class HGRE-D4 (CHF), Class HGRE-I1 (EUR), Class HGRE-I2 (USD), Class HGRE-I3 (GBP) and Class HGRE-I4 (CHF) shares available for investment.

Effective 31 July 2015, the Cheyne European Real Estate Bond Fund was closed. As such these financial statements have been prepared on a liquidation basis.

#### 2. Fees and Expenses

Fees and expenses included within this note were accrued until the closure of the Fund on 31 July 2015. Presented below is information related to the previous interim accounting period from 1 January 2015 to June 2015:

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

Citibank Europe plc was the “Administrator” of the Fund pursuant to an Administration Agreement dated 1 October 2011.

The Administrator was entitled to receive 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 (plus VAT, if any thereon) 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, where applicable (plus VAT if any thereon). The minimum fee may have been 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 was 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 Fund and which was charged at normal commercial rates.

During the period ended as at 30 June 2015, an administration fee of EUR59,513 was charged to the Fund.

##### (b) **Audit Fee**

In accordance with the European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010 (S.I. No. 220 of 2010), the Fund was obliged to disclose fees paid to the Fund’s Auditor. During the period ended as at 30 June 2015, an audit fee of EUR22,360 was charged to the Fund. Payment in respect of other assurance, tax advisory and other non-audit fees are EUR5,777.

##### (c) **Custodian and Trustee Fee**

Citi Depository Services Ireland Limited acted as the “Custodian and Trustee” of the Fund until the 31 July 2015, when the Fund closed.

## CHEYNE EUROPEAN REAL ESTATE BOND FUND (LIQUIDATED)

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

##### **(c) Custodian and Trustee Fee (continued)**

The Custodian was entitled to receive out of the assets of the Fund an annual fee, accrued daily and payable monthly in arrears, based on the number of transactions and the NAV of the Fund, of up to a maximum fee of 0.02% of the NAV of the Fund (plus VAT, if any thereon), subject to a minimum annual trustee services fee of EUR12,000 when an entity within Citigroup was the sub-custodian and EUR18,500 when any other sub-custodian was used and subject to a minimum annual custody services fee of EUR15,500.

In addition to such remuneration, the Custodian was entitled to charge the Fund fees relating to any custody or transactional services, as may be agreed with the Company and was charged at standard commercial rates.

The Custodian was also entitled to be repaid for all of its out-of-pocket expenses reasonably incurred on behalf of the Fund, including the fees and expenses of any sub-custodian (which should be at normal commercial rates) and transaction charges (which shall also be at normal commercial rates) levied by the Custodian and which were payable by the Fund.

During the period ended as at 30 June 2015, custodian fee of EUR7,686 and trustee services fees of EUR8,688 were charged to the Fund.

##### **(d) Directors' Fees**

The Articles authorised 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 were 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 period ended as at 30 June 2015, Directors' fees of EUR8,010 were charged to the Fund.

##### **(e) Investment Advisor Fee**

The Fund appointed Cheyne Capital International Limited as Investment Advisor to provide advisory services in respect of the Fund 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 1.00% per annum of the NAV of the Fund allocable to Class HGRE-D shares and at a rate of 0.50% per annum of the NAV of the Fund allocable to Class HGRE-I 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.

Effective 22 May 2015, the annual investment advisor fee rate changed to 0.54% of the NAV of the Fund allocable to Class HGRE-D shares and 0.24% of the NAV of the Fund allocable to Class HGRE-I shares.

During the period ended as at 30 June 2015, an investment advisor fee of EUR200,062 was charged to the Fund.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

**(f) Investment Management Fee**

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 0.75% per annum of the NAV of the Fund allocable to Class HGRE-D shares and Class HGRE-I shares.

Effective 22 May 2015, the annual Investment Management Fee rate changed to 0.36% per annum of the NAV of the Fund allocable to Class HGRE-D shares and Class HGRE-I shares.

The Investment Manager was 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.

During the period ended as at 30 June 2015, an investment management fee of EUR294,327 was charged to the Fund.

**(g) Performance Allocation**

The Investment Manager and the Investment Advisor were entitled to receive, out of the assets allocable to Class HGRE-I shares and the Class HGRE-D shares, a total performance allocation equal to 10% of the increase in the NAV of the relevant Class over the relevant performance hurdle and the relevant High Water Mark (HWM) during a performance period, disregarding any un-crystallised performance allocation. 60% of any performance allocation was due to the Investment Manager and 40% was due to the Investment Advisor. The initial performance period commenced on the first business day after expiry of the initial offer period.

The performance hurdle was the relevant interest rate used for each performance period in the calculation of the performance allocation, the interest rate is (i) for any EUR Share Class, the 3 month EURIBOR (Euro Interbank Offered Rate) on the first day of the performance period, (ii) for any USD Share Class, the 3 month dollar LIBOR on the first day of the performance period, (iii) for any CHF Share Class, the 3 month Swiss Franc LIBOR on the first day of the performance period and (iv) for any GBP Share Class, the 3 month GBP LIBOR on the first day of the performance period.

The HWM ensured that, if a class fell in value, a performance allocation would only be payable on that part of any subsequent performance of the class that was in excess of the current HWM value.

The HWM was initially the value invested in the class, and was adjusted at each Valuation Point to take account of subscriptions, redemptions and distributions impacting the valuation at that date. The HWM was 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 fell in value in relation to the HWM following payment of the performance allocation in any previous period, the Investment Manager retained all performance allocation previously crystallised for that class but no further performance allocation was charged until performance above the HWM was achieved by the class.

The performance allocation was accrued at each Valuation Point and accordingly the NAV was adjusted to reflect such fee. Notwithstanding the foregoing, any accrued performance allocation referable to shares redeemed prior to the end of the performance period crystallised and became payable to the Investment Manager following such redemption. The performance period was each calendar quarter. This crystallising performance allocation was calculated as a *pro rata* portion of the un-crystallised performance allocation which formed part of the price at which the relevant shareholder redeemed.

## CHEYNE EUROPEAN REAL ESTATE BOND FUND (LIQUIDATED)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

##### (g) Performance Allocation (continued)

Following the issue of the second Supplement dated 9 June 2015, the Fund did not charge fees for performance during the year ended 31 December 2015.

##### (h) Portfolio Support Fee

The Investment Manager was 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 period ended as at 30 June 2015, a portfolio support fee of EUR35,116 was charged to the Fund.

##### (i) Research and data fees

The Fund would reimburse the Investment Manager for monies spent by the Investment Manager to obtain other research, market data, corporate access, analysis and/or other similar services for the Fund, up to a maximum of 0.10% per annum of the average net asset value of the Fund.

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

|                          | 30-Jun-16 | 30-Jun-15       |
|--------------------------|-----------|-----------------|
|                          | EUR       | EUR             |
| Research and data fees * | -         | (43,439)        |
| VAT                      | -         | (455)           |
| <b>Total</b>             | <b>-</b>  | <b>(43,894)</b> |

\* Research and data fees disclosed in the table above were exclusive of VAT. The research and data fees recognised in the Statement of Comprehensive Income were inclusive of VAT.

##### (j) Other Expenses

|                          | 30-Jun-16 | 30-Jun-15       |
|--------------------------|-----------|-----------------|
|                          | EUR       | EUR             |
| Miscellaneous expenses   | -         | (28,010)        |
| Audit fees               | -         | (22,360)        |
| Legal fees               | -         | (12,397)        |
| Trustee services fees    | -         | (8,688)         |
| VAT services fee expense | -         | (370)           |
| Directors expenses       | -         | (167)           |
|                          | <b>-</b>  | <b>(71,992)</b> |

## CHEYNE EUROPEAN REAL ESTATE BOND FUND (LIQUIDATED)

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

#### 3. Risks Associated with Financial Instruments

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

As at 30 June 2016 and 31 December 2015, the Fund did not hold any cash in hand and cash equivalents or investment portfolio. The Fund was not exposed to interest rate risk.

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

As at 30 June 2016 and 31 December 2015, the Fund did not hold any financial instruments that are dominated in foreign currency. The Fund was not exposed to foreign currency risk.

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

As at 30 June 2016 and 31 December 2015, the Fund did not hold any financial instruments that give rise to other price risk.

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

As at 30 June 2016 and 31 December 2015, the Fund had no financial assets and the Fund was not exposed to credit risk.

##### ***Liquidity risk***

As at 30 June 2016 and 31 December 2015, the Fund had no financial liabilities and the fund was not exposed to liquidity risk.

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

|  | 30-Jun-16<br>EUR | 30-Jun-15<br>EUR |
|--|------------------|------------------|
| <b><i>Held for trading:</i></b>  |                  |                  |
| Net realised gain on investments   | -                | 4,182,606        |
| Movement in unrealised loss on investments   | -                | (118,886)        |
| <b>Net gain on financial assets and liabilities at fair value through profit or loss</b> | <b>-</b>         | <b>4,063,720</b> |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016 (Continued)**

**5. Connected and Related Party Transactions**

For details of connected and related party transactions please see Note 6 of the aggregated financial statements.

There were no connected or related party transaction following the closure of the fund on 31 July 2015.

Below transactions were related to the previous interim accounting period from 1 January 2015 to 30 June 2015:

Directors' fees of EUR8,010 were charged to the Fund.

An investment advisor fee of EUR200,062 was charged to the Fund.

An investment management fee of EUR294,327 was charged to the Fund.

A portfolio support fee of EUR35,116 was charged to the Fund.

Research and data fees of EUR43,894 were charged to the Fund. The research and data fees' amount disclosed in this note is VAT inclusive.

**6. Significant Events During the Period**

There were no significant events during the period.

**7. Subsequent Events Since the Period End**

There is no significant event affecting the Fund since the period end.



**CHEYNE GLOBAL CREDIT FUND**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016**

*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 30 JUNE 2016

|  | Note | 30-Jun-16<br>EUR          | 31-Dec-15<br>EUR          |
|--|------|---------------------------|---------------------------|
| <b>Assets</b>  |      |                           |                           |
| Cash in hand and cash equivalents  | 5    | 15,024,323                | 11,835,254                |
| Margin cash  | 5    | 3,842,637                 | 6,888,167                 |
| <i>Financial assets at fair value through profit or loss:</i>                                |      |                           |                           |
| Investments in transferable securities   | 3    | 81,095,497                | 129,835,130               |
| Investments in financial derivative instruments  | 3    | 9,601,795                 | 17,547,511                |
| Sales awaiting settlement  |      | 1,697,615                 | -                         |
| Other receivables  | 4    | 1,748,045                 | 4,019,294                 |
| <b>Total assets</b>  |      | <u>113,009,912</u>        | <u>170,125,356</u>        |
| <b>Liabilities</b>   |      |                           |                           |
| Bank overdraft-cash in hand  | 5    | -                         | (4,286)                   |
| Bank overdraft-margin cash   | 5    | (1,911,514)               | (1,262,999)               |
| <i>Financial liabilities at fair value through profit or loss:</i>                           |      |                           |                           |
| Investments in financial derivative instruments  | 3    | (1,678,262)               | (5,473,522)               |
| Accrued expenses   | 6    | (64,294)                  | (95,039)                  |
| Purchases awaiting settlement  |      | (957,578)                 | -                         |
| Research and data fees payable   | 2(i) | (23,942)                  | (46,150)                  |
| Portfolio support fee payable  | 2(h) | (7,116)                   | (11,411)                  |
| Investment advisor fee payable   | 2(e) | (36,881)                  | (61,324)                  |
| Investment management fee payable  | 2(f) | (53,368)                  | (85,585)                  |
| Performance fees payable   | 2(g) | -                         | (69)                      |
| <b>Total liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b> |      | <u>(4,732,955)</u>        | <u>(7,040,385)</u>        |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                               |      | <u><b>108,276,957</b></u> | <u><b>163,084,971</b></u> |
| Adjustment for revaluation of net assets attributable to Redeemable Shareholders             | 9    | 17,463                    | 28,460                    |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                               |      | <u><b>108,294,420</b></u> | <u><b>163,113,431</b></u> |

The accompanying notes form an integral part of the financial statements

## CHEYNE GLOBAL CREDIT FUND

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016 (continued)

#### Net Asset Value per Redeemable Share

|                            | 30-June-16    | 31-Dec-15      | 31-Dec-14      |
|----------------------------|---------------|----------------|----------------|
| <b>Class GC-D1 (EUR)</b>   |               |                |                |
| Number of shares per class | 31,233.76     | 94,015.39      | 63,336.84      |
| Net Asset Value per share  | EUR100.62     | EUR98.88       | EUR101.72      |
| Net Asset Value            | EUR3,142,794  | EUR9,295,969   | EUR6,442,364   |
| <b>Class GC-I1 (EUR)</b>   |               |                |                |
| Number of shares per class | 640,664.52    | 969,780.71     | 1,085,330.83   |
| Net Asset Value per share  | EUR119.81     | EUR117.44      | EUR120.22      |
| Net Asset Value            | EUR76,756,735 | EUR113,889,398 | EUR130,481,945 |
| <b>Class GC-I2 (USD)</b>   |               |                |                |
| Number of shares per class | 212,922.31    | 308,575.59     | 679,004.45     |
| Net Asset Value per share  | USD112.86     | USD110.09      | USD112.37      |
| Net Asset Value            | EUR21,629,721 | EUR31,272,572  | EUR63,056,818  |
| <b>Class GC-I3 (GBP)</b>   |               |                |                |
| Number of shares per class | 8,562.73      | 10,041.55      | 1,648.05       |
| Net Asset Value per share  | GBP104.64     | GBP102.21      | GBP104.18      |
| Net Asset Value            | EUR1,078,109  | EUR1,392,490   | EUR221,241     |
| <b>Class GC-I4 (CHF)</b>   |               |                |                |
| Number of shares per class | 57,440.64     | 75,012.91      | 109,735.45     |
| Net Asset Value per share  | CHF107.15     | CHF105.28      | CHF108.91      |
| Net Asset Value            | EUR5,687,061  | EUR7,263,002   | EUR9,939,908   |

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

## CHEYNE GLOBAL CREDIT FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

|   | Note | 30-Jun-16<br>EUR   | 30-Jun-15<br>EUR    |
|---|------|--------------------|---------------------|
| <b>Income</b>   |      |                    |                     |
| Net loss on financial assets and liabilities at fair value through profit or loss | 8    | (3,752,427)        | (399,362)           |
| Net (loss)/gain on foreign exchange   |      | (3,588)            | 1,314,293           |
| Interest income   |      | 6,788,627          | 17,686,565          |
| <b>Total income</b>   |      | <b>3,032,612</b>   | <b>18,601,496</b>   |
| <b>Expenses</b>   |      |                    |                     |
| Interest expense  |      | (1,848,980)        | (8,837,928)         |
| Investment management fee   | 2(f) | (355,780)          | (703,907)           |
| Investment advisor fee  | 2(e) | (246,337)          | (489,931)           |
| Other expenses  | 2(j) | (138,218)          | (108,347)           |
| Administration fee  | 2(a) | (87,913)           | (143,486)           |
| Research and data fees  | 2(i) | (59,297)           | (168,714)           |
| Portfolio support fee   | 2(h) | (47,437)           | (90,145)            |
| Custodian fee   | 2(c) | (15,813)           | (16,702)            |
| Directors' fees   | 2(d) | (14,086)           | (14,761)            |
| Transaction costs   |      | (200)              | -                   |
| Performance allocation  | 2(g) | -                  | (299,120)           |
| <b>Total expenses</b>   |      | <b>(2,814,061)</b> | <b>(10,873,041)</b> |
| <b>Increase in Net Assets Attributable to Holders of Redeemable Shares</b>        |      | <b>218,551</b>     | <b>7,728,455</b>    |

The Fund has no recognised gains or losses during the financial period 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 PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

|   | 30-Jun-16<br>EUR          | 30-Jun-15<br>EUR          |
|---|---------------------------|---------------------------|
| <b>Net assets attributable to holders of redeemable shares at beginning of the period</b> | 163,084,971               | 210,091,762               |
| Increase in net assets attributable to holders of redeemable shares from operations       | 218,551                   | 7,728,455                 |
| Issue of redeemable shares during the period  | 34,460,485                | 99,873,443                |
| Redemption of redeemable shares during the period   | <u>(89,487,050)</u>       | <u>(74,989,956)</u>       |
| <b>Net assets attributable to holders of redeemable shares at end of the period</b>       | <b><u>108,276,957</u></b> | <b><u>242,703,704</u></b> |

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

## CHEYNE GLOBAL CREDIT FUND

### STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

|   | 30-Jun-16<br>EUR    | 30-Jun-15<br>EUR    |
|---|---------------------|---------------------|
| <b>Cash flows from operating activities</b>   |                     |                     |
| Increase in net assets attributable to holders of redeemable shares from operations | 218,551             | 7,728,455           |
| <b>Adjusted for working capital changes</b>   |                     |                     |
| Decrease/(increase) in investments in transferable securities                       | 48,739,633          | (18,764,985)        |
| Decrease/(increase) in investments in financial derivative instruments              | 4,150,456           | (7,225,927)         |
| Increase in sales awaiting settlement   | (1,697,615)         | (271,896)           |
| Decrease/(increase) in other receivables and assets                                 | 2,271,249           | (1,622,181)         |
| Increase in purchases awaiting settlements  | 957,578             | 9,671               |
| Decrease in accrued expenses and other payable                                      | (113,977)           | (61,826)            |
| <b>Net cash inflow/(outflow) from operating activities</b>                          | <b>54,525,875</b>   | <b>(20,208,689)</b> |
| <b>Financing</b>  |                     |                     |
| Proceeds from issuance of redeemable shares   | 34,460,485          | 99,873,443          |
| Redemptions paid on redeemable shares   | (89,487,050)        | (74,989,956)        |
| <b>Net cash (outflow)/inflow from financing activities</b>                          | <b>(55,026,565)</b> | <b>24,883,487</b>   |
| <b>(Decrease)/increase in cash and cash equivalents</b>                             | <b>(500,690)</b>    | <b>4,674,798</b>    |
| Cash and cash equivalents at start of period  | 17,456,136          | 39,480,322          |
| <b>Cash and cash equivalents at end of period</b>                                   | <b>16,955,446</b>   | <b>44,155,120</b>   |
| <b>Supplemental cash flow information</b>   |                     |                     |
| Net cash from operating activities includes:  |                     |                     |
| Interest received   | 9,068,860           | 16,058,667          |
| Interest paid   | (1,853,797)         | (8,837,928)         |

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

#### 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 currently has Class GC-I1 (EUR), Class GC-I2 (USD), Class GC-I3 (GBP), Class GC-I4 (CHF), Class GC-I5 (NOK), Class GC-D1 (EUR), Class GC-D2 (USD), Class GC-D3 (GBP), Class GC-D4 (CHF), and Class GC-D5 (NOK) shares available for investment.

#### 2. Fees and Expenses

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

GlobeOp 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 period an administration fee of EUR87,913 (30 June 2015: EUR143,486) was charged to the Fund, out of which EUR13,401 (31 December 2015: EUR19,123) remained unpaid as at 30 June 2016.

##### (b) **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 period, an audit fee of EUR23,176 (30 June 2015: EUR 23,740) was charged to the Fund, of which EUR13,592 was payable at 30 June 2016 (31 December 2015: EUR8,889). Payment in respect of other assurance, tax advisory and other non-audit fees are EUR6,548 (30 June 2015: EUR5,777).

##### (c) **Custodian and Depositary Fee**

Citi Depositary Services Ireland Limited acts as the “Custodian and Trustee” of the Company. On 18 March 2016, the UCITS V Directive became effective and Citi Depositary Services Ireland Limited now has additional operational and oversight responsibilities as a “Trustee” and became the “Depositary” of the Fund.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

**(c) Custodian and Depositary Fee (continued)**

The Custodian shall be entitled to receive out of the assets of the Fund an annual fee, accrued daily and payable monthly in arrears, based on the number of transactions and the NAV of the Fund, of up to a maximum fee of 0.02% of the NAV of the Fund (plus VAT, if any thereon), subject to a minimum annual depositary services fee of EUR12,000 when an entity within Citigroup is the sub-custodian and EUR18,500 when any other sub-custodian is used and subject to a minimum annual custody services fee of EUR15,500.

In addition to such remuneration, the Custodian shall also be entitled to charge the Fund fees relating to any custody or transactional services, as may be agreed with the Company and which shall be charged at standard commercial rates.

The Custodian is also entitled to be repaid for all of its out-of-pocket expenses reasonably incurred on behalf of the Fund, including the fees and expenses of any sub-custodian (which shall be at normal commercial rates) and transaction charges (which shall also be at normal commercial rates) levied by the Custodian and which are payable by the Fund.

During the period custodian fees of EUR15,813 (30 June 2015: EUR16,702) were charged to the Fund, out of which EUR7,267 remained unpaid as at 30 June 2016 (31 December 2015: EUR6,438).

During the period depositary services fees of EUR12,136 (30 June 2015: EUR23,139) was charged to the Fund, EUR1,681 remained unpaid as at 30 June 2016 (31 December 2015: EUR5,700).

**(d) 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 period Directors' fees of EUR14,086 (30 June 2015: EUR14,761) were charged to the Fund, out of which EURNil remained unpaid as at 30 June 2016 (31 December 2015: EURNil).

**(e) Investment Advisor Fee**

The Fund appointed Cheyne Capital International Limited as Investment Advisor to provide advisory services in respect of the Fund pursuant to the Investment Advisory Agreement.

The Investment Advisor shall be 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 GC-D shares and at a rate of 0.40% per annum of the NAV of the Fund allocable to Class GC-I shares. The Investment Advisor is 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 period investment advisory fees of EUR246,337 (30 June 2015: EUR489,931) were charged to the Fund, out of which EUR36,881 remained unpaid as at 30 June 2016 (31 December 2015: EUR61,324).



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

**(f) Investment Management Fee**

The Investment 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 GC-I and Class GC-D shares.

The Investment Manager is 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.

During the period an investment management fee of EUR355,780 (30 June 2015: EUR703,907) was charged to the Fund, out of which EUR53,368 remained unpaid as at 30 June 2016 (31 December 2015: EUR85,585).

**(g) Performance Allocation**

The Investment Manager and the Investment Advisor shall be entitled to receive, out of the assets allocable to Class GC-I and GC-D shares, a total performance allocation 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 allocation. 60% of any performance allocation will be due to the Investment Manager and 40% will be due to the Investment Advisor. 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 allocation, the interest rate is (i) for any EUR Share Class, the 3 month EURIBOR (Euro Interbank Offered Rate) on the first day of the performance period, (ii) for any USD Share Class, the 3 month Dollar LIBOR on the first day of the performance period, (iii) for any CHF Share Class, the 3 month Swiss Franc LIBOR on the first day of the performance period, (iv) for any GBP Share Class, the 3 month GBP LIBOR on the first day of the performance period, and (v) for any NOK Share Class, the 3 month NOK LIBOR on the first day of the performance period.

The HWM ensures that, if the class falls in value, a performance allocation 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 allocation in any previous period, the Investment Manager will retain all performance allocation previously crystallised for that class but no further performance allocation will be charged until performance above the HWM is achieved by the class.

The performance allocation shall accrue at each Valuation Point and accordingly the NAV will be adjusted to reflect such fee. Notwithstanding the foregoing, any accrued performance allocation 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 allocation is calculated as a *pro rata* portion of the un-crystallised performance allocation which forms part of the price at which the relevant shareholder redeemed.

## CHEYNE GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

##### (g) **Performance Allocation (continued)**

During the period a performance allocation of EURNil (30 June 2015: EUR299,120) was charged to the Fund, out of which EURNil remained unpaid as at 30 June 2016 (31 December 2015: EUR69). The performance allocation is periodically verified by the Custodian.

##### (h) **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 period a portfolio support fee of EUR47,437 (30 June 2015: EUR90,145) was charged to the Fund, out of which EUR7,116 remained unpaid as at 30 June 2016 (31 December 2015: EUR11,411).

##### (i) **Research and data fees**

The Fund will also reimburse the Investment Manager for monies spent by the Investment Manager to obtain other research, market data, corporate access, analysis and/or other similar services for the Fund, up to a maximum of 0.10% per annum of the average net asset value of the Fund.

The research and data fees and VAT in respect of the research and data fee were charged to the Fund are as follows:

|                          | 30-Jun-16       | 30-Jun-15        |
|--------------------------|-----------------|------------------|
|                          | EUR             | EUR              |
| Research and data fees * | (42,441)        | (160,460)        |
| VAT                      | (16,856)        | (8,254)          |
| <b>Total</b>             | <b>(59,297)</b> | <b>(168,714)</b> |

\* Research and data fees disclosed in the table above are exclusive of VAT. The research and data fees recognised in the Statement of Comprehensive Income are inclusive of VAT.

##### (j) **Other Expenses**

|                          | 30-Jun-16        | 30-Jun-15        |
|--------------------------|------------------|------------------|
|                          | EUR              | EUR              |
| Miscellaneous expenses   | (38,812)         | (31,348)         |
| Legal fees               | (37,295)         | (12,398)         |
| Audit fees               | (23,176)         | (23,740)         |
| Insurance expense        | (22,265)         | (16,275)         |
| Depository services fees | (12,136)         | (23,139)         |
| VAT services fee expense | (5,040)          | (997)            |
| Directors expenses       | 506              | (450)            |
|                          | <b>(138,218)</b> | <b>(108,347)</b> |

# CHEYNE GLOBAL CREDIT FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

|   | 30-Jun-16<br>EUR   | 31-Dec-15<br>EUR   |
|---|--------------------|--------------------|
| <b>Financial assets at fair value through profit or loss</b>      |                    |                    |
| <i>Held for Trading:</i>  |                    |                    |
| Fixed income securities   | 81,095,497         | 129,835,130        |
| Swaptions   | 161,296            | 159,227            |
| Unrealised gain on forward currency contracts                     | 983,901            | 318,742            |
| CDS   | 8,456,598          | 17,069,542         |
|   | <b>90,697,292</b>  | <b>147,382,641</b> |
| <b>Financial liabilities at fair value through profit or loss</b> |                    |                    |
| <i>Held for Trading:</i>  |                    |                    |
| Unrealised loss on forward currency contracts                     | (234,623)          | (155,447)          |
| CDS   | (1,443,639)        | (5,318,075)        |
|   | <b>(1,678,262)</b> | <b>(5,473,522)</b> |

### 4. Other Receivables

|                                   | 30-Jun-16<br>EUR | 31-Dec-15<br>EUR |
|-----------------------------------|------------------|------------------|
| Interest receivable on securities | 1,715,683        | 3,995,916        |
| Miscellaneous receivable          | 32,362           | 23,378           |
|                                   | <b>1,748,045</b> | <b>4,019,294</b> |

### 5. Cash and Cash Equivalents

|                                     | 30-Jun-16<br>EUR  | 31-Dec-15<br>EUR  |
|-------------------------------------|-------------------|-------------------|
| Cash in hand and cash equivalents*: |                   |                   |
| -CHF                                | 168,503           | 126,164           |
| -EUR                                | 9,679,985         | 5,310,949         |
| -GBP                                | 338,166           | 1,671,362         |
| -USD                                | 4,837,669         | 4,726,779         |
|                                     | <b>15,024,323</b> | <b>11,835,254</b> |
| Margin cash:                        |                   |                   |
| -EUR                                | 3,728,520         | 6,453,901         |
| -USD                                | 114,117           | 434,266           |
|                                     | <b>3,842,637</b>  | <b>6,888,167</b>  |
| Bank overdraft-cash in hand*:       |                   |                   |
| -EUR                                | -                 | (4,286)           |
|                                     | <b>-</b>          | <b>(4,286)</b>    |

## CHEYNE GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

|  | 30-Jun-16<br>EUR         | 31-Dec-15<br>EUR         |
|--|--------------------------|--------------------------|
| Margin cash overdraft                          |                          |                          |
| -EUR   | (1,911,512)              | (1,262,999)              |
| -USD   | (2)                      | -                        |
|  | <u>(1,911,514)</u>       | <u>(1,262,999)</u>       |
| <b>Total cash in hand and cash equivalents</b> | <b><u>16,955,446</u></b> | <b><u>17,456,136</u></b> |

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

#### 6. Accrued Expenses

The table below details the accrued expenses at period end:

|                                  | 30-Jun-16<br>EUR       | 31-Dec-15<br>EUR       |
|----------------------------------|------------------------|------------------------|
| Miscellaneous expenses payable   | (28,201)               | (49,180)               |
| Audit fees payable               | (13,592)               | (8,889)                |
| Administration fees payable      | (13,401)               | (19,123)               |
| Custodian fee payable            | (7,267)                | (6,438)                |
| Depository services fees payable | (1,681)                | (5,700)                |
| Directors expense payable        | (146)                  | (837)                  |
| Interest payable                 | (6)                    | (4,823)                |
| VAT services fees payable        | -                      | (49)                   |
| <b>Total</b>                     | <b><u>(64,294)</u></b> | <b><u>(95,039)</u></b> |

#### 7. 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 EUR525,320 (31 December 2015: EUR795,214). A decrease of 50 basis points would have had an equal but opposite effect.

# CHEYNE GLOBAL CREDIT FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

#### Interest rate risk (continued)

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.

#### 30-Jun-16

|  | <1<br>month       | 1 - 3<br>months  | 3 - 12<br>months  | >12<br>months     | Non-<br>interest<br>bearing | Total              |
|--|-------------------|------------------|-------------------|-------------------|-----------------------------|--------------------|
| Assets   | EUR               | EUR              | EUR               | EUR               | EUR                         | EUR                |
| <i>Held for Trading:</i>                         |                   |                  |                   |                   |                             |                    |
| Fixed income securities                          | 2,000,110         | 6,011,696        | 17,875,165        | 55,208,526        | -                           | 81,095,497         |
| Swaptions  | -                 | -                | -                 | -                 | 161,296                     | 161,296            |
| Unrealised gain on forward<br>currency contracts | -                 | -                | -                 | -                 | 983,901                     | 983,901            |
| CDS  | -                 | 16,210           | 30,492            | 8,409,896         | -                           | 8,456,598          |
| <i>Loans and receivables:</i>                    |                   |                  |                   |                   |                             |                    |
| Cash in hand and cash<br>equivalents             | 15,024,323        | -                | -                 | -                 | -                           | 15,024,323         |
| Margin cash                                      | 3,842,637         | -                | -                 | -                 | -                           | 3,842,637          |
| Other receivables                                | -                 | -                | -                 | -                 | 1,748,045                   | 1,748,045          |
| Sales awaiting settlement                        | -                 | -                | -                 | -                 | 1,697,615                   | 1,697,615          |
| <b>Total assets</b>                              | <b>20,867,070</b> | <b>6,027,906</b> | <b>17,905,657</b> | <b>63,618,422</b> | <b>4,590,857</b>            | <b>113,009,912</b> |

#### 30-Jun-16

|  | <1<br>month        | 1 - 3<br>months | 3 - 12<br>months | >12<br>months      | Non-<br>interest<br>bearing | Total              |
|--|--------------------|-----------------|------------------|--------------------|-----------------------------|--------------------|
| Liabilities  | EUR                | EUR             | EUR              | EUR                | EUR                         | EUR                |
| <i>Held for Trading:</i>   |                    |                 |                  |                    |                             |                    |
| Unrealised loss on<br>forward currency<br>contracts  | -                  | -               | -                | -                  | (234,623)                   | (234,623)          |
| CDS  | -                  | (38,568)        | (24,643)         | (1,380,428)        | -                           | (1,443,639)        |
| <i>Other financial liabilities measured at<br/>amortised cost:</i>                                       |                    |                 |                  |                    |                             |                    |
| Bank overdraft-margin<br>cash  | (1,911,514)        | -               | -                | -                  | -                           | (1,911,514)        |
| Accrued expenses and<br>other payables   | -                  | -               | -                | -                  | (185,601)                   | (185,601)          |
| Purchases awaiting<br>settlement   | -                  | -               | -                | -                  | (957,578)                   | (957,578)          |
| <b>Total liabilities<br/>(excluding Net Assets<br/>Attributable to Holders<br/>of Redeemable Shares)</b> | <b>(1,911,514)</b> | <b>(38,568)</b> | <b>(24,643)</b>  | <b>(1,380,428)</b> | <b>(1,377,802)</b>          | <b>(4,732,955)</b> |

# CHEYNE GLOBAL CREDIT FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

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

31-Dec-15

|  | <1<br>month | 1 - 3<br>months | 3 - 12<br>months | >12<br>months | Non-<br>interest<br>bearing | Total       |
|--|-------------|-----------------|------------------|---------------|-----------------------------|-------------|
| <b>Assets</b>                                    | <b>EUR</b>  | <b>EUR</b>      | <b>EUR</b>       | <b>EUR</b>    | <b>EUR</b>                  | <b>EUR</b>  |
| <i>Held for Trading:</i>                         |             |                 |                  |               |                             |             |
| Fixed income securities                          | 27,009,020  | 22,774,890      | 22,293,581       | 57,757,639    | -                           | 129,835,130 |
| Swaptions  | -           | -               | -                | -             | 159,227                     | 159,227     |
| Unrealised gain on forward<br>currency contracts | -           | -               | -                | -             | 318,742                     | 318,742     |
| CDS  | -           | 19,230          | 112,466          | 16,937,846    | -                           | 17,069,542  |

#### *Loans and receivables:*

|                                      |                   |                   |                   |                   |                  |                    |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------|--------------------|
| Cash in hand and cash<br>equivalents | 11,835,254        | -                 | -                 | -                 | -                | 11,835,254         |
| Margin cash                          | 6,888,167         | -                 | -                 | -                 | -                | 6,888,167          |
| Other receivables                    | -                 | -                 | -                 | -                 | 4,019,294        | 4,019,294          |
| <b>Total assets</b>                  | <b>45,732,441</b> | <b>22,794,120</b> | <b>22,406,047</b> | <b>74,695,485</b> | <b>4,497,263</b> | <b>170,125,356</b> |

31-Dec-15

|   | <1<br>month | 1 - 3<br>months | 3 - 12<br>months | >12<br>months | Non-<br>interest<br>bearing | Total       |
|---|-------------|-----------------|------------------|---------------|-----------------------------|-------------|
| <b>Liabilities</b>                                  | <b>EUR</b>  | <b>EUR</b>      | <b>EUR</b>       | <b>EUR</b>    | <b>EUR</b>                  | <b>EUR</b>  |
| <i>Held for Trading:</i>                            |             |                 |                  |               |                             |             |
| Unrealised loss on<br>forward currency<br>contracts | -           | -               | -                | -             | (155,447)                   | (155,447)   |
| CDS   | -           | (1,893)         | (228,596)        | (5,087,586)   | -                           | (5,318,075) |

#### *Other financial liabilities measured at amortised cost:*

|  |                    |                |                  |                    |                  |                    |
|--|--------------------|----------------|------------------|--------------------|------------------|--------------------|
| Bank overdraft-cash in<br>hand   | (4,286)            | -              | -                | -                  | -                | (4,286)            |
| Bank overdraft-margin<br>cash  | (1,262,999)        | -              | -                | -                  | -                | (1,262,999)        |
| Accrued expenses and<br>other payables   | -                  | -              | -                | -                  | (299,578)        | (299,578)          |
| <b>Total liabilities<br/>(excluding Net Assets<br/>Attributable to Holders<br/>of Redeemable Shares)</b> | <b>(1,267,285)</b> | <b>(1,893)</b> | <b>(228,596)</b> | <b>(5,087,586)</b> | <b>(455,025)</b> | <b>(7,040,385)</b> |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016 (Continued)**

**7. 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 30 June 2016 and 31 December 2015:

| <b>Currency</b> | <b>30-Jun-16<br/>EUR</b> | <b>31-Dec-15<br/>EUR</b> |
|-----------------|--------------------------|--------------------------|
| CHF             | 168,503                  | 126,164                  |
| GBP             | (153,938)                | (366,907)                |
| USD             | (1,022,528)              | (202,660)                |
| <b>Total</b>    | <b>(1,007,963)</b>       | <b>(443,403)</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 EUR(5,040) (31 December 2015: an increase of EUR2,217). A decrease of 50 basis points would have had an equal but opposite effect.

Exchange rates used are outlined on page 19 of these financial statements.

***Other price risk***

The Fund will seek to establish a convex payoff profile, minimise spread and correlation sensitivity while realising positive carry from taking default exposure. Credit spread movements and correlation 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 net base correlation risk is managed through long and short tranches at different subordination levels and different maturities.

The NAV of the Fund is therefore exposed to the credit/default risk of certain reference entities via the use of credit derivatives and synthetic tranches. 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.
5. Maximum tranche maturity.

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.

# CHEYNE GLOBAL CREDIT FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

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

| Period/Year | Credit Spread |              |        |            |
|-------------|---------------|--------------|--------|------------|
|             | +100%         |              | -100%  |            |
|             | NAV%          | CCY          | NAV%   | CCY        |
| 30-Jun-16   | (7.29%)       | (7,893,390)  | 10.41% | 11,271,631 |
| 31-Dec-15   | (9.24%)       | (15,069,051) | 14.30% | 23,321,151 |

The tables below analyse the Fund's concentration of mark-to-market risk by geographical and sector distribution for 30 June 2016 and 31 December 2015 (excluding cash).

#### Country of risk exposure 30 June 2016 and 31 December 2015:

| Country<br>of risk | Notional<br>Exposure | Notional<br>Exposure | Long<br>(% NAV) | Short<br>(% NAV) | Notional<br>Exposure | Notional<br>Exposure | Long<br>(% NAV) | Short<br>(% NAV) |
|--------------------|----------------------|----------------------|-----------------|------------------|----------------------|----------------------|-----------------|------------------|
|                    | Long                 | Short                |                 |                  | Long                 | Short                |                 |                  |
|                    | EUR                  | EUR                  |                 |                  | EUR                  | EUR                  |                 |                  |
|                    | 30-Jun-16            | 30-Jun-16            |                 |                  | 31-Dec-15            | 31-Dec-15            |                 |                  |
| United States      | 155,220,240          | (28,269,728)         | 143.35          | (26.11)          | 208,448,658          | (38,857,713)         | 127.81          | (23.83)          |
| Britain            | 62,994,169           | (28,742,373)         | 58.17           | (26.54)          | 128,344,436          | (28,935,854)         | 78.69           | (17.74)          |
| Germany            | 39,302,723           | (8,000,000)          | 36.30           | (7.39)           | 66,452,747           | (6,000,000)          | 40.74           | (3.68)           |
| France             | 37,399,665           | -                    | 34.54           | -                | 71,095,406           | -                    | 43.59           | -                |
| Netherlands        | 11,202,650           | -                    | 10.35           | -                | 20,942,290           | -                    | 12.84           | -                |
| Switzerland        | 8,250,000            | -                    | 7.62            | -                | 17,250,000           | -                    | 10.58           | -                |
| Spain              | 7,671,504            | -                    | 7.09            | -                | 13,830,798           | -                    | 8.48            | -                |
| Sweden             | 6,500,000            | -                    | 6.00            | -                | 6,000,000            | -                    | 3.68            | -                |
| Denmark            | 5,000,000            | -                    | 4.62            | -                | 7,500,000            | -                    | 4.60            | -                |
| Finland            | 5,000,000            | -                    | 4.62            | -                | 7,000,000            | -                    | 4.29            | -                |
| Belgium            | 4,615,134            | -                    | 4.26            | -                | -                    | -                    | -               | -                |
| Italy              | -                    | -                    | -               | -                | 11,934,353           | -                    | 7.32            | -                |
| Austria            | -                    | -                    | -               | -                | 7,439,551            | -                    | 4.56            | -                |
| Luxembourg         | -                    | -                    | -               | -                | 2,000,000            | -                    | 1.23            | -                |
| Canada             | -                    | -                    | -               | -                | 1,841,366            | -                    | 1.13            | -                |
| <b>Total</b>       | <b>343,156,085</b>   | <b>(65,012,101)</b>  | <b>316.92</b>   | <b>(60.04)</b>   | <b>570,079,605</b>   | <b>(73,793,567)</b>  | <b>349.54</b>   | <b>(45.25)</b>   |



## CHEYNE GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

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

Sector exposure 30 June 2016 and 31 December 2015:

| Sector of risk            | Notional<br>Exposure<br>Long<br>EUR<br>30-Jun-16 | Notional<br>Exposure<br>Short<br>EUR<br>30-Jun-16 | Long<br>(% NAV) | Short<br>(% NAV) | Notional<br>Exposure<br>Long<br>EUR<br>31-Dec-15 | Notional<br>Exposure<br>Short<br>EUR<br>31-Dec-15 | Long<br>(% NAV) | Short<br>(% NAV) |
|---------------------------|--|---|-----------------|------------------|--|---|-----------------|------------------|
| Financial                 | 95,471,403                                       | (15,792,799)                                      | 88.17           | (14.59)          | 129,210,167                                      | (8,444,782)                                       | 79.23           | (5.18)           |
| Communication             | 61,736,522                                       | -   | 57.02           | -                | 113,528,416                                      | -   | 69.61           | -                |
| Consumer,<br>Cyclical     | 57,700,067                                       | -   | 53.29           | -                | 96,387,551                                       | -   | 59.10           | -                |
| Consumer,<br>Non-cyclical | 35,392,240                                       | -   | 32.69           | -                | 69,453,887                                       | (500,000)   | 42.59           | (0.31)           |
| Industrial                | 27,320,675                                       | (8,000,000)                                       | 25.23           | (7.39)           | 47,806,190                                       | (5,000,000)                                       | 29.31           | (3.07)           |
| Utilities                 | 22,433,776                                       | -   | 20.72           | -                | 40,028,427                                       | -   | 24.54           | -                |
| Basic<br>Materials        | 13,152,986                                       | -   | 12.15           | -                | 21,336,844                                       | (1,000,000)                                       | 13.08           | (0.61)           |
| Technology                | 11,338,633                                       | -   | 10.47           | -                | 15,104,688                                       | -   | 9.26            | -                |
| Index                     | 8,609,783  | (41,219,302)                                      | 7.95            | (38.07)          | 20,000,000                                       | (58,848,785)                                      | 12.26           | (36.08)          |
| Aerospace<br>& Defense    | 4,000,000  | -   | 3.69            | -                | -  | -   | -               | -                |
| Transportation            | 4,000,000  | -   | 3.69            | -                | 4,000,000  | -   | 2.45            | -                |
| Electric                  | 2,000,000  | -   | 1.85            | -                | -  | -   | -               | -                |
| Energy                    | -  | -   | -               | -                | 13,223,435                                       | -   | 8.11            | -                |
| <b>Total</b>              | <b>343,156,085</b>                               | <b>(65,012,101)</b>                               | <b>316.92</b>   | <b>(60.04)</b>   | <b>570,079,605</b>                               | <b>(73,793,567)</b>                               | <b>349.54</b>   | <b>(45.25)</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 PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016 (Continued)**

**7. 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 of Ireland. This approach does not allow for any kind of netting or hedging. The average leverage of 377% (31 December 2015: 388%) has been computed using data calculated daily and was calculated over the period ranging from inception of the Fund until 30 June 2016.

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.

**VaR utilisation during the period ended 30 June 2016**

| Lowest | Highest | Average |
|--------|---------|---------|
| 1.54%  | 3.59%   | 2.22%   |

**VaR utilisation during the year ended 31 December 2015**

| Lowest | Highest | Average |
|--------|---------|---------|
| 1.27%  | 2.44%   | 1.67%   |

## CHEYNE GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

#### 7. 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 30 June 2016 and 31 December 2015:

##### **30-Jun-16**

|                  | <b>Moody's</b> | <b>Standard &amp; Poors</b> | <b>Fitch</b> |
|------------------|----------------|-----------------------------|--------------|
| Bank of America  | Baa1           | BBB+                        | A            |
| Bank of Nomura   | Baa1           | BBB+                        | N/R          |
| Barclays         | Baa3           | BBB                         | A            |
| BNP Paribas      | A1             | A                           | A+           |
| Citibank         | Baa1           | BBB+                        | A            |
| Credit Suisse    | Baa3           | BBB+                        | A-           |
| Deutsche Bank    | A3             | BBB+                        | A-           |
| Goldman Sachs    | A3             | BBB+                        | A            |
| JP Morgan Chase  | A3             | A-                          | A+           |
| Morgan Stanley   | A3             | BBB+                        | A            |
| Societe Generale | A2             | A                           | A            |
| UBS              | Ba1            | A-                          | A            |

##### **31-Dec-15**

|                  | <b>Moody's</b> | <b>Standard &amp; Poors</b> | <b>Fitch</b> |
|------------------|----------------|-----------------------------|--------------|
| Bank of America  | Baa1           | BBB+                        | A            |
| Bank of Nomura   | Baa1           | BBB+                        | N/R          |
| Barclays         | Baa3           | BBB                         | A            |
| BNP Paribas      | A1             | A+                          | A+           |
| Citibank         | A1             | A                           | A+           |
| Credit Suisse    | Baa3           | BBB+                        | A            |
| Deutsche Bank    | A2             | BBB+                        | A-           |
| Goldman Sachs    | A3             | BBB+                        | A            |
| JP Morgan Chase  | A3             | A-                          | A+           |
| Morgan Stanley   | A3             | BBB+                        | A            |
| Societe Generale | A2             | A                           | A            |
| UBS              | N/R            | BBB+                        | A            |

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.

# CHEYNE GLOBAL CREDIT FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

#### Credit risk (continued)

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

|              | Notional<br>Exposure<br>Long<br>EUR | Notional<br>Exposure<br>Short<br>EUR | Long<br>(% NAV) | Short<br>(% NAV) | Notional<br>Exposure<br>Long<br>EUR | Notional<br>Exposure<br>Short<br>EUR | Long<br>(% NAV) | Short<br>(% NAV) |
|--------------|-------------------------------------|--------------------------------------|-----------------|------------------|-------------------------------------|--------------------------------------|-----------------|------------------|
| Rating       | 30-June-16                          | 30-June-16                           |                 |                  | 31-Dec-15                           | 31-Dec-15                            |                 |                  |
| AA+          | 19,069,824                          | (11,731,794)                         | 17.61           | (10.83)          | -                                   | -                                    | -               | -                |
| AA           | 7,219,565                           | -                                    | 6.67            | -                | 15,899,541                          | -                                    | 9.74            | -                |
| AA-          | 1,353,668                           | -                                    | 1.25            | -                | 1,381,025                           | -                                    | 0.85            | -                |
| A+           | 19,200,770                          | (8,000,000)                          | 17.73           | (7.39)           | 44,642,263                          | (13,444,782)                         | 27.37           | (8.25)           |
| A            | 16,414,674                          | -                                    | 15.16           | -                | 16,000,000                          | -                                    | 9.81            | -                |
| A-           | 46,933,675                          | (4,061,005)                          | 43.35           | (3.75)           | 69,806,356                          | -                                    | 42.80           | -                |
| BBB+         | 64,925,290                          | -                                    | 59.96           | -                | 92,649,907                          | -                                    | 56.81           | -                |
| BBB          | 64,024,330                          | -                                    | 59.13           | -                | 111,462,938                         | (500,000)                            | 68.35           | (0.31)           |
| BBB-         | 26,565,185                          | -                                    | 24.53           | -                | 68,124,833                          | -                                    | 41.77           | -                |
| BB+          | 28,305,027                          | -                                    | 26.14           | -                | 67,833,349                          | (1,000,000)                          | 41.59           | (0.61)           |
| BB           | 15,817,120                          | -                                    | 14.61           | -                | 28,211,100                          | -                                    | 17.30           | -                |
| BB-          | 14,365,897                          | -                                    | 13.27           | -                | 20,865,464                          | -                                    | 12.79           | -                |
| B+           | 10,351,277                          | -                                    | 9.56            | -                | 12,811,651                          | -                                    | 7.86            | -                |
| B            | -                                   | -                                    | -               | -                | 391,178                             | -                                    | 0.24            | -                |
| Not rated    | 8,609,783                           | (41,219,302)                         | 7.95            | (38.07)          | 20,000,000                          | (58,848,785)                         | 12.26           | (36.08)          |
| <b>Total</b> | <b>343,156,085</b>                  | <b>(65,012,101)</b>                  | <b>316.92</b>   | <b>(60.04)</b>   | <b>570,079,605</b>                  | <b>(73,793,567)</b>                  | <b>349.54</b>   | <b>(45.25)</b>   |

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

| Financial Instrument                                  | 30-Jun-16<br>EUR   | 31-Dec-15<br>EUR   |
|---|--------------------|--------------------|
| Fixed income securities                               | 81,095,497         | 129,835,130        |
| Swaptions   | 161,296            | 159,227            |
| Unrealised gain on foreign currency forward contracts | 983,901            | 318,742            |
| CDS   | 8,456,598          | 17,069,542         |
| Cash in hand and cash equivalents                     | 15,024,323         | 11,835,254         |
| Margin cash   | 3,842,637          | 6,888,167          |
| Other receivables                                     | 1,748,045          | 4,019,294          |
| Sales awaiting settlement                             | 1,697,615          | -                  |
| <b>Total</b>  | <b>113,009,912</b> | <b>170,125,356</b> |

## CHEYNE GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

##### **Liquidity risk**

The following table details the residual contractual maturities of financial liabilities at 30 June 2016:

|   | <b>&lt;1<br/>month<br/>EUR</b> | <b>1-3<br/>months<br/>EUR</b> | <b>&gt;3<br/>months<br/>EUR</b> | <b>No<br/>maturity<br/>EUR</b> | <b>Total<br/>EUR</b> |
|---|--------------------------------|-------------------------------|---------------------------------|--------------------------------|----------------------|
| Bank overdraft-margin cash  | (1,911,514)                    | -                             | -                               | -                              | (1,911,514)          |
| Accrued expenses and other payables   | (185,601)                      | -                             | -                               | -                              | (185,601)            |
| Purchases awaiting settlement   | (957,578)                      | -                             | -                               | -                              | (957,578)            |
| Unrealised loss on forward currency contracts                                     | -                              | (234,623)                     | -                               | -                              | (234,623)            |
| CDS   | (1,443,639)                    | -                             | -                               | -                              | (1,443,639)          |
| Net assets attributable to holder of redeemable shares                            | (108,276,957)                  | -                             | -                               | -                              | (108,276,957)        |
| <b>Total liabilities (including net assets attributable to redeemable shares)</b> | <b>(112,775,289)</b>           | <b>(234,623)</b>              | <b>-</b>                        | <b>-</b>                       | <b>(113,009,912)</b> |

The following table details the residual contractual maturities of financial liabilities at 31 December 2015:

|   | <b>&lt;1<br/>month<br/>EUR</b> | <b>1-3<br/>months<br/>EUR</b> | <b>&gt;3<br/>months<br/>EUR</b> | <b>No<br/>maturity<br/>EUR</b> | <b>Total<br/>EUR</b> |
|---|--------------------------------|-------------------------------|---------------------------------|--------------------------------|----------------------|
| Bank overdraft-cash in hand   | (4,286)                        | -                             | -                               | -                              | (4,286)              |
| Bank overdraft-margin cash  | (1,262,999)                    | -                             | -                               | -                              | (1,262,999)          |
| Accrued expenses and other payables   | (299,578)                      | -                             | -                               | -                              | (299,578)            |
| Unrealised loss on forward currency contracts                                     | (197)                          | (155,250)                     | -                               | -                              | (155,447)            |
| CDS   | (5,318,075)                    | -                             | -                               | -                              | (5,318,075)          |
| Net assets attributable to holder of redeemable shares                            | (163,084,971)                  | -                             | -                               | -                              | (163,084,971)        |
| <b>Total liabilities (including net assets attributable to redeemable shares)</b> | <b>(169,970,106)</b>           | <b>(155,250)</b>              | <b>-</b>                        | <b>-</b>                       | <b>(170,125,356)</b> |

For details on market risk, please refer to Note 4 of the aggregated financial statements.

## CHEYNE GLOBAL CREDIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

|  | 30-Jun-16<br>EUR   | 30-Jun-15<br>EUR |
|--|--------------------|------------------|
| <b><i>Held for trading:</i></b>  |                    |                  |
| Net realised (loss)/gain on investments  | (5,012,219)        | 1,314,450        |
| Movement in unrealised gain/(loss) on investments  | 1,259,792          | (1,713,812)      |
| <b>Net loss on financial assets and liabilities at fair value through profit or loss</b> | <b>(3,752,427)</b> | <b>(399,362)</b> |

#### 9. Net Assets Attributable to Holders of Redeemable Shares

In accordance with the provisions of the Prospectus, formation costs are amortised and then written off over a period of 60 months. This treatment is contrary to IFRS which requires such costs to be expensed when incurred. Therefore, for reporting purposes, an adjustment of EUR17,463 (31 December 2015: EUR28,460) is made to reconcile the Statement of Financial Position. During the period ended 30 June 2016 there were no new invoices for formation costs. The cumulative differences are included as "Adjustment for revaluation of net assets attributable to holders of redeemable shares" in the Statement of Financial Position.

#### 10. Connected and Related Party Transactions

For details of connected and related party transactions please see Note 6 of the aggregated financial statements.

During the period Directors' fees of EUR14,086 (30 June 2015: EUR14,761) were charged to the Fund, out of which EURNil remained unpaid as at 30 June 2016 (31 December 2015: EURNil).

During the period an investment advisory fee of EUR246,337 (30 June 2015: EUR 489,931) was charged to the Fund, out of which EUR36,881 remained unpaid as at 30 June 2016 (31 December 2015: EUR61,324).

During the period an investment management fee of EUR355,780 (30 June 2015: EUR703,907) was charged to the Fund, out of which EUR53,368 remained unpaid as at 30 June 2016 (31 December 2015: EUR85,585).

During the period a performance allocation of EURNil (30 June 2015: EUR299,120) was charged to the Fund, out of which EURNil remained unpaid as at 30 June 2016 (31 December 2015: EUR69).

During the period a portfolio support fee of EUR47,437 (30 June 2015: EUR90,145) was charged to the Fund, out of which EUR7,116 remained unpaid as at 30 June 2016 (31 December 2015: EUR11,411).

During the period research and data fees of EUR59,297 (30 June 2015: EUR168,714) were charged to the Fund, out of which EUR23,942 remained unpaid as at 30 June 2016 (31 December 2015: EUR46,150). The research and data fees' amounts disclosed in this note are VAT inclusive.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

**10. Connected and Related Party Transactions (continued)**

*Other related parties*

As at 30 June 2016, Nil (31 December 2015: 39,428.15) shares of Class GC - I1 (EUR) are held by Cheyne Select Fund plc - Cheyne Regulatory Capital Fund II which is managed by the same Investment Manager.

As at 30 June 2016, 231,645.70 (31 December 2015: Nil) shares of Class GC - I1 (EUR) are held by Stornoway Investment Ireland Limited. Jeff Bronheim and John Skelly, who are directors for the Fund, are also directors for Stornoway Investment (Ireland) Limited.

As at 30 June 2016, Nil (31 December 2015: 16,865.71) shares of Class GC - I1 (EUR) are held by FCP Diversification Prudentielle which is managed by the same Investment Manager.

**11. Significant Events During the Period**

Please refer to Note 10 of the aggregated financial statements for the significant events notes during the period.

**12. Subsequent Events Since the Period End**

There is no significant event affecting the Fund since the period end.

**CHEYNE SOUTH EAST ASIA LONG/SHORT (MALACCA) FUND**  
**UNAUDITED FINANCIAL STATEMENTS (LIQUIDATED)**  
**FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016**



## CHEYNE SOUTH EAST ASIA LONG/SHORT (MALACCA) FUND (LIQUIDATED)

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### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

|  | 30-Jun-16* | 31-Dec-15* |
|--|------------|------------|
|  | USD        | USD        |
| <b>Assets</b>  |            |            |
| <b>Total assets</b>  | -          | -          |
| <b>Liabilities</b>   |            |            |
| <b>Total liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b> | -          | -          |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                               | -          | -          |

\*The Cheyne South East Asia Long/Short (Malacca) Fund was closed on 24 April 2015. All balances were wound up before the year ended 31 December 2015, resulting in zero balances for all the accounts of the statement of financial position.

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

## CHEYNE SOUTH EAST ASIA LONG/SHORT (MALACCA) FUND (LIQUIDATED)

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### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016 (Continued)

#### Net Asset Value per Redeemable Share

|                            | 24-Apr-15*    | 31-Dec-14     |
|----------------------------|---------------|---------------|
| <b>Class I1 (USD)</b>      |               |               |
| Number of shares per class | 100.00        | 1,703.48      |
| Net Asset Value per share  | USD802.26     | USD804.78     |
| Net Asset Value            | USD80,226     | USD1,370,921  |
| <b>Class I2 (EUR)</b>      |               |               |
| Number of shares per class | 11,967.57     | 11,967.57     |
| Net Asset Value per share  | EUR806.14     | EUR809.19     |
| Net Asset Value            | USD10,482,576 | USD11,718,173 |

\*Effective 24 April 2015, the Cheyne South East Asia Long/Short (Malacca) Fund was closed.

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

# CHEYNE SOUTH EAST ASIA LONG/SHORT (MALACCA) FUND (LIQUIDATED)

## STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

|   | Note | 30-Jun-16*<br>USD | 30-Jun-15<br>USD   |
|---|------|-------------------|--------------------|
| <b>Income</b>   |      |                   |                    |
| Net gain on financial assets and liabilities at fair value through profit or loss | 4    | -                 | 203,602            |
| Net loss on foreign exchange  |      | -                 | (1,300,244)        |
| Interest income   |      | -                 | 1,695              |
| Dividend income   |      | -                 | 52,033             |
| <b>Total loss</b>   |      |                   | <b>(1,042,914)</b> |
| <b>Expenses</b>   |      |                   |                    |
| Investment management fee   | 2(f) | -                 | (36,697)           |
| Interest expense  |      | -                 | (34,828)           |
| Investment advisor fee  | 2(e) | -                 | (24,465)           |
| Other expenses  | 2(j) | -                 | (21,952)           |
| Research and data fees  | 2(i) | -                 | (17,289)           |
| Dividend expense  |      | -                 | (12,681)           |
| Administration fee  | 2(a) | -                 | (10,701)           |
| Custodian fee   | 2(c) | -                 | (6,030)            |
| Portfolio support fee   | 2(h) | -                 | (2,796)            |
| Liquidation fee   |      | -                 | (5,000)            |
| Directors' fees   | 2(d) | -                 | (2,999)            |
| Transaction costs   |      | -                 | (326)              |
| <b>Total expenses</b>   |      | <b>-</b>          | <b>(175,764)</b>   |
| Withholding tax   |      | -                 | (6,432)            |
| <b>Decrease in Net Assets Attributable to Holders of Redeemable Shares</b>        |      | <b>-</b>          | <b>(1,225,110)</b> |

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

\*There was no income and expenses accrued for the period from 1 January 2016 to 30 June 2016 following the closure of the Fund on 24 April 2015.

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

## CHEYNE SOUTH EAST ASIA LONG/SHORT (MALACCA) FUND (LIQUIDATED)

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### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

|   | 30-Jun-16* | 30-Jun-15    |
|---|------------|--------------|
|   | USD        | USD          |
| <b>Net assets attributable to holders of redeemable shares at beginning of the period</b> | -          | 13,085,583   |
| Decrease in net assets attributable to holders of redeemable shares from operations       | -          | (1,225,110)  |
| Issue of redeemable shares during the period  | -          | -            |
| Redemption of redeemable shares during the period   | -          | (11,860,473) |
| <b>Net assets attributable to holders of redeemable shares at end of the period</b>       | <u>-</u>   | <u>-</u>     |

\*The Cheyne South East Asia Long/Short (Malacca) Fund was closed on 24 April 2015. All balances were wound up before the year ended 31 December 2015 and the Fund recorded its net assets attributable to holders of redeemable shares at the beginning and end of the period as zero.

## CHEYNE SOUTH EAST ASIA LONG/SHORT (MALACCA) FUND (LIQUIDATED)

### STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

|   | 30-Jun-16* | 30-Jun-15           |
|---|------------|---------------------|
|   | USD        | USD                 |
| <b>Cash flows from operating activities</b>   |            |                     |
| Decrease in net assets attributable to holders of redeemable shares from operations | -          | (1,225,110)         |
| <b>Adjusted for working capital changes</b>   | -          |                     |
| Decrease in investments in transferable securities                                  | -          | 7,098,969           |
| Increase in investments in financial derivative instruments                         | -          | (175,707)           |
| Decrease in receivables and assets  | -          | 5,171               |
| Decrease in sales awaiting settlement   | -          | 120,035             |
| Decrease in accrued expenses and other payable                                      | -          | (79,897)            |
| Decrease in purchases awaiting settlement   | -          | (493)               |
| <b>Net cash inflow from operating activities</b>                                    | <b>-</b>   | <b>5,742,968</b>    |
| <b>Financing</b>  |            |                     |
| Proceeds from issuance of redeemable shares   | -          | -                   |
| Redemptions paid on redeemable shares   | -          | (11,860,473)        |
| <b>Net cash outflow from financing activities</b>                                   | <b>-</b>   | <b>(11,860,473)</b> |
| <b>Decrease in cash and cash equivalents</b>  | <b>-</b>   | <b>(6,117,505)</b>  |
| Cash and cash equivalents at start of period  | -          | 6,146,432           |
| <b>Cash and cash equivalents at end of period</b>                                   | <b>-</b>   | <b>28,927</b>       |
| <b>Supplemental cash flow information</b>   |            |                     |
| Net cash from operating activities includes:  |            |                     |
| Interest received   | -          | 1,695               |
| Interest paid   | -          | (35,515)            |
| Dividend received   | -          | 49,315              |
| Dividend paid   | -          | (12,681)            |

\*Effective 24 April 2015, the Cheyne South East Asia Long/Short (Malacca) Fund was closed. All receivables and obligations were collected and fulfilled before the year ended 31 December 2015, there were no movements in working capital or financing activities for the period from 1 January 2016 to 30 June 2016.

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

## CHEYNE SOUTH EAST ASIA LONG/SHORT (MALACCA) FUND (LIQUIDATED)

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

#### 1. General Information

The investment objective of the Cheyne South East Asia Long/Short (Malacca) Fund (the “Fund”) was to seek to generate attractive risk adjusted total rates of return, meaning capital appreciation plus income of its investments, principally through investments in equity securities of companies that were either listed on stock exchanges in South East Asia Emerging Markets or incorporated in South East Asia Emerging Markets, and other equity related securities and derivative instruments.

The Fund had Class D1 (USD), Class D2 (EUR), Class D3 (GBP) Class D4 (CHF), Class I1 (USD), Class I2 (EUR), I3 (GBP) and Class I4 (CHF) shares available for investment.

Effective 24 April 2015, Cheyne South Asia Long/Short (Malacca) Fund was closed. As such these financial statements have been prepared on a liquidation basis.

#### 2. Fees and Expenses

Fees and expenses included within this note were accrued until the closure of the Fund on 24 April 2015. Presented below is information related to the previous interim accounting period from 1 January 2015 to 30 June 2015:

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

Citibank Europe plc was the “Administrator” of the Fund pursuant to an Administration Agreement dated 1 October 2011.

The Administrator was entitled to receive 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 (plus VAT, if any thereon) 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, where applicable (plus VAT if any thereon). The minimum fee may have been 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 was 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 Fund and which was charged at normal commercial rates.

During the period ended as at 30 June 2015, an administration fee of USD10,701 was charged to the Fund.

##### (b) **Audit Fees**

In accordance with the European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010 (S.I. No. 220 of 2010), the Fund was obliged to disclose fees paid to the Fund’s Auditor. During the period ended as at 30 June 2015, an audit fee of USD13,609 was charged to the Fund. Payment in respect of other assurance, tax advisory and other non-audit fees are USDNil.

##### (c) **Custodian and Trustee Fee**

Citi Depositary Services Ireland Limited acted as the “Custodian and Trustee” of the Fund until 24 April 2015, when the Fund closed.

## CHEYNE SOUTH EAST ASIA LONG/SHORT (MALACCA) FUND (LIQUIDATED)

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

##### **(c) Custodian and Trustee Fee (continued)**

The Custodian was entitled to receive out of the assets of the Fund an annual fee, accrued daily and payable monthly in arrears, based on the number of transactions and the NAV of the Fund, of up to a maximum fee of 0.02% of the NAV of the Fund (plus VAT, if any thereon), subject to a minimum annual trustee services fee of EUR12,000 when an entity within Citigroup was the sub-custodian and EUR18,500 when any other sub-custodian was used and subject to a minimum annual custody services fee of EUR15,500.

In addition to such remuneration, the Custodian was entitled to charge the Fund fees relating to any custody or transactional services, as may be agreed with the Company and was charged at standard commercial rates.

The Custodian was also entitled to be repaid for all of its out-of-pocket expenses reasonably incurred on behalf of the Fund, including the fees and expenses of any sub-custodian (which should be at normal commercial rates) and transaction charges (which should also be at normal commercial rates) levied by the Custodian and which were payable by the Fund.

During the period ended as at 30 June 2015, custodian fee of USD6,030 and trustee services fees of USD3,163 were charged to the Fund.

##### **(d) Directors' Fees**

The Articles authorised 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 were 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 period ended as at 30 June 2015, Directors' fees of USD2,999 were charged to the Fund.

##### **(e) Investment Advisor Fee**

The Fund appointed Cheyne Capital International Limited as Investment Advisor to provide advisory services in respect of the Fund pursuant to the Investment Advisory Agreement.

The Investment Advisor was entitled to receive out of the assets of the Fund an annual fee, accrued daily and calculated and paid at a rate of 0.70% per annum of the NAV of the Fund allocable to Class I shares and a rate of 1.20% per annum of the NAV of the Fund allocable to Class D 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 period ended as at 30 June 2015, an investment advisor fee of USD24,465 was charged to the Fund.

##### **(f) Investment Management Fee**

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 1.05% per annum of the NAV of the Fund allocable to Class I and Class D shares.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016 (Continued)**

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

**(f) Investment Management Fee (continued)**

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.

During the period ended as at 30 June 2015, investment management fee of USD36,697 was charged to the Fund.

**(g) Performance Allocation**

The Investment Manager and the Investment Advisor were entitled to receive, out of the assets allocable to Class I and D shares, a total performance allocation equal to 20% of the increase in the NAV of the relevant Class over the High Water Mark (HWM) during a performance period, disregarding any uncrystallised performance allocation. 60% of any performance allocation was due to the Investment Manager and 40% was due to the Investment Advisor. The initial performance period commenced on the first business day after expiry of the initial offer period.

The HWM ensured that, if the class fell in value, a performance allocation was only payable on that part of any subsequent performance of the class that was in excess of the current HWM value.

The HWM was initially the value invested in the class, and was adjusted at each Valuation Point to take account of subscriptions, redemptions and distributions impacting the valuation at that date. The HWM was 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 fell in value in relation to the HWM following payment of the performance allocation in any previous period, the Investment Manager retained all performance allocation previously crystallised for that class but no further performance allocation was charged until performance above the HWM was achieved by the class.

The performance allocation was accrued at each Valuation Point and accordingly the NAV was adjusted to reflect such fee. Notwithstanding the foregoing, any accrued performance allocation referable to shares redeemed prior to the end of the performance period crystallised and became payable to the Investment Manager following such redemption. The performance period was each calendar quarter. This crystallising performance allocation was calculated as a *pro rata* portion of the un-crystallised performance allocation which formed part of the price at which the relevant shareholder redeemed.

For the period ended 30 June 2015, there was no performance allocation charged to the Fund.

**(h) Portfolio Support Fee**

The Investment Manager was entitled to receive an annual portfolio support fee of 0.08% per annum of the first USD200 million of the NAV of the Fund, 0.06% per annum of the NAV of the Fund between USD200 million and USD400 million; 0.04% per annum of the NAV of the Fund between USD400 million and USD650 million; and 0.02% per annum of the NAV of the Fund in excess of USD650 million.

During the period ended 30 June 2015, a portfolio support fee of USD2,796 was charged to the Fund.



## CHEYNE SOUTH EAST ASIA LONG/SHORT (MALACCA) FUND (LIQUIDATED)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

##### (i) **Research and data fees**

The Fund reimbursed the Investment Manager for monies spent by the Investment Manager to obtain other research, market data, corporate access, analysis and/or other similar services for the Fund, up to a maximum of 0.10% per annum of the average net asset value of the Fund.

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

|                          | 30-Jun-16<br>USD | 30-Jun-15<br>USD |
|--------------------------|------------------|------------------|
| Research and data fees * | -                | (17,289)         |
| VAT                      | -                | -                |
| <b>Total</b>             | <b>-</b>         | <b>(17,289)</b>  |

\* Research and data fees disclosed in the table above were exclusive of VAT. The research and data fees recognised in the Statement of Comprehensive Income were inclusive of VAT.

##### (j) **Other Expenses**

|                           | 30-June-16<br>USD | 30-Jun-15<br>USD |
|---------------------------|-------------------|------------------|
| Audit fees                | -                 | (13,609)         |
| Legal fees                | -                 | (5,561)          |
| Trustee services fees     | -                 | (3,163)          |
| Miscellaneous expenses    | -                 | 1,044            |
| VAT services fees expense | -                 | (650)            |
| Directors expenses        | -                 | (13)             |
|                           | <b>-</b>          | <b>(21,952)</b>  |

#### 3. Risks Associated with Financial Instruments

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

Cash flow interest risk of the Fund arose on cash in hand and cash equivalents. As at 30 June 2016 and 31 December 2015, the Fund did not hold any cash in hand and cash equivalents. The Fund was not exposed to interest rate risk.

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

As at 30 June 2016 and 31 December 2015, the Fund did not hold any financial instruments that are dominated in foreign currency. The Fund was not exposed to foreign currency risk.

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

Other price risk was monitored and managed by the Investment Manager using the country and sector risk analysis.

As at 30 June 2016 or 31 December 2015, the Fund held no financial instruments that give rise to other price risk. The Fund was not exposed to other price risk.

## CHEYNE SOUTH EAST ASIA LONG/SHORT (MALACCA) FUND (LIQUIDATED)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

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

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

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

The calculation of the absolute VaR was 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 was validated and audited at year end through the use of backtesting procedures. The results of the backtesting procedures were communicated to the Board of Directors especially when there were signs of excessive VaR back testing overshoots. Stress testing was 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 was market risk. The model's methodology was historical simulation where no assumptions regarding returns distributions were made. The backtesting procedure included 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 was 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 were no distributional assumption (e.g. normality or log normality) neither for the risk factors nor for the securities. Instead, distributions of underlying risk factors were taken exactly as found over the specified historical time period. This method accurately priced all types of complex non-linear positions as well as simple linear instruments. It also provided 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 included these effects. However, tail risk can only be examined if the historical data set includes tail events.

Leverage had been computed using the sum of notionals approach, as recommended by the Central Bank of Ireland. This approach did not allow for any kind of netting or hedging. The average leverage of 79% had been computed using data calculated daily and had been calculated over the period ranging from inception of the Fund until 24 April 2015.

#### **VaR utilisation during the period ended on 24 April 2015**

| Lowest | Highest | Average |
|--------|---------|---------|
| 0.33%  | 5.43%   | 3.66%   |

## CHEYNE SOUTH EAST ASIA LONG/SHORT (MALACCA) FUND (LIQUIDATED)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

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

As at 30 June 2016 and 31 December 2015, the Fund had no financial assets and the Fund was not exposed to credit risk.

##### ***Liquidity risk***

As at 30 June 2016 and 31 December 2015, the Fund had no financial liabilities and the fund was not exposed to liquidity risk.

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

|  | 30-Jun-16<br>USD | 30-Jun-15<br>USD |
|--|------------------|------------------|
| <b><i>Held for trading:</i></b>  |                  |                  |
| Net realised gain on investments   | -                | 361,182          |
| Movement in unrealised loss on investments   | -                | (157,580)        |
| <b>Net gain on financial assets and liabilities at fair value through profit or loss</b> | <b>-</b>         | <b>203,602</b>   |

#### 5. Connected and Related Party Transactions

For details of connected and related party transactions, please see Note 6 of the aggregated financial statements.

There is no connected or related party transaction following the closure of the fund.

Below transactions were related to the previous interim accounting period from 1 January 2015 to 30 June 2015:

Directors' fees of USD2,999 were charged to the Fund;

An investment advisory fee of USD24,465 was charged to the Fund;

An investment management fee of USD36,697 was charged to the Fund;

A portfolio support fee of USD2,796 was charged to the Fund;

Research and data fees of USD17,289 were charged to the Fund. The research and data fees' amount disclosed in this note is VAT inclusive.

#### 6. Significant Events During the Period

There were no significant events during the period.

#### 7. Subsequent Events Since the Period End

There is no significant event affecting the Fund since the period end.

**CHEYNE EUROPEAN MID CAP EQUITY FUND**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016**

## CHEYNE EUROPEAN MID CAP EQUITY FUND

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

|  | Note | 30-Jun-16<br>EUR   | 31-Dec-15<br>EUR   |
|--|------|--------------------|--------------------|
| <b>Assets</b>  |      |                    |                    |
| Cash in hand and cash equivalents  | 5    | 14,443,901         | 14,375,341         |
| Margin cash  | 5    | 16,525,308         | 8,548,387          |
| <i>Financial assets at fair value through profit or loss:</i>                                |      |                    |                    |
| Investments in transferable securities   | 3    | 44,686,249         | 68,039,864         |
| Investments in financial derivative instruments  | 3    | 2,625,968          | 3,697,188          |
| Sales awaiting settlement  |      | 1,344,578          | -                  |
| Other receivables  | 4    | 870,550            | 490,342            |
| <b>Total assets</b>  |      | <b>80,496,554</b>  | <b>95,151,122</b>  |
| <b>Liabilities</b>   |      |                    |                    |
| Bank overdraft-margin cash   | 5    | (282,314)          | (56,621)           |
| <i>Financial liabilities at fair value through profit or loss:</i>                           |      |                    |                    |
| Investments in financial derivative instruments  | 3    | (2,699,179)        | (2,627,583)        |
| Purchases awaiting settlement  |      | (604,543)          | (197,366)          |
| Accrued expenses   | 6    | (162,243)          | (116,808)          |
| Subscriptions received in advance  |      | -                  | (161,000)          |
| Research and data fees payable   | 2(i) | (82,849)           | (41,695)           |
| Portfolio support fee payable  | 2(h) | (5,142)            | (6,171)            |
| Investment advisor fee payable   | 2(e) | (44,988)           | (53,994)           |
| Investment management fee payable  | 2(f) | (67,482)           | (80,990)           |
| <b>Total liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b> |      | <b>(3,948,740)</b> | <b>(3,342,228)</b> |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                               |      | <b>76,547,814</b>  | <b>91,808,894</b>  |
| Adjustment for revaluation of net assets attributable to Redeemable Shareholders             | 9    | 5,388              | 6,567              |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                               |      | <b>76,553,202</b>  | <b>91,815,461</b>  |

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

## CHEYNE EUROPEAN MID CAP EQUITY FUND

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016 (Continued)

#### Net Asset Value per Redeemable Share

|                            | 30-Jun-16     | 31-Dec-15     | 31-Dec-14     |
|----------------------------|---------------|---------------|---------------|
| <b>Class MC-I1 (USD)</b>   |               |               |               |
| Number of shares per class | 17,561.05     | 19,542.49     | 14,473.06     |
| Net Asset Value per share  | USD1,062.67   | USD1,118.09   | USD1,052.06   |
| Net Asset Value            | EUR16,797,949 | EUR20,114,460 | EUR12,583,428 |
| <b>Class MC-I2 (EUR)</b>   |               |               |               |
| Number of shares per class | 50,616.18     | 58,873.35     | 29,483.53     |
| Net Asset Value per share  | EUR1,074.88   | EUR1,136.03   | EUR1,068.75   |
| Net Asset Value            | EUR54,406,322 | EUR66,882,060 | EUR31,510,421 |
| <b>Class MC-I3 (GBP)</b>   |               |               |               |
| Number of shares per class | -             | -             | 409.87        |
| Net Asset Value per share  | -             | -             | GBP1,072.24   |
| Net Asset Value            | -             | -             | EUR566,302    |
| <b>Class MC-I4 (CHF)</b>   |               |               |               |
| Number of shares per class | 5,921.66      | 5,060.26      | -             |
| Net Asset Value per share  | CHF977.61     | CHF1,035.53   | -             |
| Net Asset Value            | EUR5,348,931  | EUR4,818,941  | -             |

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

## CHEYNE EUROPEAN MID CAP EQUITY FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

|  | Note | 30-Jun-16<br>EUR   | 30-Jun-15<br>EUR   |
|--|------|--------------------|--------------------|
| <b>Income</b>  |      |                    |                    |
| Net (loss)/gain on financial assets and liabilities at fair value through profit or loss | 8    | (3,878,756)        | 5,838,489          |
| Net gain on foreign exchange   |      | 22,151             | 240,436            |
| Interest income  |      | 824,822            | 595,826            |
| Dividend income  |      | 782,005            | 699,460            |
| Other income   |      | -                  | 59,033             |
| <b>Total (loss)/income</b>   |      | <b>(2,249,778)</b> | <b>7,433,244</b>   |
| <b>Expenses</b>  |      |                    |                    |
| Dividend expense   |      | (1,175,371)        | (823,006)          |
| Interest expense   |      | (792,010)          | (627,192)          |
| Investment management fee  | 2(f) | (430,938)          | (208,408)          |
| Investment advisor fee   | 2(e) | (287,292)          | (138,938)          |
| Other expenses   | 2(j) | (88,283)           | (75,482)           |
| Administration fee   | 2(a) | (56,312)           | (49,000)           |
| Research and data fees   | 2(i) | (41,154)           | (29,530)           |
| Portfolio support fee  | 2(h) | (32,833)           | (21,311)           |
| Directors' fees  | 2(d) | (10,800)           | (5,632)            |
| Custodian fee  | 2(c) | (7,707)            | (7,686)            |
| Transaction costs  |      | (7,072)            | (2,072)            |
| Performance allocation   | 2(g) | -                  | (871,600)          |
| <b>Total expenses</b>  |      | <b>(2,929,772)</b> | <b>(2,859,857)</b> |
| Withholding tax  |      | (986)              | (35,977)           |
| <b>(Decrease)/increase in Net Assets Attributable to Holders of Redeemable Shares</b>    |      | <b>(5,180,536)</b> | <b>4,537,410</b>   |

The Fund has no recognised gains or losses during the financial period 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 EUROPEAN MID CAP EQUITY FUND

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### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

|  | 30-Jun-16<br>EUR  | 30-Jun-15<br>EUR  |
|--|-------------------|-------------------|
| <b>Net assets attributable to holders of redeemable shares at beginning of the period</b>      | 91,808,894        | 44,651,221        |
| (Decrease)/increase in net assets attributable to holders of redeemable shares from operations | (5,180,536)       | 4,537,410         |
| Issue of redeemable shares during the period   | 10,038,320        | 18,098,831        |
| Redemption of redeemable shares during the period  | (20,118,864)      | (5,541,255)       |
| <b>Net assets attributable to holders of redeemable shares at end of the period</b>            | <b>76,547,814</b> | <b>61,746,207</b> |

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



## CHEYNE EUROPEAN MID CAP EQUITY FUND

### STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

|  | 30-Jun-16<br>EUR    | 30-Jun-15<br>EUR   |
|--|---------------------|--------------------|
| <b>Cash flows from operating activities</b>  |                     |                    |
| (Decrease)/increase in net assets attributable to holders of redeemable shares from operations | (5,180,536)         | 4,537,410          |
| <b>Adjusted for working capital changes</b>  |                     |                    |
| Decrease/(increase) in investments in transferable securities                                  | 23,353,615          | (4,702,980)        |
| Decrease/(increase) in investments in financial derivative instruments                         | 1,142,816           | (736,389)          |
| Increase in sales awaiting settlements   | (1,344,578)         | (4,855,705)        |
| (Increase)/decrease in other receivables   | (380,208)           | 82,100             |
| Increase in purchases awaiting settlements   | 407,177             | 526,759            |
| Increase/(decrease) in accrued expenses and other payables                                     | 63,046              | (181,745)          |
| <b>Net cash inflow/(outflow) from operating activities</b>                                     | <b>18,061,332</b>   | <b>(5,330,550)</b> |
| <b>Financing</b>   |                     |                    |
| Proceeds from issuance of redeemable shares  | 9,877,320           | 18,098,831         |
| Redemptions paid on redeemable shares  | (20,118,864)        | (5,541,255)        |
| <b>Net cash (outflow)/inflow from financing activities</b>                                     | <b>(10,241,544)</b> | <b>12,557,576</b>  |
| <b>Increase in cash and cash equivalents</b>   | <b>7,819,788</b>    | <b>7,227,026</b>   |
| Cash and cash equivalents at start of period   | 22,867,107          | 4,955,080          |
| <b>Cash and cash equivalents at end of period</b>  | <b>30,686,895</b>   | <b>12,182,106</b>  |
| <b>Supplemental cash flow information</b>  |                     |                    |
| Net cash from operating activities includes:   |                     |                    |
| Interest received  | 501,739             | 819,035            |
| Interest paid  | (789,531)           | (625,435)          |
| Dividend received  | 726,631             | 579,093            |
| Dividend paid  | (1,091,524)         | (827,667)          |

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

## CHEYNE EUROPEAN MID CAP EQUITY FUND

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

#### 1. General Information

The investment objective of the Cheyne European Mid Cap Equity Fund (the “Fund”) is to seek to generate attractive risk adjusted total rates of return, meaning capital appreciation plus income of its investments, principally through investments in equity securities of companies with market capitalisation of between EUR500 million and EUR10 billion that are either listed on stock exchanges in Europe or whose business is primarily in Europe, and other equity related securities and derivative instruments.

The Fund currently has Class MC-I1 (USD), Class MC-I2 (EUR), Class MC-I3 (GBP) and Class MC-I4 (CHF), Class MC-D1 (USD), Class MC-D2 (EUR), Class MC-D3 (GBP) and Class MC-D4 (CHF) shares available for investment.

#### 2. Fees and Expenses

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

GlobeOp 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 period an administration fee of EUR56,312 (30 June 2015: EUR49,000) was charged to the Fund, EUR8,843 remained unpaid as at 30 June 2016 (31 December 2015 EUR10,428).

##### (b) **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 period, an audit fee of EUR13,499 (30 June 2015: EUR 22,464) was charged to the Fund of which EUR11,221 was payable as at 30 June 2016 (31 December 2015: EUR13,604). Payment in respect of other assurance, tax advisory and other non-audit fees are EUR4,637 (30 June 2015: EUR3,931).

##### (c) **Custodian and Depositary Fee**

Citi Depositary Services Ireland Limited acts as the “Custodian and Trustee” of the Company. On 18 March 2016, the UCITS V Directive became effective and Citi Depositary Services Ireland Limited now has additional operational and oversight responsibilities as a “Trustee” and became the “Depositary” of the Fund.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

**(c) Custodian and Depositary Fee (continued)**

The Custodian shall be entitled to receive out of the assets of the Fund an annual fee, accrued daily and payable monthly in arrears, based on the number of transactions and the NAV of the Fund, of up to a maximum fee of 0.02% of the NAV of the Fund (plus VAT, if any thereon), subject to a minimum annual depositary services fee of EUR12,000 when an entity within Citigroup is the sub-custodian and EUR18,500 when any other sub-custodian is used and subject to a minimum annual custody services fee of EUR15,500.

In addition to such remuneration, the Custodian shall also be entitled to charge the Fund fees relating to any custody or transactional services, as may be agreed with the Company and which shall be charged at standard commercial rates.

The Custodian is also entitled to be repaid for all of its out-of-pocket expenses reasonably incurred on behalf of the Fund, including the fees and expenses of any sub-custodian (which shall be at normal commercial rates) and transaction charges (which shall also be at normal commercial rates) levied by the Custodian and which are payable by the Fund.

During the period a custodian fee of EUR7,707 (30 June 2015: EUR7,686) was charged to the Fund, EUR4,670 remained unpaid as at 30 June 2016 (31 December 2015: EUR31,000).

During the period depositary services fees of EUR8,259 (30 June 2015: EUR 4,799) was charged to the Fund, EUR1,303 remained unpaid as at 30 June 2016 (31 December 2015: EUR3,050).

**(d) 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 period Directors' fees of EUR10,800 (30 June 2015: EUR5,632) were charged to the Fund, EUR244 remained unpaid as at 30 June 2016 (31 December 2015: EURNil).

**(e) Investment Advisor Fee**

The Fund appointed Cheyne Capital International L.P. as Investment Advisor to provide advisory services in respect of the Fund pursuant to the Investment Advisory Agreement.

The Investment Advisor shall be entitled to receive out of the assets of the Fund an annual fee, accrued daily and calculated and paid at a rate of 0.70% per annum of the NAV of the Fund allocable to Class MC-I shares and a rate of 1.20% per annum of the NAV of the Fund allocable to Class MC-D shares. From 30 September 2014 to 31 March 2015, the annual fee rates reduced to 0.30% per annum of the NAV of the Fund allocable to Class MC-I shares and reduced to 0.80% per annum of the NAV of the Fund allocable to Class MC-D shares. The annual fee rates returned to the original rates thereafter.

The Investment Advisor is 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 period an investment advisor fee of EUR287,292 (30 June 2015: EUR138,938) was charged to the Fund, EUR44,988 remained unpaid as at 30 June 2016 (31 December 2015: EUR53,994).

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

(f) **Investment Management Fee**

The Investment Manager shall be 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 1.05% per annum of the NAV of the Fund allocable to Class MC-I and Class MC-D shares. From 30 September 2014 to 31 March 2015, the annual fee rates reduced to 0.45% per annum of the NAV of the Fund allocable to Class MC-I shares and Class MC-D shares. The annual fee rates returned to the original rates thereafter.

The Investment 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.

During the period an investment management fee of EUR430,938 (30 June 2015: EUR208,408) was charged to the Fund, EUR67,482 remained unpaid as at 30 June 2016 (31 December 2015: EUR80,990).

(g) **Performance Allocation**

The Investment Manager and the Investment Advisor shall be entitled to receive, out of the assets allocable to Class MC-I and MC-D shares, a total performance allocation equal to 20% of the increase in the NAV of the relevant Class over the High Water Mark (HWM) during a performance period, disregarding any uncrystallised performance allocation. 60% of any performance allocation will be due to the Investment Manager and 40% will be due to the Investment Advisor. The initial performance period commenced on the first business day after expiry of the initial offer period.

The HWM ensures that, if the class falls in value, a performance allocation 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 allocation in any previous period, the Investment Manager will retain all performance allocation previously crystallised for that class but no further performance allocation will be charged until performance above the HWM is achieved by the class.

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

During the period a performance allocation of EURNil (30 June 2015: EUR871,600) was charged to the Fund, EURNil remained unpaid as at 30 June 2016 (31 December 2015: EURNil). The performance allocation is periodically verified by the Custodian.

## CHEYNE EUROPEAN MID CAP EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

##### (h) **Portfolio Support Fee**

The Investment Manager shall be entitled to receive an annual Portfolio Support Fee out of the assets of the Fund, accrued at each Valuation Point and payable monthly in arrears at a rate 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 period a portfolio support fee of EUR32,833 (30 June 2015: EUR21,311) was charged to the Fund, of which EUR5,142 remained unpaid as at 30 June 2016 (31 December 2015: EUR6,171).

##### (i) **Research and data fees**

When trading equity securities, the Investment Manager on behalf of the Fund may use execution-only or full service brokerage. When using full service brokerage, in addition to order execution, commission-sharing arrangements will be used to accumulate balances to be used in compliance with FCA Rules solely for the purchase, on behalf of the Fund, of substantive research.

The Fund will also reimburse the Investment Manager for monies spent by the Investment Manager to obtain other research, market data, corporate access, analysis and/or other similar services for the Fund, up to a maximum of 0.10% per annum of the average net asset value of the Fund.

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

|                          | 30-Jun-16       | 30-Jun-15       |
|--------------------------|-----------------|-----------------|
|                          | EUR             | EUR             |
| Research and data fees * | (41,154)        | (27,761)        |
| VAT                      | -               | (1,769)         |
| <b>Total</b>             | <b>(41,154)</b> | <b>(29,530)</b> |

\* Research and data fees disclosed in the table above are exclusive of VAT. The Research and data fees recognised in the Statement of Comprehensive Income are inclusive of VAT.

##### (j) **Other Expenses**

|                          | 30-Jun-16       | 30-Jun-15       |
|--------------------------|-----------------|-----------------|
|                          | EUR             | EUR             |
| Miscellaneous expenses   | (32,201)        | (30,850)        |
| Legal fees               | (24,864)        | (12,397)        |
| Audit fees               | (13,499)        | (22,464)        |
| Depositary services fees | (8,259)         | (4,799)         |
| Insurance expense        | (5,390)         | (4,647)         |
| VAT services fee expense | (3,772)         | (223)           |
| Directors expenses       | (298)           | (102)           |
|                          | <b>(88,283)</b> | <b>(75,482)</b> |

## CHEYNE EUROPEAN MID CAP EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

|   | 30-Jun-16<br>EUR   | 31-Dec-15<br>EUR   |
|---|--------------------|--------------------|
| <b>Financial assets at fair value through profit or loss</b>      |                    |                    |
| <i><b>Held for Trading</b></i>                                    |                    |                    |
| Common stocks   | 5,282,069          | 33,829,625         |
| Fixed income securities   | 39,404,180         | 34,210,239         |
| Options   | 62,040             | -                  |
| Unrealised gain on forward currency contracts                     | 215,309            | 21,321             |
| Unrealised gain on CFD  | 2,348,619          | 3,618,153          |
| Unrealised gain on futures  | -                  | 57,714             |
|   | <b>47,312,217</b>  | <b>71,737,052</b>  |
| <b>Financial liabilities at fair value through profit or loss</b> |                    |                    |
| <i><b>Held for Trading</b></i>                                    |                    |                    |
| Unrealised loss on forward currency contracts                     | (168,352)          | (120,275)          |
| Unrealised loss on CFD  | (2,348,729)        | (2,441,398)        |
| Unrealised loss on futures  | (182,098)          | (65,910)           |
|   | <b>(2,699,179)</b> | <b>(2,627,583)</b> |

#### 4. Other Receivables

|                                   | 30-Jun-16<br>EUR | 31-Dec-15<br>EUR |
|-----------------------------------|------------------|------------------|
| Interest receivable on securities | 780,447          | 457,364          |
| Dividend receivable on securities | 54,388           | -                |
| Miscellaneous receivable          | 35,715           | 32,978           |
|                                   | <b>870,550</b>   | <b>490,342</b>   |

#### 5. Cash and Cash Equivalents

|                                     | 30-Jun-16<br>EUR  | 31-Dec-15<br>EUR  |
|-------------------------------------|-------------------|-------------------|
| Cash in hand and cash equivalents*: |                   |                   |
| -CHF                                | 21,915            | 19,170            |
| -DKK                                | 37,667            | 296,098           |
| -EUR                                | 12,321,753        | 13,679,835        |
| -GBP                                | 213,811           | 166,096           |
| -NOK                                | 471,121           | 49,561            |
| -SEK                                | 3,665             | 73,576            |
| -USD                                | 1,373,969         | 91,005            |
|                                     | <b>14,443,901</b> | <b>14,375,341</b> |

## CHEYNE EUROPEAN MID CAP EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

|  | 30-Jun-16<br>EUR  | 31-Dec-15<br>EUR  |
|--|-------------------|-------------------|
| Margin cash:                                   |                   |                   |
| -CHF   | 1,725             | 826               |
| -DKK   | 32,921            | 6,020             |
| -EUR   | 16,332,104        | 8,453,470         |
| -GBP   | 144,969           | 44,321            |
| -NOK   | 80                | 11,517            |
| -SEK   | 1,270             | 1,305             |
| -USD   | 12,239            | 30,928            |
|  | 16,525,308        | 8,548,387         |
| Bank overdraft-margin cash:                    |                   |                   |
| -CHF   | (768)             | (398)             |
| -DKK   | (1,641)           | (2,036)           |
| -EUR   | -                 | (40,032)          |
| -GBP   | (267,318)         | (4,088)           |
| -NOK   | (6,397)           | (1,558)           |
| -SEK   | (6,183)           | (8,502)           |
| -USD   | (7)               | (7)               |
|  | (282,314)         | (56,621)          |
| <b>Total cash in hand and cash equivalents</b> | <b>30,686,895</b> | <b>22,867,107</b> |

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

#### 6. Accrued Expenses

The table below details the accrued expenses at period end:

|                                  | 30-Jun-16<br>EUR | 31-Dec-15<br>EUR |
|----------------------------------|------------------|------------------|
| Dividend payable                 | (97,614)         | (13,767)         |
| Miscellaneous expenses payable   | (32,758)         | (42,029)         |
| Audit fees payable               | (11,221)         | (13,604)         |
| Administration fee payable       | (8,843)          | (10,428)         |
| Interest payable                 | (5,342)          | (2,863)          |
| Custodian fee payable            | (4,670)          | (31,000)         |
| Depository services fees payable | (1,303)          | (3,050)          |
| Directors expense payable        | (248)            | (67)             |
| Directors' fees payable          | (244)            | -                |
| <b>Total</b>                     | <b>(162,243)</b> | <b>(116,808)</b> |

## CHEYNE EUROPEAN MID CAP EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

#### 7. Risks Associated with Financial Instruments

##### **Interest Rate Risk**

Cash flow interest risk arises on cash in hand and cash equivalents. 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 EUR350,455 (31 December 2015: EUR285,387). 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.

**30-Jun-16**

|  | <1<br>month<br>EUR | 1 - 3<br>months<br>EUR | 3 - 12<br>months<br>EUR | >12<br>months<br>EUR | Non-<br>interest<br>bearing<br>EUR | Total<br>EUR       |
|--|--------------------|------------------------|-------------------------|----------------------|------------------------------------|--------------------|
| <b>Assets</b>  |                    |                        |                         |                      |                                    |                    |
| <i>Held for Trading:</i>   |                    |                        |                         |                      |                                    |                    |
| Common stocks  | -                  | -                      | -                       | -                    | 5,282,069                          | 5,282,069          |
| Fixed income securities  | -                  | 17,022,304             | 22,381,876              | -                    | -                                  | 39,404,180         |
| Unrealised gain on CFD   | -                  | -                      | -                       | -                    | 2,348,619                          | 2,348,619          |
| Unrealised gain on forward<br>currency contracts   | -                  | -                      | -                       | -                    | 215,309                            | 215,309            |
| Options  | -                  | -                      | -                       | -                    | 62,040                             | 62,040             |
| <i>Loans and receivables:</i>  |                    |                        |                         |                      |                                    |                    |
| Cash in hand and cash<br>equivalents   | 14,443,901         | -                      | -                       | -                    | -                                  | 14,443,901         |
| Margin cash  | 16,525,308         | -                      | -                       | -                    | -                                  | 16,525,308         |
| Sales awaiting settlement  | -                  | -                      | -                       | -                    | 1,344,578                          | 1,344,578          |
| Other receivables  | -                  | -                      | -                       | -                    | 870,550                            | 870,550            |
| <b>Total assets</b>  | <b>30,969,209</b>  | <b>17,022,304</b>      | <b>22,381,876</b>       | <b>-</b>             | <b>10,123,165</b>                  | <b>80,496,554</b>  |
|  |                    |                        |                         |                      |                                    |                    |
|  | <1<br>month<br>EUR | 1 - 3<br>months<br>EUR | 3 - 12<br>months<br>EUR | >12<br>months<br>EUR | Non-<br>interest<br>bearing<br>EUR | Total<br>EUR       |
| <b>Liabilities</b>   |                    |                        |                         |                      |                                    |                    |
| <i>Held for Trading:</i>   |                    |                        |                         |                      |                                    |                    |
| Unrealised loss on CFD   | -                  | -                      | -                       | -                    | (2,348,729)                        | (2,348,729)        |
| Unrealised loss on futures   | -                  | -                      | -                       | -                    | (182,098)                          | (182,098)          |
| Unrealised loss on forward<br>currency contracts   | -                  | -                      | -                       | -                    | (168,352)                          | (168,352)          |
| <i>Other financial liabilities measured at<br/>amortised cost:</i>                                       |                    |                        |                         |                      |                                    |                    |
| Bank overdraft-margin cash   | (282,314)          | -                      | -                       | -                    | -                                  | (282,314)          |
| Accrued expenses and other<br>payables   | -                  | -                      | -                       | -                    | (362,704)                          | (362,704)          |
| Purchases awaiting settlement  | -                  | -                      | -                       | -                    | (604,543)                          | (604,543)          |
| <b>Total liabilities (excluding<br/>Net Assets Attributable to<br/>Holders of Redeemable<br/>Shares)</b> | <b>(282,314)</b>   | <b>-</b>               | <b>-</b>                | <b>-</b>             | <b>(3,666,426)</b>                 | <b>(3,948,740)</b> |



# CHEYNE EUROPEAN MID CAP EQUITY FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

31-Dec-15

|  | <1<br>month<br>EUR | 1 - 3<br>months<br>EUR | 3 - 12<br>months<br>EUR | >12<br>months<br>EUR | Non-<br>interest<br>bearing<br>EUR | Total<br>EUR      |
|--|--------------------|------------------------|-------------------------|----------------------|------------------------------------|-------------------|
| <b>Assets</b>                                    |                    |                        |                         |                      |                                    |                   |
| <i>Held for Trading:</i>                         |                    |                        |                         |                      |                                    |                   |
| Common stocks                                    | -                  | -                      | -                       | -                    | 33,829,625                         | 33,829,625        |
| Fixed income securities                          | -                  | 17,021,684             | 17,188,555              | -                    | -                                  | 34,210,239        |
| Unrealised gain on CFD                           | -                  | -                      | -                       | -                    | 3,618,153                          | 3,618,153         |
| Unrealised gain on forward<br>currency contracts | -                  | -                      | -                       | -                    | 21,321                             | 21,321            |
| Unrealised gain on futures                       | -                  | -                      | -                       | -                    | 57,714                             | 57,714            |
| <i>Loans and receivables:</i>                    |                    |                        |                         |                      |                                    |                   |
| Cash in hand and cash<br>equivalents             | 14,375,341         | -                      | -                       | -                    | -                                  | 14,375,341        |
| Margin cash                                      | 8,548,387          | -                      | -                       | -                    | -                                  | 8,548,387         |
| Other receivables                                | -                  | -                      | -                       | -                    | 490,342                            | 490,342           |
| <b>Total assets</b>                              | <b>22,923,728</b>  | <b>17,021,684</b>      | <b>17,188,555</b>       | <b>-</b>             | <b>38,017,155</b>                  | <b>95,151,122</b> |

|  | <1<br>month<br>EUR | 1 - 3<br>months<br>EUR | 3 - 12<br>months<br>EUR | >12<br>months<br>EUR | Non-<br>interest<br>bearing<br>EUR | Total<br>EUR       |
|--|--------------------|------------------------|-------------------------|----------------------|------------------------------------|--------------------|
| <b>Liabilities</b>   |                    |                        |                         |                      |                                    |                    |
| <i>Held for Trading:</i>   |                    |                        |                         |                      |                                    |                    |
| Unrealised loss on CFD   | -                  | -                      | -                       | -                    | (2,441,398)                        | (2,441,398)        |
| Unrealised loss on futures   | -                  | -                      | -                       | -                    | (65,910)                           | (65,910)           |
| Unrealised loss on forward<br>currency contracts   | -                  | -                      | -                       | -                    | (120,275)                          | (120,275)          |
| <i>Other financial liabilities measured at<br/>amortised cost:</i>                                       |                    |                        |                         |                      |                                    |                    |
| Bank overdraft – margin cash   | (56,621)           | -                      | -                       | -                    | -                                  | (56,621)           |
| Subscriptions received in advance  | -                  | -                      | -                       | -                    | (161,000)                          | (161,000)          |
| Accrued expenses and other<br>payables   | -                  | -                      | -                       | -                    | (299,658)                          | (299,658)          |
| Purchases awaiting settlement  | -                  | -                      | -                       | -                    | (197,366)                          | (197,366)          |
| <b>Total liabilities (excluding<br/>Net Assets Attributable to<br/>Holders of Redeemable<br/>Shares)</b> | <b>(56,621)</b>    | <b>-</b>               | <b>-</b>                | <b>-</b>             | <b>(3,285,607)</b>                 | <b>(3,342,228)</b> |

## CHEYNE EUROPEAN MID CAP EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

#### 7. 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 30 June 2016 and 31 December 2015:

|              | Total<br>30-Jun-16 | Total<br>31-Dec-15 |
|--------------|--------------------|--------------------|
| Currency     | EUR                | EUR                |
| CHF          | (70,923)           | (27,589)           |
| DKK          | 7,220,568          | 1,999,726          |
| GBP          | 97,618             | 411,292            |
| NOK          | 139,680            | 136,253            |
| SEK          | 8,760              | 14,889             |
| USD          | 37,060             | 107,822            |
| <b>Total</b> | <b>7,432,763</b>   | <b>2,642,393</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 EUR37,164 (31 December 2015: EUR13,212). A decrease of 50 basis points would have had an equal but opposite effect.

Exchange rates used are outlined on page 19 of these financial statements.

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

The tables below analyse the Fund's concentration of mark-to-market risk by geographical and sector distribution for 30 June 2016 and 31 December 2015 (excluding cash).

#### **Country of risk exposure 30 June 2016 and 31 December 2015:**

|                 | Notional<br>Exposure<br>Long<br>EUR | Notional<br>Exposure<br>Short<br>EUR |                 |                  | Notional<br>Exposure<br>Long<br>EUR | Notional<br>Exposure<br>Short<br>EUR |                 |                  |
|-----------------|-------------------------------------|--------------------------------------|-----------------|------------------|-------------------------------------|--------------------------------------|-----------------|------------------|
| Country of risk | 30-Jun-16                           | 30-Jun-16                            | Long<br>(% NAV) | Short<br>(% NAV) | 31-Dec-15                           | 31-Dec-15                            | Long<br>(% NAV) | Short<br>(% NAV) |
| France          | 46,805,679                          | (8,963,587)                          | 61.15           | (11.71)          | 40,601,210                          | (4,305,566)                          | 44.23           | (4.69)           |
| Germany         | 24,855,211                          | (6,410,534)                          | 32.48           | (8.38)           | 35,788,869                          | (10,764,293)                         | 38.99           | (11.72)          |
| Britain         | 11,247,353                          | (7,991,755)                          | 14.69           | (10.44)          | 7,031,329                           | (6,018,279)                          | 7.66            | (6.55)           |
| Norway          | 7,746,630                           | -                                    | 10.12           | -                | 2,277,130                           | -                                    | 2.48            | -                |
| Denmark         | 7,188,536                           | -                                    | 9.39            | -                | 5,334,329                           | (1,786,636)                          | 5.81            | (1.95)           |
| Ireland         | 5,587,551                           | -                                    | 7.30            | -                | 9,615,053                           | -                                    | 10.47           | -                |
| Sweden          | 1,595,045                           | (4,723,990)                          | 2.08            | (6.17)           | 1,968,212                           | (6,573,710)                          | 2.14            | (7.16)           |
| Austria         | 382,294                             | -                                    | 0.50            | -                | -                                   | -                                    | -               | -                |
| Italy           | -                                   | -                                    | -               | -                | 7,962,607                           | (1,072,625)                          | 8.67            | (1.17)           |
| Spain           | -                                   | (3,388,192)                          | -               | (4.43)           | 2,383,342                           | (5,357,761)                          | 2.60            | (5.84)           |
| Netherlands     | -                                   | -                                    | -               | -                | 2,142,560                           | (298,112)                            | 2.34            | (0.32)           |
| Finland         | -                                   | (1,938,835)                          | -               | (2.53)           | 837,881                             | (1,329,478)                          | 0.91            | (1.45)           |
| Belgium         | -                                   | -                                    | -               | -                | -                                   | (2,245,445)                          | -               | (2.45)           |
| Switzerland     | -                                   | (4,709,684)                          | -               | (6.15)           | -                                   | (1,883,123)                          | -               | (2.05)           |
| Europe          | -                                   | (9,284,853)                          | -               | (12.13)          | -                                   | (15,924,510)                         | -               | (17.35)          |
| <b>Total</b>    | <b>105,408,299</b>                  | <b>(47,411,430)</b>                  | <b>137.71</b>   | <b>(61.94)</b>   | <b>115,942,522</b>                  | <b>(57,559,538)</b>                  | <b>126.30</b>   | <b>(62.70)</b>   |

## CHEYNE EUROPEAN MID CAP EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

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

##### Sector exposure 30 June 2016 and 31 December 2015:

| Sector                    | Notional<br>Exposure<br>Long<br>EUR | Notional<br>Exposure<br>Short<br>EUR | Long<br>(% NAV) | Short<br>(% NAV) | Notional<br>Exposure<br>Long<br>EUR | Notional<br>Exposure<br>Short<br>EUR | Long<br>(% NAV) | Short<br>(% NAV) |
|---------------------------|-------------------------------------|--------------------------------------|-----------------|------------------|-------------------------------------|--------------------------------------|-----------------|------------------|
|                           | 30-Jun-16                           | 30-Jun-16                            |                 |                  | 31-Dec-15                           | 31-Dec-15                            |                 |                  |
| Government                | 40,152,572                          | -                                    | 52.45           | -                | 34,211,851                          | -                                    | 37.27           | -                |
| Consumer,<br>Non-cyclical | 21,790,116                          | (11,164,913)                         | 28.47           | (14.59)          | 13,208,289                          | (9,181,024)                          | 14.39           | (10.00)          |
| Industrial                | 11,840,683                          | (7,229,725)                          | 15.47           | (9.44)           | 19,874,184                          | (11,270,372)                         | 21.65           | (12.28)          |
| Consumer, Cyclical        | 9,622,183                           | (3,327,912)                          | 12.58           | (4.35)           | 28,156,145                          | (4,046,756)                          | 30.67           | (4.41)           |
| Communication             | 9,576,119                           | (1,340,589)                          | 12.51           | (1.75)           | 10,240,329                          | (911,727)                            | 11.16           | (0.99)           |
| Technology                | 4,372,022                           | (2,714,971)                          | 5.71            | (3.55)           | 5,089,544                           | (5,220,602)                          | 5.54            | (5.69)           |
| Basic Materials           | 4,278,539                           | (5,346,803)                          | 5.59            | (6.98)           | -                                   | (3,630,347)                          | -               | (3.95)           |
| Financial                 | 2,954,017                           | -                                    | 3.86            | -                | -                                   | -                                    | -               | -                |
| Energy                    | 822,048                             | -                                    | 1.07            | -                | 2,327,202                           | -                                    | 2.53            | -                |
| Diversified               | -                                   | (915,789)                            | -               | (1.20)           | -                                   | -                                    | -               | -                |
| Utilities                 | -                                   | -                                    | -               | -                | 2,834,978                           | (593,806)                            | 3.09            | (0.65)           |
| Index                     | -                                   | (15,370,728)                         | -               | (20.08)          | -                                   | (22,704,904)                         | -               | (24.73)          |
| <b>Total</b>              | <b>105,408,299</b>                  | <b>(47,411,430)</b>                  | <b>137.71</b>   | <b>(61.94)</b>   | <b>115,942,522</b>                  | <b>(57,559,538)</b>                  | <b>126.30</b>   | <b>(62.70)</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.

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 the 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.

## CHEYNE EUROPEAN MID CAP EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

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

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 of Ireland. This approach does not allow for any kind of netting or hedging. The average leverage of 200% (31 December 2015: 24%) has been computed using data calculated daily and was calculated over the period ranging from inception of the Fund until 30 June 2016.

##### **VaR utilisation during the period ended 30 June 2016**

| Lowest | Highest | Average |
|--------|---------|---------|
| 2.78%  | 7.49%   | 4.98%   |

##### **VaR utilisation during the year ended 31 December 2015**

| Lowest | Highest | Average |
|--------|---------|---------|
| 3.20%  | 9.18%   | 5.81%   |

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

The tables below indicate the long-term credit ratings of the counterparties of financial assets held as at 30 June 2016 and 31 December 2015:

##### **30-Jun-16**

|                | <b>Moody's</b> | <b>Standard &amp; Poor's</b> | <b>Fitch</b> |
|----------------|----------------|------------------------------|--------------|
| Citibank       | Baa1           | BBB+                         | A            |
| Goldman Sachs  | A3             | BBB+                         | A            |
| Morgan Stanley | A3             | BBB+                         | A            |

##### **31-Dec-15**

|                | <b>Moody's</b> | <b>Standard &amp; Poor's</b> | <b>Fitch</b> |
|----------------|----------------|------------------------------|--------------|
| Citibank       | A1             | A                            | A+           |
| Goldman Sachs  | A3             | BBB+                         | A            |
| Morgan Stanley | A3             | BBB+                         | A            |

## CHEYNE EUROPEAN MID CAP EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

#### 7. 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 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:

|              | Notional<br>Exposure<br>Long<br>EUR | Notional<br>Exposure<br>Short<br>EUR | Long<br>(% NAV) | Short<br>(% NAV) | Notional<br>Exposure<br>Long<br>EUR | Notional<br>Exposure<br>Short<br>EUR | Long<br>(% NAV) | Short<br>(% NAV) |
|--------------|-------------------------------------|--------------------------------------|-----------------|------------------|-------------------------------------|--------------------------------------|-----------------|------------------|
| Rating       | 30-June-16                          | 30-June-16                           |                 |                  | 31-Dec-15                           | 31-Dec-15                            |                 |                  |
| AAA          | 17,023,545                          | -                                    | 22.24           | -                | 17,023,321                          | -                                    | 18.55           | -                |
| AA           | 23,129,027                          | -                                    | 30.22           | -                | 17,188,530                          | -                                    | 18.73           | -                |
| Not rated    | 65,255,727                          | (47,411,430)                         | 85.25           | (61.94)          | 81,730,671                          | (57,559,538)                         | 89.02           | (62.70)          |
| <b>Total</b> | <b>105,408,299</b>                  | <b>(47,411,430)</b>                  | <b>137.71</b>   | <b>(61.94)</b>   | <b>115,942,522</b>                  | <b>(57,559,538)</b>                  | <b>126.30</b>   | <b>(62.70)</b>   |

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

| Financial Instrument                          | Total<br>30-Jun-16<br>EUR | Total<br>31-Dec-15<br>EUR |
|---|---------------------------|---------------------------|
| Common stocks                                 | 5,282,069                 | 33,829,625                |
| Fixed income securities                       | 39,404,180                | 34,210,239                |
| Options                                       | 62,040                    | -                         |
| Unrealised gain on forward currency contracts | 215,309                   | 21,321                    |
| Unrealised gain on CFD                        | 2,348,619                 | 3,618,153                 |
| Unrealised gain on futures                    | -                         | 57,714                    |
| Cash in hand and cash equivalents             | 14,443,901                | 14,375,341                |
| Margin cash                                   | 16,525,308                | 8,548,387                 |
| Sales awaiting settlement                     | 1,344,578                 | -                         |
| Other receivables                             | 870,550                   | 490,342                   |
| <b>Total</b>                                  | <b>80,496,554</b>         | <b>95,151,122</b>         |

## CHEYNE EUROPEAN MID CAP EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

##### *Liquidity risk*

The following table details the residual contractual maturities of financial liabilities at 30 June 2016:

|  | <b>&lt;1<br/>month<br/>EUR</b> | <b>1 - 3<br/>months<br/>EUR</b> | <b>&gt;3<br/>months<br/>EUR</b> | <b>No<br/>maturity<br/>EUR</b> | <b>Total<br/>EUR</b> |
|--|--------------------------------|---------------------------------|---------------------------------|--------------------------------|----------------------|
| Bank overdraft-margin cash   | (282,314)                      | -                               | -                               | -                              | (282,314)            |
| Accrued expenses and other payables  | (362,704)                      | -                               | -                               | -                              | (362,704)            |
| Purchases awaiting settlement  | (604,543)                      | -                               | -                               | -                              | (604,543)            |
| Unrealised loss on forward currency contracts  | (159,839)                      | (8,513)                         | -                               | -                              | (168,352)            |
| Unrealised loss on CFD   | (2,348,729)                    | -                               | -                               | -                              | (2,348,729)          |
| Unrealised loss on futures   | -                              | (182,098)                       | -                               | -                              | (182,098)            |
| Net assets attributable to holder of redeemable shares                                       | (76,547,814)                   | -                               | -                               | -                              | (76,547,814)         |
| <b>Total liabilities (including net assets attributable to holders of redeemable shares)</b> | <b>(80,305,943)</b>            | <b>(190,611)</b>                | <b>-</b>                        | <b>-</b>                       | <b>(80,496,554)</b>  |

The following table details the residual contractual maturities of financial liabilities at 31 December 2015:

|  | <b>&lt;1<br/>month<br/>EUR</b> | <b>1 - 3<br/>months<br/>EUR</b> | <b>&gt;3<br/>months<br/>EUR</b> | <b>No<br/>maturity<br/>EUR</b> | <b>Total<br/>EUR</b> |
|--|--------------------------------|---------------------------------|---------------------------------|--------------------------------|----------------------|
| Bank overdraft-margin cash   | (56,621)                       | -                               | -                               | -                              | (56,621)             |
| Subscriptions received in advance  | (161,000)                      | -                               | -                               | -                              | (161,000)            |
| Accrued expenses and other payables  | (299,658)                      | -                               | -                               | -                              | (299,658)            |
| Purchases awaiting settlement  | (197,366)                      | -                               | -                               | -                              | (197,366)            |
| Unrealised loss on forward currency contracts  | (1,617)                        | (118,658)                       | -                               | -                              | (120,275)            |
| Unrealised loss on CFD   | (2,441,398)                    | -                               | -                               | -                              | (2,441,398)          |
| Unrealised loss on futures   | (61,785)                       | (4,125)                         | -                               | -                              | (65,910)             |
| Net assets attributable to holder of redeemable shares                                       | (91,808,894)                   | -                               | -                               | -                              | (91,808,894)         |
| <b>Total liabilities (including net assets attributable to holders of redeemable shares)</b> | <b>(95,028,339)</b>            | <b>(122,783)</b>                | <b>-</b>                        | <b>-</b>                       | <b>(95,151,122)</b>  |

For details on market risk, please refer to Note 4 of the aggregated financial statements.

## CHEYNE EUROPEAN MID CAP EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

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

|   | 30-Jun-16<br>EUR   | 30-Jun-15<br>EUR |
|---|--------------------|------------------|
| <b><i>Held for trading:</i></b>   |                    |                  |
| Net realised (loss)/gain on investments   | (1,157,120)        | 6,917,300        |
| Movement in unrealised loss on investments  | (2,721,636)        | (1,078,811)      |
| <b>Net (loss)/gain on financial assets and liabilities at fair value through profit or loss</b> | <b>(3,878,756)</b> | <b>5,838,489</b> |

#### 9. Net Assets Attributable to Holders of Redeemable Shares

In accordance with the provisions of the Prospectus, formation costs are amortised and then written off over a period of 60 months. This treatment is contrary to IFRS which requires such costs to be expensed when incurred. Therefore, for reporting purposes, an adjustment of EUR5,388 (31 December 2015: EUR6,567) is made to reconcile the Statement of Financial Position. During the period ended 30 June 2016 there were no new invoices for formation costs (31 December 2015: EURNil). The cumulative differences are included as "Adjustment for revaluation of net assets attributable to holders of redeemable shares" in the Statement of Financial Position.

#### 10. Connected and Related Party Transactions

For details of connected and related party transactions please see Note 6 of the aggregated financial statements.

During the period Directors' fees of EUR10,800 (30 June 2015: EUR5,632) were charged to the Fund, out of which EUR244 remained unpaid as at 30 June 2016 (31 December 2015: EURNil).

During the period an investment advisory fee of EUR287,292 (30 June 2015: EUR138,938) was charged to the Fund, out of which EUR44,988 remained unpaid as at 30 June 2016 (31 December 2015: EUR53,994).

During the period an investment management fee of EUR430,938 (30 June 2016: EUR208,408) was charged to the Fund, out of which EUR67,482 remained unpaid as at 30 June 2016 (31 December 2015: EUR80,990).

During the period a performance allocation of EURNil (30 June 2015: EUR871,600) was charged to the Fund, out of which EURNil remained unpaid as at 30 June 2016 (31 December 2015: EURNil).

During the period a portfolio support fee of EUR32,833 (30 June 2015: EUR21,311) was charged to the Fund, out of which EUR5,142 remained unpaid as at 30 June 2016 (31 December 2015: EUR6,171).

During the period research and data fees of EUR41,154 (30 June 2015: EUR29,530) were charged to the Fund, out of which EUR82,849 remained unpaid as at 30 June 2016 (31 December 2015: EUR41,695). The research and data fees' amounts disclosed in this note are VAT inclusive.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM  
1 JANUARY 2016 TO 30 JUNE 2016 (Continued)

**10. Connected and Related Party Transactions (continued)**

*Other related parties*

As at 30 June 2016, 12,450.54 (31 December 2015: 12,450.54) shares in MC-I1 (USD) are held by Cheyne Global Equity Fund L.P. which is managed by the same Investment Manager.

As at 30 June 2016, 16,133.23 (31 December 2015: 16,752.81) shares of Class MC-I2 (EUR) are held by FCP Diversification Prudentielle which is managed by the same Investment Manager.

As at 30 June 2016, Nil (31 December 2015: 2,379.19) shares of MC-I (USD) are held by Cheyne Multistrategy L.P. which was managed by the same Investment Manager.

**11. Significant Events During the Period**

Please refer to Note 10 of the aggregated financial statements for the significant events notes during the period.

**12. Subsequent Events Since the Period End**

There is no significant event affecting the Fund since the period end.



# CHEYNE SELECT UCITS FUND plc

## PORTFOLIO STATEMENT AS AT 30 JUNE 2016

### CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

#### Financial assets at fair value through profit or loss

| <b>Convertible bonds</b>       |   |                           |                            |
|--------------------------------|---|---------------------------|----------------------------|
| <b>Nominal</b>                 | <b>Security Description</b>                                 | <b>Fair Value<br/>EUR</b> | <b>% of<br/>Net Assets</b> |
| <b>EUR</b>                     |   |                           |                            |
| 1,100,000                      | Aabar Investments Pjsc 0.50% 27/03/2020                     | 850,053                   | 1.90%                      |
| 1,200,000                      | Ablynx Nv 3.25% 27/05/2020                                  | 1,356,372                 | 3.04%                      |
| 1,000,000                      | Aurelius Se & Co Kgaa 1.00% 01/12/2020                      | 1,169,790                 | 2.62%                      |
| 1,000,000                      | Azimut Holding Spa 2.13% 25/11/2020                         | 1,028,580                 | 2.30%                      |
| 1,000,000                      | Bnp Paribas Sa 0.25% 27/09/2016                             | 1,007,790                 | 2.26%                      |
| 1,000,000                      | Cez Mh Bv 0.00% 04/08/2017                                  | 1,012,190                 | 2.27%                      |
| 1,000,000                      | Grand City Properties Sa 0.25% 02/03/2022                   | 1,035,335                 | 2.32%                      |
| 500,000                        | Heidelberger Druckmaschinen Ag 8.50% 10/07/2017             | 547,798                   | 1.23%                      |
| 1,000,000                      | Magyar Nemzeti Vagyonkezelő Zrt 3.38% 02/04/2019            | 1,127,420                 | 2.53%                      |
| 1,000,000                      | Maire Tecnimont Spa 5.75% 20/02/2019                        | 1,191,355                 | 2.67%                      |
| 1,000,000                      | Siemens Industries Inc 2.25% 02/06/2021                     | 1,030,000                 | 2.31%                      |
|                                |   | <b>11,356,683</b>         | <b>25.45%</b>              |
| <b>GBP</b>                     |   |                           |                            |
| 900,000                        | Bp Capital Markets Plc 1.00% 28/04/2023                     | 1,163,727                 | 2.61%                      |
| 1,000,000                      | Market Tech Holdings Ltd 2.00% 31/03/2020                   | 1,186,268                 | 2.66%                      |
| 1,000,000                      | St Modwen Properties Securities Jersey Ltd 2.88% 06/03/2019 | 1,153,237                 | 2.58%                      |
|                                |   | <b>3,503,232</b>          | <b>7.85%</b>               |
| <b>JPY</b>                     |   |                           |                            |
| 100,000,000                    | Daio Paper Corp 0.00% 17/09/2020                            | 886,070                   | 1.98%                      |
| 100,000,000                    | Sony Corp 0.00% 30/09/2022                                  | 916,621                   | 2.05%                      |
| 200,000,000                    | Wessex Ltd 0.00% 06/11/2020                                 | 316,743                   | 0.71%                      |
| 100,000,000                    | Wessex Ltd 0.00% 20/11/2020                                 | 45,186                    | 0.10%                      |
| 150,000,000                    | Wessex Ltd 0.00% 30/11/2020                                 | 140,824                   | 0.32%                      |
|                                |   | <b>2,305,444</b>          | <b>5.16%</b>               |
| <b>SEK</b>                     |   |                           |                            |
| 10,000,000                     | Industrivärden Ab 0.00% 15/05/2019                          | 1,165,276                 | 2.61%                      |
|                                |   | <b>1,165,276</b>          | <b>2.61%</b>               |
| <b>USD</b>                     |   |                           |                            |
| 1,000,000                      | China Railway Construction Corp Ltd 0.00% 29/01/2021        | 1,043,166                 | 2.33%                      |
| 1,000,000                      | Crotona Asset Ltd 4.00% 14/04/2019                          | 918,075                   | 2.06%                      |
| 750,000                        | Cypress Semiconductor Corp 4.50% 15/01/2022                 | 720,522                   | 1.61%                      |
| 1,000,000                      | Inphi Corp 1.13% 01/12/2020                                 | 954,057                   | 2.14%                      |
| 1,000,000                      | Medicines Co/The 2.75% 15/07/2023                           | 866,034                   | 1.94%                      |
| 1,000,000                      | Nuvasive Inc 2.25% 15/03/2021                               | 1,066,169                 | 2.39%                      |
| 1,000,000                      | Nxp Semiconductors Nv 1.00% 01/12/2019                      | 977,744                   | 2.19%                      |
| 1,000,000                      | Total Sa 0.50% 02/12/2022                                   | 911,382                   | 2.04%                      |
| 1,000,000                      | Vereit Inc 3.00% 01/08/2018                                 | 890,688                   | 1.99%                      |
| 1,000,000                      | Vipshop Holdings Ltd 1.50% 15/03/2019                       | 888,802                   | 1.99%                      |
|                                |   | <b>9,236,639</b>          | <b>20.68%</b>              |
| <b>Total convertible bonds</b> |   | <b>27,567,274</b>         | <b>61.75%</b>              |

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 30 JUNE 2016 (Continued)**

**CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND (Continued)**

**Financial assets at fair value through profit or loss (continued)**

**Options**

| Notional/<br>Quantity | Securities          | Covered | Strike<br>Price | Maturity<br>Date | Counterparty    | Fair<br>Value<br>EUR | % of<br>Net Assets |
|-----------------------|---------------------|---------|-----------------|------------------|-----------------|----------------------|--------------------|
| <b>EUR</b>            |                     |         |                 |                  |                 |                      |                    |
| 50                    | Dax Index           | No      | 9,850           | 16/09/2016       | Morgan Stanley  | 78,325               | 0.18%              |
| 80                    | Euro Stoxx 50 Index | No      | 2,900           | 16/09/2016       | Morgan Stanley  | 82,600               | 0.19%              |
|                       |                     |         |                 |                  |                 | <b>160,925</b>       | <b>0.37%</b>       |
| <b>JPY</b>            |                     |         |                 |                  |                 |                      |                    |
| 400,000,000           | Gs Yuasa            | No      | 40              | 13/03/2019       | Bank of Nomura  | 12,078               | 0.03%              |
| 100,000,000           | His Corp            | No      | 55              | 30/08/2019       | Bank of Nomura  | 56,701               | 0.13%              |
| 100,000,000           | K'S Denki Corp      | No      | 80              | 30/03/2021       | Bank of Nomura  | 62,628               | 0.14%              |
| 200,000,000           | Nissho              | No      | 55              | 29/01/2019       | Bank of Nomura  | 170,209              | 0.38%              |
| 150,000,000           | Park24              | No      | 50              | 26/04/2018       | Bank of Nomura  | 487,909              | 1.09%              |
| 200,000,000           | Resorttrust         | No      | 60              | 17/11/2017       | Bank of Nomura  | 63,947               | 0.14%              |
| 200,000,000           | Sbi Holdings        | No      | 205             | 02/11/2017       | Bank of America | 56,788               | 0.13%              |
| 200,000,000           | Suzuki Motor Corp   | No      | 75              | 31/03/2023       | Mizuho Bank     | 145,709              | 0.33%              |
| 150,000,000           | Terumo Corp         | No      | 35              | 06/12/2021       | Bank of Nomura  | 369,472              | 0.83%              |
| 200,000,000           | Yamada Denki Co Ltd | No      | 55              | 28/06/2019       | Bank of Nomura  | 282,874              | 0.63%              |
|                       |                     |         |                 |                  |                 | <b>1,708,315</b>     | <b>3.83%</b>       |
| <b>USD</b>            |                     |         |                 |                  |                 |                      |                    |
|                       |                     |         |                 |                  | JP Morgan       |                      |                    |
| 3,500,000             | Htinl               | No      | 500             | 13/02/2017       | Chase           | 56,843               | 0.13%              |
| 30                    | S&P 500 Index       | No      | 2,100           | 16/09/2016       | Morgan Stanley  | 129,079              | 0.29%              |
|                       |                     |         |                 |                  |                 | <b>185,922</b>       | <b>0.42%</b>       |
| <b>Total options</b>  |                     |         |                 |                  |                 | <b>2,055,162</b>     | <b>4.62%</b>       |

**Contracts for difference**

| Notional   | Underlying Securities                 | Counterparty     | Unrealised<br>Gain<br>EUR | % of Net<br>Assets |
|------------|---------------------------------------|------------------|---------------------------|--------------------|
| <b>EUR</b> |                                       |                  |                           |                    |
| 1,600,000  | Air New Zealand Ltd 1.375% 17/07/2019 | BNP Paribas      | 35,643                    | 0.08%              |
| (34,350)   | Aurubis Ag                            | Societe Generale | 172                       | 0.00%              |
| (14,400)   | Azimut Holding Spa                    | Morgan Stanley   | 6,264                     | 0.01%              |
| 29,000     | Fonciere Regions 3.34% 01/01/2017     | BNP Paribas      | 58,841                    | 0.13%              |
| (453,510)  | Marine Harvest Asa                    | Societe Generale | 35,769                    | 0.08%              |
| 2,000,000  | Nh Hoteles Sa 4.00% 08/11/2018        | Societe Generale | 15,488                    | 0.03%              |
| 4,500,000  | Steinhoff Finance 0.00% 30/01/2021    | BNP Paribas      | 239,955                   | 0.54%              |
|            |                                       |                  | <b>392,132</b>            | <b>0.87%</b>       |

# CHEYNE SELECT UCITS FUND plc

## PORTFOLIO STATEMENT AS AT 30 JUNE 2016 (Continued)

### CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND (Continued)

#### Financial assets at fair value through profit or loss (continued)

##### Contracts for difference (continued)

| Notional  | Underlying Securities                                    | Counterparty     | Unrealised Gain<br>EUR | % of<br>Net<br>Assets |
|-----------|--|------------------|------------------------|-----------------------|
|           | <b>GBP</b>   |                  |                        |                       |
| 2,000,000 | Blndln 1.50% 10/09/2017                                  | Societe Generale | 60,425                 | 0.14%                 |
| 2,000,000 | Remgro Jersey Gb 2.625% 22/03/2021                       | Societe Generale | 153,475                | 0.34%                 |
|           |  |                  | <b>213,900</b>         | <b>0.48%</b>          |
|           | <b>USD</b>   |                  |                        |                       |
| 2,000,000 | Capral Ltd 1.625% 15/05/2018                             | BNP Paribas      | 67,373                 | 0.15%                 |
| 4,500,000 | Citrix Systems Inc 0.50% 15/04/2019                      | Societe Generale | 73,490                 | 0.16%                 |
| 3,000,000 | CRM 0.25% 01/04/2018                                     | Societe Generale | 81,395                 | 0.18%                 |
| 4,000,000 | Ctrip.Com International Ltd                              | BNP Paribas      | 159,146                | 0.36%                 |
| 2,750,000 | Emergent Biosolutions Inc 2.875% 15/01/2021              | BNP Paribas      | 11,456                 | 0.03%                 |
| 3,000,000 | NVDA 1.00% 01/12/2018                                    | BNP Paribas      | 154,920                | 0.35%                 |
| 2,000,000 | Palo Alto Networks Inc 0.00% 07/01/2019                  | Societe Generale | 85,278                 | 0.19%                 |
| 3,000,000 | Priceline.Com 0.00% 15/03/2018                           | Societe Generale | 121,931                | 0.27%                 |
| 4,000,000 | Tesla Motors Inc 1.25% 03/01/2021                        | BNP Paribas      | 35,242                 | 0.08%                 |
| 2,000,000 | Xinaog 0.00% 26/02/2018                                  | Societe Generale | 22,665                 | 0.05%                 |
|           |  |                  | <b>812,896</b>         | <b>1.82%</b>          |
|           | <b>Total unrealised gain on contracts for difference</b> |                  | <b>1,418,928</b>       | <b>3.17%</b>          |

##### Futures

| Number of<br>Contracts | Securities                              | Counterparty   | Unrealised Gain<br>EUR | % of<br>Net<br>Assets |
|------------------------|---|----------------|------------------------|-----------------------|
|                        | <b>EUR</b>                              |                |                        |                       |
| (5)                    | Dax Index Future September 16           | Morgan Stanley | 44,344                 | 0.09%                 |
| (60)                   | Euro Stoxx 50 Future September 16       | Morgan Stanley | 60,900                 | 0.14%                 |
|                        |   |                | <b>105,244</b>         | <b>0.23%</b>          |
|                        | <b>USD</b>                              |                |                        |                       |
| (30)                   | S&P500 Emini Future September 16        | Morgan Stanley | 30,244                 | 0.07%                 |
|                        |   |                | <b>30,244</b>          | <b>0.07%</b>          |
|                        | <b>Total unrealised gain on futures</b> |                | <b>135,488</b>         | <b>0.30%</b>          |

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 30 JUNE 2016 (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> |
|--|---------------------|----------------------|--------------------|----------------------------|------------------------|
| 20/09/2016   | Morgan Stanley      | EUR1,171,123         | SEK(11,000,000)    | 1,804                      | 0.00%                  |
| 20/09/2016   | Morgan Stanley      | EUR5,494,355         | GBP(4,364,000)     | 255,742                    | 0.57%                  |
| 20/09/2016   | Morgan Stanley      | USD30,135,500        | EUR(26,954,157)    | 88,857                     | 0.20%                  |
| 20/09/2016   | Morgan Stanley      | EUR33,476            | GBP(26,000)        | 2,265                      | 0.01%                  |
| 20/09/2016   | Morgan Stanley      | USD7,000,000         | EUR(6,131,484)     | 150,180                    | 0.34%                  |
| 20/09/2016   | Morgan Stanley      | JPY265,000,000       | EUR(2,197,970)     | 126,844                    | 0.28%                  |
| 20/09/2016   | Morgan Stanley      | HKD17,000,000        | EUR(1,922,323)     | 46,065                     | 0.10%                  |
| 20/09/2016   | Morgan Stanley      | EUR8,348             | CHF(9,000)         | 18                         | 0.00%                  |
| 20/09/2016   | Morgan Stanley      | EUR23,642            | CHF(25,500)        | 40                         | 0.00%                  |
| 20/09/2016   | Morgan Stanley      | EUR21,365            | GBP(17,500)        | 358                        | 0.00%                  |
| 20/09/2016   | Morgan Stanley      | EUR35,852            | GBP(29,660)        | 248                        | 0.00%                  |
| <b>Total unrealised gain on forward currency contracts</b> |                     |                      |                    | <b>672,421</b>             | <b>1.50%</b>           |

# CHEYNE SELECT UCITS FUND plc

## PORTFOLIO STATEMENT AS AT 30 JUNE 2016 (Continued)

### CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND (Continued)

#### Financial liabilities at fair value through profit or loss

| Options              |                  |         |              |               |                  |                |                 |
|----------------------|------------------|---------|--------------|---------------|------------------|----------------|-----------------|
| Notional             | Securities       | Covered | Strike Price | Maturity Date | Counterparty     | Fair Value EUR | % of Net Assets |
| <b>JPY</b>           |                  |         |              |               |                  |                |                 |
| 300,000,000          | Aderan           | No      | 58           | 07/10/2017    | Bank of Nomura   | -              | 0.00%           |
| 300,000,000          | Lixil Group Corp | No      | 40           | 04/03/2022    | Bank of Nomura   | -              | 0.00%           |
|                      |                  |         |              |               | Daiwa Securities |                |                 |
| 300,000,000          | Mitsumi          | No      | 50           | 03/08/2020    | Group            | -              | 0.00%           |
| 200,000,000          | Obara Group Inc  | No      | 70           | 08/04/2020    | Bank of Nomura   | -              | 0.00%           |
|                      |                  |         |              |               | Daiwa Securities |                |                 |
| 400,000,000          | T&D Holdings Inc | No      | 28           | 06/05/2020    | Group            | -              | 0.00%           |
|                      | Takashimaya Co   |         |              |               |                  |                |                 |
| 300,000,000          | Ltd              | No      | 35           | 11/12/2018    | Bank of Nomura   | -              | 0.00%           |
|                      |                  |         |              |               |                  | <b>0.00</b>    | <b>0.00%</b>    |
| <b>USD</b>           |                  |         |              |               |                  |                |                 |
| 1,000,000            | Srtgij           | No      | 580          | 26/05/2018    | Standard Charter | -              | 0.00%           |
|                      |                  |         |              |               |                  | <b>0.00</b>    | <b>0.00%</b>    |
| <b>Total options</b> |                  |         |              |               |                  | <b>0.00</b>    | <b>0.00%</b>    |

#### Contracts for difference

| Notional   | Underlying Securities               | Counterparty     | Unrealised Loss EUR | % of Net Assets |
|------------|-------------------------------------|------------------|---------------------|-----------------|
| <b>EUR</b> |                                     |                  |                     |                 |
| (50,684)   | Ablynx Nv                           | Morgan Stanley   | (23,442)            | (0.05)%         |
| (10,000)   | Aurelius Se & Co Kgaa               | Morgan Stanley   | (15,950)            | (0.04)%         |
| (60,055)   | Buzzi Unicem Spa                    | BNP Paribas      | (47,143)            | (0.11)%         |
| (22,243)   | Fonciere Des Regions                | BNP Paribas      | (55,496)            | (0.12)%         |
| (235,000)  | Maire Tecnimont Spa                 | Morgan Stanley   | (9,635)             | (0.02)%         |
| 5,000,000  | Marine Harvest 0.00% 06/05/2019     | Societe Generale | (47,190)            | (0.11)%         |
| (203,293)  | Nh Hotel Group Sa                   | Societe Generale | (20,329)            | (0.05)%         |
| 3,500,000  | Salzgitter Finance 0.00% 08/11/2017 | Societe Generale | (31,455)            | (0.07)%         |
| (759,938)  | Steinhoff International Holdings Nv | BNP Paribas      | (265,757)           | (0.60)%         |
| (55,000)   | Subsea 7 Sa                         | Morgan Stanley   | (24,691)            | (0.06)%         |
| (3,000)    | Unibail-Rodamco 0.00% 01/07/2021    | BNP Paribas      | (3,627)             | (0.01)%         |
|            |                                     |                  | <b>(544,715)</b>    | <b>(1.24)%</b>  |
| <b>GBP</b> |                                     |                  |                     |                 |
| (86,571)   | British Land Co Plc/The             | Societe Generale | (57,554)            | (0.13)%         |
| (107,020)  | Mediclinic International Plc        | Societe Generale | (122,255)           | (0.27)%         |
|            |                                     |                  | <b>(179,809)</b>    | <b>(0.40)%</b>  |
| <b>HKD</b> |                                     |                  |                     |                 |
| (79,000)   | Enn Energy Holdings Ltd             | Societe Generale | (23,832)            | (0.05)%         |
|            |                                     |                  | <b>(23,832)</b>     | <b>(0.05)%</b>  |

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 30 JUNE 2016 (Continued)**

**CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND (Continued)**

**Financial liabilities at fair value through profit or loss (continued)**

**Contracts for difference (continued)**

| <b>Notional</b>  | <b>Underlying Securities</b>                   | <b>Counterparty</b> | <b>Unrealised<br/>Loss<br/>EUR</b> | <b>% of<br/>Net<br/>Assets</b> |
|--|--|---------------------|------------------------------------|--------------------------------|
| <b>JPY</b>   |  |                     |                                    |                                |
| (65,000)   | Dcm Holdings Co Ltd                            | Morgan Stanley      | (61,594)                           | (0.14)%                        |
| (34,000)   | Kandenko Co Ltd                                | Morgan Stanley      | (3,580)                            | (0.01)%                        |
| (21,000)   | Konami Holdings Corp                           | Morgan Stanley      | (21,190)                           | (0.05)%                        |
| (54,000)   | Nipro Corp                                     | Morgan Stanley      | (31,034)                           | (0.07)%                        |
| (44,000)   | Park24 Co Ltd                                  | Morgan Stanley      | (59,839)                           | (0.13)%                        |
| (22,500)   | Resorttrust Inc                                | Morgan Stanley      | (19,939)                           | (0.04)%                        |
| (27,500)   | Sbi Holdings Inc/Japan                         | Morgan Stanley      | (9,048)                            | (0.02)%                        |
| (19,000)   | Suzuki Motor Corp                              | Morgan Stanley      | (15,504)                           | (0.03)%                        |
| (26,000)   | Terumo Corp                                    | Morgan Stanley      | (7,984)                            | (0.02)%                        |
| (9,000)  | Transcosmos Inc                                | Morgan Stanley      | (6,831)                            | (0.02)%                        |
| (180,000)  | Yamada Denki Co Ltd                            | Morgan Stanley      | (3,948)                            | (0.01)%                        |
|  |  |                     | <b>(240,491)</b>                   | <b>(0.54)%</b>                 |
| <b>USD</b>   |  |                     |                                    |                                |
| (27,325)   | Aperam Sa                                      | BNP Paribas         | (37,597)                           | (0.08)%                        |
| 2,000,000  | Artisan Partners Asset Ma -A 0.625% 08/07/2021 | BNP Paribas         | (120,569)                          | (0.27)%                        |
| (45,810)   | Calatlantic Group Inc                          | BNP Paribas         | (84,532)                           | (0.19)%                        |
| (25,000)   | Citrix Systems Inc                             | Societe Generale    | (68,747)                           | (0.15)%                        |
| (67,356)   | Ctrip.Com International Ltd                    | BNP Paribas         | (199,773)                          | (0.45)%                        |
| (59,450)   | Emergent Biosolutions Inc                      | BNP Paribas         | (46,824)                           | (0.10)%                        |
| 4,000,000  | Extra Space Storage Inc 3.125% 01/10/2035      | Societe Generale    | (16,584)                           | (0.04)%                        |
| (23,000)   | Extra Space Storage Inc                        | Societe Generale    | (46,064)                           | (0.10)%                        |
| (10,000)   | Inphi Corp                                     | Morgan Stanley      | (54,863)                           | (0.12)%                        |
| (145,812)  | Nvidia Corp                                    | BNP Paribas         | (232,968)                          | (0.52)%                        |
| (13,058)   | Palo Alto Networks Inc                         | Societe Generale    | (68,055)                           | (0.15)%                        |
| (2,541)  | Priceline Group Inc/The                        | Societe Generale    | (143,947)                          | (0.32)%                        |
| 2,500,000  | Qihoo 360 Technology Co Ltd 1.75% 15/08/2021   | BNP Paribas         | (21,237)                           | (0.05)%                        |
| (34,100)   | Salesforce.Com Inc                             | Societe Generale    | (102,826)                          | (0.23)%                        |
| (6,200)  | Tesla Motors Inc                               | BNP Paribas         | (76,597)                           | (0.17)%                        |
|  |  |                     | <b>(1,321,183)</b>                 | <b>(2.94)%</b>                 |
| <b>Total unrealised loss on contracts for difference</b> |  |                     | <b>(2,310,030)</b>                 | <b>(5.17)%</b>                 |

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 30 JUNE 2016 (Continued)**

**CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND (Continued)**

**Financial liabilities at fair value through profit or loss (continued)**

| <b>Forward currency contracts</b>                                       |                     |                      |                    | <b>Unrealised<br/>Loss</b> | <b>% of</b>                |
|---|---------------------|----------------------|--------------------|----------------------------|----------------------------|
| <b>Maturity<br/>Date</b>  | <b>Counterparty</b> | <b>Amount Bought</b> | <b>Amount Sold</b> | <b>EUR</b>                 | <b>Net Assets</b>          |
| 20/09/2016  | Morgan Stanley      | EUR24,569            | USD(27,588)        | (188)                      | 0.00%                      |
| 20/09/2016  | Morgan Stanley      | EUR734,012           | CAD(1,073,000)     | (7,521)                    | (0.02)%                    |
| 20/09/2016  | Morgan Stanley      | EUR2,495,847         | HKD(21,693,000)    | (15,932)                   | (0.04)%                    |
| 20/09/2016  | Morgan Stanley      | EUR6,058,292         | JPY(703,506,000)   | (113,484)                  | (0.25)%                    |
| 20/09/2016  | Morgan Stanley      | CHF4,517,500         | EUR(4,193,393)     | (12,053)                   | (0.03)%                    |
| 20/09/2016  | Morgan Stanley      | EUR17,762,526        | USD(19,859,000)    | (58,556)                   | (0.13)%                    |
| 20/09/2016  | Morgan Stanley      | GBP3,150,500         | EUR(3,966,536)     | (184,628)                  | (0.41)%                    |
| 20/09/2016  | Morgan Stanley      | EUR222,267           | USD(253,000)       | (4,770)                    | (0.01)%                    |
| 20/09/2016  | Morgan Stanley      | EUR37,679            | CHF(41,000)        | (270)                      | 0.00%                      |
| 20/09/2016  | Morgan Stanley      | GBP1,550,000         | EUR(2,019,330)     | (158,686)                  | (0.36)%                    |
| 20/09/2016  | Morgan Stanley      | EUR20,962,891        | USD(23,388,808)    | (25,773)                   | (0.06)%                    |
| 20/09/2016  | Morgan Stanley      | EUR137,720           | USD(153,800)       | (297)                      | 0.00%                      |
| 20/09/2016  | Morgan Stanley      | USD103,000           | EUR(92,916)        | (486)                      | 0.00%                      |
| 20/09/2016  | Morgan Stanley      | EUR8,400             | GBP(7,000)         | (3)                        | 0.00%                      |
| 20/09/2016  | Morgan Stanley      | EUR11,074            | CHF(12,000)        | (33)                       | 0.00%                      |
| 20/09/2016  | Morgan Stanley      | EUR28,062            | CHF(30,502)        | (171)                      | (0.00)%                    |
| <b>Total unrealised loss on forward currency contracts</b>              |                     |                      |                    | <b>(582,851)</b>           | <b>(1.31)%</b>             |
|   |                     |                      |                    | <b>Fair Value<br/>EUR</b>  | <b>% of<br/>Net Assets</b> |
| <b>Total financial assets at fair value through profit or loss</b>      |                     |                      |                    | 31,849,273                 | 71.34%                     |
| <b>Total financial liabilities at fair value through profit or loss</b> |                     |                      |                    | (2,892,881)                | (6.48)%                    |
| <b>Other net assets</b>   |                     |                      |                    | 15,691,317                 | 35.14%                     |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>          |                     |                      |                    | <b>44,647,709</b>          | <b>100.00%</b>             |

|   | <b>% of<br/>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                         | 55.88%                       |
| 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  | 0.86%                        |
| e) OTC Derivatives  | 7.82%                        |
| f) Other assets   | 35.44%                       |
| <b>Total Assets</b>   | <b>100.00%</b>               |

# CHEYNE SELECT UCITS FUND plc

## PORTFOLIO STATEMENT AS AT 30 JUNE 2016 (Continued)

### CHEYNE GLOBAL CREDIT FUND

#### Financial assets at fair value through profit or loss

##### Fixed income securities

| Nominal    | Security Description                                  | Fair Value<br>EUR | % of<br>Net Assets |
|------------|---|-------------------|--------------------|
| <b>EUR</b> |   |                   |                    |
| 8,250,000  | American International Group Inc 4.88% 15/03/2067     | 8,305,853         | 7.67%              |
| 1,000,000  | Bertelsmann Se & Co Kgaa 4.75% 26/09/2016             | 1,010,751         | 0.93%              |
| 5,000,000  | Bmw Finance Nv 0.00% 05/09/2016                       | 5,000,945         | 4.61%              |
| 4,850,000  | Enbw International Finance Bv 4.25% 19/10/2016        | 4,911,413         | 4.54%              |
| 4,000,000  | Gas Natural Capital Markets Sa 4.38% 02/11/2016       | 4,057,266         | 3.75%              |
| 2,606,000  | General Electric Co 4.63% 15/09/2066                  | 2,623,770         | 2.42%              |
| 5,000,000  | Hbos Plc 0.44% 21/03/2017                             | 4,993,900         | 4.61%              |
| 1,150,000  | Heineken Nv 4.63% 10/10/2016                          | 1,164,347         | 1.08%              |
| 1,490,000  | Linde Finance Bv 7.38% 14/07/2066                     | 1,495,439         | 1.38%              |
| 2,000,000  | Rci Banque Sa 1.75% 06/07/2016                        | 2,000,110         | 1.85%              |
| 12,000,000 | Siemens Financieringsmaatschappij Nv 5.25% 14/09/2066 | 12,106,956        | 11.18%             |
| 2,700,000  | Vivendi Sa 4.25% 01/12/2016                           | 2,748,238         | 2.54%              |
|            |   | <b>50,418,988</b> | <b>46.56%</b>      |
| <b>GBP</b> |   |                   |                    |
| 4,000,000  | Ge Capital Trust V 5.50% 15/09/2066                   | 4,836,666         | 4.47%              |
| 9,306,000  | General Electric Co 5.50% 15/09/2066                  | 11,254,967        | 10.39%             |
|            |   | <b>16,091,633</b> | <b>14.86%</b>      |
| <b>USD</b> |   |                   |                    |
| 5,000,000  | Anheuser-Busch Inbev Finance Inc 1.90% 01/02/2021     | 4,640,182         | 4.29%              |
| 5,000,000  | At&T Inc 1.56% 30/06/2020                             | 4,485,636         | 4.14%              |
| 6,000,000  | Hewlett Packard Enterprise Co 2.37% 05/10/2017        | 5,459,058         | 5.04%              |
|            |   | <b>14,584,876</b> | <b>13.47%</b>      |
|            | <b>Total fixed income securities</b>                  | <b>81,095,497</b> | <b>74.89%</b>      |

##### Credit default swaps

| Nominal     | Security Description                     | Fair Value<br>EUR | % of<br>Net Assets |
|-------------|--|-------------------|--------------------|
| <b>EUR</b>  |  |                   |                    |
| (500,000)   | Airbus Group Se 1.00% 20/12/2020         | 7,249             | 0.01%              |
| (3,000,000) | Airbus Group Se 1.00% 20/12/2021         | 41,277            | 0.04%              |
| (1,000,000) | Aktiebolaget Volvo 1.00% 20/03/2017      | 5,256             | 0.00%              |
| (3,500,000) | Auchan Sa 6.00% 15/04/2019               | 71,075            | 0.06%              |
| (4,000,000) | Bae Systems Plc 1.00% 20/03/2019         | 49,293            | 0.04%              |
| (4,000,000) | British Airways Plc 5.00% 20/06/2019     | 464,052           | 0.43%              |
| (4,500,000) | British Tel Plc 5.75% 07/12/2028         | 26,302            | 0.02%              |
| (3,000,000) | Carlsberg Breweries A/S 1.00% 20/12/2020 | 44,464            | 0.04%              |
| (4,750,000) | Carrefour 1.00% 20/12/2018               | 77,181            | 0.07%              |
| (1,000,000) | Cnh Industrial Nv 5.00% 20/12/2018       | 70,201            | 0.06%              |



# CHEYNE SELECT UCITS FUND plc

## PORTFOLIO STATEMENT AS AT 30 JUNE 2016 (Continued)

### CHEYNE GLOBAL CREDIT FUND (Continued)

#### Financial assets at fair value through profit or loss (continued)

##### Credit default swaps (continued)

| Nominal     | Security Description                                     | Fair Value<br>EUR | % of<br>Net Assets |
|-------------|--|-------------------|--------------------|
| <b>EUR</b>  |  |                   |                    |
| (4,500,000) | Compagnie Financiere Du Groupe Michelin 1.00% 20/12/2020 | 95,949            | 0.09%              |
| (500,000)   | Continental Aktiengesellschaft 5.00% 20/03/2018          | 40,937            | 0.04%              |
| (2,000,000) | Continental Aktiengesellschaft 5.00% 20/06/2018          | 187,091           | 0.17%              |
| (5,000,000) | Credit Suisse Group Ltd 3.00% 20/06/2019                 | 210,569           | 0.19%              |
| (1,750,000) | Daimler Ag 1.00% 20/06/2020                              | 27,901            | 0.03%              |
| (2,000,000) | E.On Se 1.00% 20/12/2020                                 | 18,526            | 0.02%              |
| (3,000,000) | Electricite De France 1.00% 20/12/2020                   | 21,296            | 0.02%              |
| (3,500,000) | Electrolux Ab 1.00% 05/12/2019                           | 75,982            | 0.07%              |
| (1,000,000) | Fce Bank Plc 5.00% 20/12/2017                            | 64,413            | 0.06%              |
| (2,000,000) | Fce Bank Plc 5.00% 20/12/2018                            | 201,222           | 0.19%              |
| (2,000,000) | Fiat Industrial Spa 5.00% 20/06/2018                     | 125,565           | 0.12%              |
| (2,500,000) | Glencore International Ag 1.00% 20/12/2016               | 7,272             | 0.01%              |
| (1,000,000) | Heidelbergcement Ag 5.00% 20/06/2018                     | 87,222            | 0.08%              |
| (3,500,000) | Iberdrola 1.00% 20/12/2020                               | 28,121            | 0.03%              |
| (3,000,000) | Imperial Tobacco Group Plc 1.00% 20/12/2020              | 12,023            | 0.01%              |
| (5,000,000) | Itraxx Europe 1.00% 20/06/2020                           | 35,913            | 0.03%              |
| (1,000,000) | Jaguar Land Rover Automo 5.00% 15/02/2022                | 68,581            | 0.06%              |
| (1,000,000) | Jaguar Land Rover Automotive Plc 5.00% 20/06/2020        | 72,855            | 0.07%              |
| (1,000,000) | Jaguar Land Rover Automotive Plc 5.00% 20/12/2018        | 63,062            | 0.06%              |
| (4,000,000) | Kering 1.00% 20/12/2018                                  | 60,533            | 0.06%              |
| (1,000,000) | Lafarge 1.00% 20/09/2018                                 | 14,690            | 0.01%              |
| (2,000,000) | Nokia Oyj 5.00% 20/06/2020                               | 303,566           | 0.28%              |
| (4,300,000) | Pernod Ricard 1.00% 20/06/2019                           | 74,064            | 0.07%              |
| (500,000)   | Schaeffler Finance Bv 5.00% 20/12/2018                   | 46,465            | 0.04%              |
| (2,000,000) | Schaeffler Finance Bv 5.00% 20/12/2019                   | 233,218           | 0.22%              |
| (3,000,000) | Stora Enso Oyj 5.00% 20/12/2020                          | 449,278           | 0.41%              |
| (2,000,000) | Tdc A/S 1.00% 20/12/2019                                 | 8,198             | 0.01%              |
| (2,000,000) | Telefonaktiebolaget L M Ericsson 1.00% 20/12/2020        | 13,114            | 0.01%              |
| (500,000)   | UPC Holding Bv 5.00% 20/03/2020                          | 45,592            | 0.04%              |
| (2,750,000) | UPC Holding Bv 5.00% 20/12/2018                          | 222,306           | 0.21%              |
| (1,250,000) | UPC Holding Bv 5.00% 20/12/2019                          | 112,895           | 0.10%              |
| (4,000,000) | Veolia Environnement 1.00% 20/12/2020                    | 66,552            | 0.06%              |
| (1,000,000) | Virgin Media Finance Plc 5.00% 20/03/2019                | 78,774            | 0.07%              |
| (2,000,000) | Virgin Media Finance Plc 5.00% 20/03/2019                | 157,549           | 0.15%              |
| (1,000,000) | Virgin Media Finance Plc 5.00% 20/12/2019                | 84,404            | 0.08%              |
| (3,000,000) | WPP 2005 Ltd 1.00% 20/12/2020                            | 56,784            | 0.05%              |
| (1,000,000) | WPP Plc 6.00% 04/04/2017                                 | 17,964            | 0.02%              |
|             |  | <b>4,346,796</b>  | <b>4.01%</b>       |

# CHEYNE SELECT UCITS FUND plc

## PORTFOLIO STATEMENT AS AT 30 JUNE 2016 (Continued)

### CHEYNE GLOBAL CREDIT FUND (Continued)

#### Financial assets at fair value through profit or loss (continued)

##### Credit default swaps (continued)

| Nominal                            | Security Description                                       | Fair Value<br>EUR | % of<br>Net Assets |
|------------------------------------|--|-------------------|--------------------|
| <b>USD</b>                         |  |                   |                    |
| (2,000,000)                        | Ally Financial Inc 5.00% 20/09/2016                        | 16,210            | 0.01%              |
| (3,500,000)                        | Ally Financial Inc 5.00% 20/12/2018                        | 228,615           | 0.21%              |
| (3,000,000)                        | American Axle & Manufacturing Inc 5.00% 20/06/2019         | 254,561           | 0.24%              |
| (6,000,000)                        | Bank Of America Corp 5.65% 01/05/2018                      | 16,924            | 0.02%              |
| (8,000,000)                        | Berkshire Hathaway Inc. 1.00% 20/06/2021                   | 402               | 0.00%              |
| (1,000,000)                        | Boston Scientific Corporation 1.00% 20/03/2018             | 13,559            | 0.01%              |
| (4,000,000)                        | Carnival Corporation 1.00% 20/06/2021                      | 61,244            | 0.06%              |
| (4,000,000)                        | Cdx Na IG Series 26 5yr Xr 1.00% 20/06/2021                | 38,428            | 0.04%              |
| (1,500,000)                        | Cisco Systems, Inc 1.00% 20/12/2017                        | 18,224            | 0.02%              |
| (4,000,000)                        | Conagra Foods 1.00% 20/12/2020                             | 67,597            | 0.06%              |
| (3,000,000)                        | Exelon Generation Co 1.00% 20/12/2018                      | 5,670             | 0.01%              |
| (5,000,000)                        | Ford Motor Cred 5.00% 15/05/2018                           | 760,345           | 0.70%              |
| (1,000,000)                        | Frontier Communications Corporation 5.00% 20/06/2020       | 8,513             | 0.01%              |
| (2,500,000)                        | Frontier Communications Corporation 5.00% 20/12/2018       | 107,333           | 0.10%              |
| (2,000,000)                        | Hca Inc 5.00% 20/12/2020                                   | 240,838           | 0.22%              |
| (4,000,000)                        | International Lease Finance Corporation 5.00% 20/12/2020   | 423,923           | 0.39%              |
| (5,000,000)                        | Jpmorgan Chase 1.00% 20/06/2020                            | 80,588            | 0.07%              |
| (3,000,000)                        | Lincoln National Corporation 1.00% 20/06/2019              | 7,159             | 0.01%              |
| (3,000,000)                        | Meritor Inc 5.00% 20/12/2019                               | 99,603            | 0.09%              |
| (2,000,000)                        | Navient Corporation 5.00% 20/06/2018                       | 64,820            | 0.06%              |
| (3,000,000)                        | Pultegroup Inc 5.00% 20/06/2020                            | 395,752           | 0.37%              |
| (3,000,000)                        | Royal Caribbean Cruises Ltd 5.00% 20/06/2020               | 346,890           | 0.32%              |
| (3,000,000)                        | Simon Property Group Lp 1.00% 20/12/2020                   | 39,259            | 0.04%              |
| (1,000,000)                        | Supervalu Inc 5.00% 20/03/2019                             | 13,440            | 0.01%              |
| (1,000,000)                        | Supervalu Inc 5.00% 20/09/2018                             | 41,814            | 0.04%              |
| (1,000,000)                        | Supervalu Inc 5.00% 20/12/2018                             | 27,176            | 0.03%              |
| (3,000,000)                        | The Goodyear Tire & Rubber Co 5.00% 20/06/2021             | 358,377           | 0.33%              |
| (1,500,000)                        | The Hartford Financial Services Group Inc 1.00% 20/06/2020 | 25,812            | 0.02%              |
| (3,000,000)                        | The Hartford Financial Services Group Inc 1.00% 20/12/2020 | 46,425            | 0.04%              |
| (3,000,000)                        | The Interpublic Group of Co Inc 1.00% 20/06/2018           | 41,243            | 0.04%              |
| (1,000,000)                        | The Interpublic Group of Co Inc 1.00% 20/09/2017           | 9,333             | 0.01%              |
| (1,000,000)                        | The Interpublic Group of Co Inc 1.00% 20/09/2018           | 14,775            | 0.01%              |
| (2,000,000)                        | Time Warner Cable Inc 1.00% 20/03/2020                     | 39,101            | 0.04%              |
| (3,500,000)                        | Time Warner Cable Inc 1.00% 20/06/2020                     | 68,427            | 0.06%              |
| (800,000)                          | Unum Group 1.00% 20/12/2017                                | 3,259             | 0.00%              |
| (5,500,000)                        | Verizon Communications Inc 1.00% 20/03/2020                | 90,484            | 0.08%              |
| (1,000,000)                        | Windstream Corporation 5.00% 20/12/2018                    | 33,679            | 0.03%              |
|                                    |  | <b>4,109,802</b>  | <b>3.80%</b>       |
| <b>Total credit default swaps*</b> |  | <b>8,456,598</b>  | <b>7.81%</b>       |

# CHEYNE SELECT UCITS FUND plc

## PORTFOLIO STATEMENT AS AT 30 JUNE 2016 (Continued)

### CHEYNE GLOBAL CREDIT FUND (Continued)

#### Financial assets at fair value through profit or loss (continued)

| Swaptions              |                      |         |              |               |                 |                |                 |
|------------------------|----------------------|---------|--------------|---------------|-----------------|----------------|-----------------|
| Notional               | Security Description | Covered | Strike Price | Maturity Date | Counterparty    | Fair value EUR | % of Net Assets |
| <b>EUR</b>             |                      |         |              |               |                 |                |                 |
| 30,000,000             | Itraxx Main 25 Aug16 | No      | 100          | 17/08/2016    | JP Morgan Chase | 57,192         | 0.05%           |
| 30,000,000             | Itraxx Main 25 Aug16 | No      | 105          | 17/08/2016    | JP Morgan Chase | 44,447         | 0.04%           |
|                        |                      |         |              |               |                 | <b>101,639</b> | <b>0.09%</b>    |
| <b>USD</b>             |                      |         |              |               |                 |                |                 |
| 30,000,000             | Cdx Ig 26 Aug 16     | No      | 1            | 17/08/2016    | Citibank        | 20,009         | 0.02%           |
| 30,000,000             | Cdx Ig 26 Jul 16     | No      | 1            | 17/08/2016    | Citibank        | 39,648         | 0.04%           |
|                        |                      |         |              |               |                 | <b>59,657</b>  | <b>0.06%</b>    |
| <b>Total swaptions</b> |                      |         |              |               |                 | <b>161,296</b> | <b>0.15%</b>    |

#### Forward currency contracts

| Maturity Date  | Counterparty | Amount Bought | Amount Sold     | Unrealised Gain EUR | % of Net Assets |
|--|--------------|---------------|-----------------|---------------------|-----------------|
| 20/09/2016   | Citibank     | CHF6,255,790  | EUR(5,789,937)  | 340                 | 0.00%           |
| 20/09/2016   | Citibank     | EUR17,415,436 | GBP(13,815,000) | 831,698             | 0.77%           |
| 20/09/2016   | Citibank     | USD24,159,482 | EUR(21,529,195) | 151,056             | 0.14%           |
| 20/09/2016   | Citibank     | EUR72,757     | CHF(78,200)     | 376                 | 0.00%           |
| 20/09/2016   | Citibank     | EUR13,069     | GBP(10,700)     | 225                 | 0.00%           |
| 20/09/2016   | Citibank     | EUR35,585     | GBP(29,472)     | 206                 | 0.00%           |
| <b>Total unrealised gain on forward currency contracts</b> |              |               |                 | <b>983,901</b>      | <b>0.91%</b>    |

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 30 JUNE 2016 (Continued)**

**CHEYNE GLOBAL CREDIT FUND (Continued)**

**Financial liabilities at fair value through profit or loss**

**Credit default swaps**

| <b>Notional</b> | <b>Security Description</b>                           | <b>Fair Value<br/>EUR</b> | <b>% of<br/>Net Assets</b> |
|-----------------|---|---------------------------|----------------------------|
| <b>EUR</b>      |   |                           |                            |
| (4,500,000)     | Brit Sky Broadca 6.00% 21/05/2027                     | (5,121)                   | (0.01)%                    |
| (1,000,000)     | Casino Guichard-Perrachon 1.00% 20/06/2020            | (46,678)                  | (0.05)%                    |
| (4,500,000)     | Cgnu Plc 6.125% 14/11/2036                            | (216,747)                 | (0.20)%                    |
| (1,500,000)     | Gkn Holdings Plc 6.75% 28/10/2019                     | (58,955)                  | (0.05)%                    |
| (750,000)       | Glencore International Ag 1.00% 20/06/2020            | (69,588)                  | (0.06)%                    |
| (1,500,000)     | Heathrow Funding Ltd 1.00% 20/06/2021                 | (28,082)                  | (0.03)%                    |
| (2,000,000)     | Heathrow Funding Ltd 1.00% 20/12/2019                 | (4,351)                   | 0.00%                      |
| 5,000,000       | Itraxx Europe 1.00% 20/06/2021                        | (39,490)                  | (0.04)%                    |
| 10,000,000      | Itraxx Europe 1.00% 20/12/2020                        | (71,827)                  | (0.07)%                    |
| (1,000,000)     | Lloyds Bank Plc 1.00% 20/12/2020                      | (42,511)                  | (0.04)%                    |
| (2,500,000)     | Renault 1.00% 20/12/2020                              | (17,364)                  | (0.02)%                    |
| (3,000,000)     | Rolls-Royce Plc 1.00% 20/12/2020                      | (47,367)                  | (0.04)%                    |
| 5,000,000       | Siegr 1.00% 20/09/2016                                | (10,296)                  | (0.01)%                    |
| 1,000,000       | Siegr 5.625% 11/06/2018                               | (2,059)                   | 0.00%                      |
| 2,000,000       | Siemens Aktiengesellschaft 1.00% 20/09/2016           | (4,118)                   | 0.00%                      |
| (1,000,000)     | Tesco Plc 1.00% 20/12/2020                            | (64,877)                  | (0.06)%                    |
| (3,500,000)     | Thyssenkrupp Ag 1.00% 20/12/2020                      | (144,547)                 | (0.13)%                    |
| (4,500,000)     | Vodafone Group 5.00% 04/06/2018                       | (2,686)                   | 0.00%                      |
| (750,000)       | Volkswagen Aktiengesellschaft 1.00% 20/06/2020        | (1,808)                   | 0.00%                      |
|                 |   | <b>(878,472)</b>          | <b>(0.81)%</b>             |
| <b>USD</b>      |   |                           |                            |
| 4,500,000       | American International Group 1.00% 20/03/2017         | (24,644)                  | (0.03)%                    |
| (1,500,000)     | Dell Inc 1.00% 20/06/2021                             | (190,878)                 | (0.18)%                    |
| (2,000,000)     | Dell Inc 1.00% 20/12/2018                             | (46,185)                  | (0.05)%                    |
| (2,000,000)     | Domtar Corpotation 1.00% 20/06/2021                   | (48,422)                  | (0.04)%                    |
| 6,000,000       | Gen Elec Cap Crp 1.00% 20/09/2016                     | (11,148)                  | (0.01)%                    |
| 7,000,000       | General Electric Capital Corporation 1.00% 20/09/2016 | (13,006)                  | (0.01)%                    |
| (3,000,000)     | Hp Inc 1.00% 20/12/2020                               | (55,159)                  | (0.05)%                    |
| (2,000,000)     | L Brands Inc 1.00% 20/06/2021                         | (99,907)                  | (0.09)%                    |
| (5,000,000)     | Metlife Inc 1.00% 20/12/2020                          | (35,555)                  | (0.03)%                    |
| (3,000,000)     | Prudential Financial 1.00% 20/12/2020                 | (14,874)                  | (0.01)%                    |
| (200,000)       | Windstream Corporation 5.00% 20/03/2020               | (366)                     | 0.00%                      |
| (500,000)       | Windstream Corporation 5.00% 20/12/2020               | (15,962)                  | (0.01)%                    |
| (1,000,000)     | Windstream Services 5.00% 20/06/2020                  | (9,061)                   | (0.01)%                    |
|                 |   | <b>(565,167)</b>          | <b>(0.52)%</b>             |
|                 | <b>Total credit default swaps*</b>                    | <b>(1,443,639)</b>        | <b>(1.33)%</b>             |

\* As at 30 June 2016, the credit default swaps were held with Barclays, Bank of America, Bank of Nomura, BNP Paribas, Citibank, Credit Suisse, Deutsche Bank AG, Goldman Sachs, JP Morgan chase and Morgan Stanley.

# CHEYNE SELECT UCITS FUND plc

## PORTFOLIO STATEMENT AS AT 30 JUNE 2016 (Continued)

### CHEYNE GLOBAL CREDIT FUND (Continued)

#### Financial liabilities at fair value through profit or loss (continued)

#### Forward currency contracts

| Maturity Date | Counterparty | Amount Bought | Amount Sold     | Unrealised loss EUR | % of Net Assets |
|---------------|--------------|---------------|-----------------|---------------------|-----------------|
| 20/09/2016    | Citibank     | EUR23,460,441 | USD(26,326,674) | (164,606)           | (0.16)%         |
| 20/09/2016    | Citibank     | GBP930,952    | EUR(1,173,575)  | (56,046)            | (0.05)%         |
| 20/09/2016    | Citibank     | EUR524,929    | USD(600,000)    | (13,499)            | (0.01)%         |
| 20/09/2016    | Citibank     | EUR29,682     | CHF(32,092)     | (22)                | 0.00%           |
| 20/09/2016    | Citibank     | EUR237,290    | USD(264,900)    | (426)               | 0.00%           |
| 20/09/2016    | Citibank     | EUR23,916     | CHF(25,865)     | (24)                | 0.00%           |

|  |                  |                |
|--|------------------|----------------|
| <b>Total unrealised loss on forward currency contracts</b> | <b>(234,623)</b> | <b>(0.22)%</b> |
|--|------------------|----------------|

|   | Fair Value EUR     | % of Net Assets |
|---|--------------------|-----------------|
| <b>Total financial assets at fair value through profit or loss</b>      | 90,697,292         | 83.76%          |
| <b>Total financial liabilities at fair value through profit or loss</b> | (1,678,262)        | (1.55%)         |
| <b>Other net assets</b>   | 19,257,927         | 17.79%          |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>          | <b>108,276,957</b> | <b>100.00%</b>  |

| Analysis of Total Assets:   | % of Total Assets |
|---|-------------------|
| a) Transferable securities and money market instruments admitted to official stock exchange listings or a traded regulated market                         | 71.76%            |
| 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  | 8.50%             |
| f) Other assets   | 19.74%            |
| <b>Total Assets</b>   | <b>100.00%</b>    |

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 30 JUNE 2016 (Continued)**

**CHEYNE EUROPEAN MID CAP EQUITY FUND**

**Financial assets at fair value through profit or loss**

| <b>Common stocks</b>                 |   |                     |                                    |                                |
|--------------------------------------|---|---------------------|------------------------------------|--------------------------------|
| <b>Shares</b>                        | <b>Security Description</b>                 |                     | <b>Fair Value<br/>EUR</b>          | <b>% of<br/>Net<br/>Assets</b> |
| <b>EUR</b>                           |   |                     |                                    |                                |
| 47,687                               | Rheinmetall Ag                              |                     | 2,539,571                          | 3.32%                          |
| 63,489                               | United Internet Ag                          |                     | 2,360,204                          | 3.08%                          |
| 30,197                               | Wienerberger Ag                             |                     | 382,294                            | 0.50%                          |
|                                      |   |                     | <b>5,282,069</b>                   | <b>6.90%</b>                   |
| <b>Total common stocks</b>           |   |                     | <b>5,282,069</b>                   | <b>6.90%</b>                   |
| <b>Fixed income securities</b>       |   |                     |                                    |                                |
| <b>EUR</b>                           |   |                     |                                    |                                |
| 17,000,000                           | Bundesschatzanweisungen 0.00% 16/09/2016    |                     | 17,022,304                         | 22.24%                         |
| 22,000,000                           | France Government Bond Oat 5.00% 25/10/2016 |                     | 22,381,876                         | 29.24%                         |
|                                      |   |                     | <b>39,404,180</b>                  | <b>51.48%</b>                  |
| <b>Total fixed income securities</b> |   |                     | <b>39,404,180</b>                  | <b>51.48%</b>                  |
| <b>Contracts for difference</b>      |   |                     |                                    |                                |
| <b>Notional</b>                      | <b>Underlying Securities</b>                | <b>Counterparty</b> | <b>Unrealised<br/>Gain<br/>EUR</b> | <b>% of<br/>Net<br/>Assets</b> |
| <b>DKK</b>                           |   |                     |                                    |                                |
| 12,308                               | Novozymes A/S                               | Goldman Sachs       | 18,311                             | 0.02%                          |
| 30,220                               | Pandora A/S                                 | Goldman Sachs       | 169,176                            | 0.22%                          |
|                                      |   |                     | <b>187,487</b>                     | <b>0.24%</b>                   |
| <b>EUR</b>                           |   |                     |                                    |                                |
| (14,849)                             | Aeroports De Paris                          | Goldman Sachs       | 121,945                            | 0.17%                          |
| 212,761                              | Altran Technologies Sa                      | Goldman Sachs       | 58,798                             | 0.08%                          |
| (69,114)                             | Amadeus It Holding Sa                       | Goldman Sachs       | 75,002                             | 0.10%                          |
| 13,302                               | Arkema Sa                                   | Goldman Sachs       | 3,699                              | 0.00%                          |
| 23,656                               | Cie De Saint-Gobain Sa                      | Goldman Sachs       | 9,358                              | 0.01%                          |
| (53,229)                             | Deutsche Post Ag                            | Goldman Sachs       | 13,719                             | 0.02%                          |
| (27,017)                             | Fuchs Petrolub Se                           | Goldman Sachs       | 71,096                             | 0.09%                          |
| (8,410)                              | STXE MID 200 Index                          | Goldman Sachs       | 17,389                             | 0.02%                          |
| (1,942)                              | STXE MID 200 Index                          | Morgan Stanley      | 39,913                             | 0.05%                          |
| (44,131)                             | Jcdecaux Sa                                 | Goldman Sachs       | 265,025                            | 0.35%                          |
| 27,780                               | Orpea                                       | Goldman Sachs       | 35,026                             | 0.05%                          |
| 31,024                               | Prosiebensat.1 Media Se                     | Goldman Sachs       | 12,714                             | 0.02%                          |
| 43,550                               | Publicis Groupe Sa                          | Goldman Sachs       | 77,516                             | 0.10%                          |
| 19,811                               | Societe Bic Sa                              | Goldman Sachs       | 52,451                             | 0.07%                          |
| (271,071)                            | Stora Enso Oyj                              | Goldman Sachs       | 30,183                             | 0.04%                          |
| 68,306                               | Ubisoft Entertainment                       | Goldman Sachs       | 57,408                             | 0.07%                          |
|                                      |   |                     | <b>941,242</b>                     | <b>1.24%</b>                   |

# CHEYNE SELECT UCITS FUND plc

## PORTFOLIO STATEMENT AS AT 30 JUNE 2016 (Continued)

### CHEYNE EUROPEAN MID CAP EQUITY FUND (Continued)

#### Financial assets at fair value through profit or loss (continued)

##### Contracts for difference (continued)

| Notional   | Underlying Securities    | Counterparty   | Unrealised<br>Gain<br>EUR | % of<br>Net Assets |
|--|--------------------------|----------------|---------------------------|--------------------|
| <b>GBP</b>   |                          |                |                           |                    |
| 477,280  | Auto Trader Group Plc    | Goldman Sachs  | 4,019                     | 0.01%              |
| 126,479  | Burberry Group Plc       | Goldman Sachs  | 103,038                   | 0.13%              |
| 89,885   | Crh Plc                  | Goldman Sachs  | 265,381                   | 0.36%              |
| 214,776  | Howden Joinery Group Plc | Goldman Sachs  | 9,823                     | 0.01%              |
| (308,716)  | Mitie Group Plc          | Goldman Sachs  | 108,186                   | 0.14%              |
| (594)  | Russell UK Mid 150 Index | Goldman Sachs  | 153,165                   | 0.20%              |
| (279)  | Russell UK Mid 150 Index | Morgan Stanley | 39,978                    | 0.05%              |
| 76,614   | Shire Plc                | Goldman Sachs  | 382,468                   | 0.50%              |
| (212,046)  | Thomas Cook Group Plc    | Goldman Sachs  | 3,412                     | 0.00%              |
|  |                          |                | <b>1,069,470</b>          | <b>1.40%</b>       |
| <b>NOK</b>   |                          |                |                           |                    |
| 367,882  | Grieg Seafood Asa        | Goldman Sachs  | 61,673                    | 0.08%              |
|  |                          |                | <b>61,673</b>             | <b>0.08%</b>       |
| <b>SEK</b>   |                          |                |                           |                    |
| 66,043   | Electrolux Ab            | Goldman Sachs  | 5,290                     | 0.01%              |
| (252,164)  | Husqvarna Ab             | Goldman Sachs  | 83,457                    | 0.11%              |
|  |                          |                | <b>88,747</b>             | <b>0.12%</b>       |
| <b>Total unrealised gain on contracts for difference</b> |                          |                | <b>2,348,619</b>          | <b>3.08%</b>       |

##### Options

| Quantity             | Securities             | Covered | Strike<br>Price | Maturity<br>Date | Counterparty      | Fair<br>Value<br>EUR | % of<br>Net Assets |
|----------------------|------------------------|---------|-----------------|------------------|-------------------|----------------------|--------------------|
| <b>EUR</b>           |                        |         |                 |                  |                   |                      |                    |
| 330                  | Euro STOXX 50<br>Index | No      | 2,875           | 01/07/2016       | Morgan<br>Stanley | 62,040               | 0.08%              |
|                      |                        |         |                 |                  |                   | <b>62,040</b>        | <b>0.08%</b>       |
| <b>Total options</b> |                        |         |                 |                  |                   | <b>62,040</b>        | <b>0.08%</b>       |

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 30 JUNE 2016 (Continued)**

**CHEYNE EUROPEAN MID CAP EQUITY FUND (Continued)**

**Financial assets at fair value through profit or loss (continued)**

| <b>Forward currency contracts</b> |                     |                      |                    | <b>Unrealised</b> | <b>% of</b>       |
|-----------------------------------|---------------------|----------------------|--------------------|-------------------|-------------------|
| <b>Maturity</b>                   |                     |                      |                    | <b>Gain</b>       | <b>Net Assets</b> |
| <b>Date</b>                       | <b>Counterparty</b> | <b>Amount Bought</b> | <b>Amount Sold</b> | <b>EUR</b>        |                   |
| 21/07/2016                        | Citibank            | EUR213,210           | GBP(170,000)       | 8,777             | 0.01%             |
| 21/07/2016                        | Citibank            | NOK1,600,000         | EUR(171,052)       | 920               | 0.00%             |
| 21/07/2016                        | Citibank            | EUR75,661            | GBP(60,000)        | 3,508             | 0.00%             |
| 21/07/2016                        | Citibank            | EUR150,651           | NOK(1,400,000)     | 175               | 0.00%             |
| 21/07/2016                        | Citibank            | DKK7,500,000         | EUR(1,008,081)     | 12                | 0.00%             |
| 21/07/2016                        | Citibank            | EUR75,665            | NOK(700,000)       | 427               | 0.00%             |
| 21/07/2016                        | Citibank            | EUR63,949            | GBP(50,000)        | 3,821             | 0.00%             |
| 21/07/2016                        | Citibank            | EUR86,479            | NOK(800,000)       | 493               | 0.00%             |
| 21/07/2016                        | Citibank            | EUR118,983           | NOK(1,100,000)     | 752               | 0.00%             |
| 21/07/2016                        | Citibank            | EUR125,759           | GBP(100,000)       | 5,505             | 0.01%             |
| 21/07/2016                        | Citibank            | NOK1,200,000         | EUR(127,769)       | 1,210             | 0.00%             |
| 21/07/2016                        | Citibank            | USD100,000           | EUR(87,201)        | 2,742             | 0.00%             |
| 21/07/2016                        | Citibank            | USD150,000           | EUR(131,495)       | 3,419             | 0.00%             |
| 21/07/2016                        | Citibank            | EUR126,566           | GBP(100,000)       | 6,312             | 0.01%             |
| 21/07/2016                        | Citibank            | EUR126,254           | GBP(100,000)       | 6,000             | 0.01%             |
| 21/07/2016                        | Citibank            | NOK1,000,000         | EUR(106,662)       | 820               | 0.00%             |
| 21/07/2016                        | Citibank            | USD600,000           | EUR(526,015)       | 13,641            | 0.02%             |
| 21/07/2016                        | Citibank            | EUR48,409            | NOK(450,000)       | 41                | 0.00%             |
| 21/07/2016                        | Citibank            | EUR102,297           | GBP(80,000)        | 6,094             | 0.01%             |
| 21/07/2016                        | Citibank            | EUR97,167            | GBP(75,000)        | 6,976             | 0.01%             |
| 21/07/2016                        | Citibank            | EUR53,771            | DKK(400,000)       | 6                 | 0.00%             |
| 21/07/2016                        | Citibank            | EUR129,225           | NOK(1,200,000)     | 246               | 0.00%             |
| 21/07/2016                        | Citibank            | EUR78,557            | GBP(60,000)        | 6,404             | 0.01%             |
| 21/07/2016                        | Citibank            | EUR96,642            | GBP(75,000)        | 6,451             | 0.01%             |
| 21/07/2016                        | Citibank            | EUR83,942            | GBP(65,000)        | 5,777             | 0.01%             |
| 21/07/2016                        | Citibank            | EUR174,749           | DKK(1,300,000)     | 13                | 0.00%             |
| 21/07/2016                        | Citibank            | EUR81,187            | NOK(750,000)       | 575               | 0.00%             |
| 21/07/2016                        | Citibank            | EUR31,899            | GBP(25,000)        | 1,836             | 0.00%             |
| 21/07/2016                        | Citibank            | EUR100,836           | DKK(750,000)       | 27                | 0.00%             |
| 21/07/2016                        | Citibank            | EUR91,566            | NOK(850,000)       | 206               | 0.00%             |
| 21/07/2016                        | Citibank            | EUR84,033            | DKK(625,000)       | 25                | 0.00%             |
| 21/07/2016                        | Citibank            | NOK1,000,000         | EUR(107,479)       | 4                 | 0.00%             |
| 21/07/2016                        | Citibank            | EUR128,532           | SEK(1,200,000)     | 1,026             | 0.00%             |
| 21/07/2016                        | Citibank            | EUR67,225            | DKK(500,000)       | 19                | 0.00%             |
| 21/07/2016                        | Citibank            | NOK1,000,000         | EUR(106,670)       | 812               | 0.00%             |
| 21/07/2016                        | Citibank            | EUR75,074            | SEK(700,000)       | 695               | 0.00%             |
| 20/09/2016                        | Citibank            | USD19,160,092        | EUR(17,110,204)    | 83,692            | 0.11%             |
| 21/07/2016                        | Citibank            | EUR67,224            | DKK(500,000)       | 18                | 0.00%             |
| 21/07/2016                        | Citibank            | EUR100,537           | GBP(80,000)        | 4,333             | 0.01%             |
| 21/07/2016                        | Citibank            | EUR85,256            | SEK(800,000)       | 251               | 0.00%             |



# CHEYNE SELECT UCITS FUND plc

## PORTFOLIO STATEMENT AS AT 30 JUNE 2016 (Continued)

### CHEYNE EUROPEAN MID CAP EQUITY FUND (Continued)

#### Financial assets at fair value through profit or loss (continued)

##### Forward currency contracts (continued)

| Maturity Date  | Counterparty | Amount Bought | Amount Sold  | Unrealised Gain EUR | % of Net Assets |
|--|--------------|---------------|--------------|---------------------|-----------------|
| 21/07/2016   | Citibank     | EUR160,758    | GBP(127,000) | 8,035               | 0.01%           |
| 21/07/2016   | Citibank     | NOK1,100,000  | EUR(116,478) | 1,753               | 0.00%           |
| 20/09/2016   | Citibank     | CHF8,037      | EUR(7,398)   | 41                  | 0.00%           |
| 21/07/2016   | Citibank     | EUR90,239     | GBP(70,000)  | 6,061               | 0.01%           |
| 21/07/2016   | Citibank     | EUR287,751    | GBP(235,000) | 5,153               | 0.01%           |
| 20/09/2016   | Citibank     | EUR128,430    | CHF(138,300) | 421                 | 0.00%           |
| 21/07/2016   | Citibank     | NOK4,000,000  | EUR(423,728) | 6,202               | 0.01%           |
| 21/07/2016   | Citibank     | EUR75,202     | CHF(81,000)  | 313                 | 0.00%           |
| 21/07/2016   | Citibank     | CHF220,000    | EUR(202,515) | 886                 | 0.00%           |
| 21/07/2016   | Citibank     | EUR133,425    | GBP(110,000) | 1,145               | 0.00%           |
| 21/07/2016   | Citibank     | NOK3,500,000  | EUR(374,952) | 1,238               | 0.00%           |
| <b>Total unrealised gain on forward currency contracts</b> |              |               |              | <b>215,309</b>      | <b>0.27%</b>    |

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 30 JUNE 2016 (Continued)**

**CHEYNE EUROPEAN MID CAP EQUITY FUND (Continued)**

**Financial liabilities at fair value through profit or loss**

| <b>Contracts for difference</b>                          |                              |                     | <b>Unrealised</b>   | <b>% of</b>       |
|--|------------------------------|---------------------|---------------------|-------------------|
| <b>Notional</b>  | <b>Underlying Securities</b> | <b>Counterparty</b> | <b>Loss<br/>EUR</b> | <b>Net Assets</b> |
| <b>CHF</b>   |                              |                     |                     |                   |
| (899)  | Givaudan Sa                  | Goldman Sachs       | (67,707)            | (0.09)%           |
| (8,715)  | Straumann Holding Ag         | Goldman Sachs       | (77,832)            | (0.10)%           |
|  |                              |                     | <b>(145,539)</b>    | <b>(0.19)%</b>    |
| <b>DKK</b>   |                              |                     |                     |                   |
| 74,155   | Royal Unibrew A/S            | Goldman Sachs       | (82,433)            | (0.11)%           |
|  |                              |                     | <b>(82,433)</b>     | <b>(0.11)%</b>    |
| <b>EUR</b>   |                              |                     |                     |                   |
| (16,375)   | Adidas Ag                    | Goldman Sachs       | (372,432)           | (0.49)%           |
| (5,692)  | Aena Sa                      | Goldman Sachs       | (44,802)            | (0.06)%           |
| 39,546   | Brenntag Ag                  | Goldman Sachs       | (67,881)            | (0.09)%           |
| (86,265)   | Bureau Veritas Sa            | Goldman Sachs       | (43,933)            | (0.06)%           |
| (47,567)   | Gea Group Ag                 | Goldman Sachs       | (109,556)           | (0.14)%           |
| (58,922)   | Korian Sa                    | Goldman Sachs       | (56,914)            | (0.07)%           |
| (37,491)   | Legrand Sa                   | Goldman Sachs       | (1,786)             | (0.00)%           |
| 64,657   | Nexity Sa                    | Goldman Sachs       | (19,803)            | (0.03)%           |
| 4,006  | Paddy Power Betfair Plc      | Goldman Sachs       | (80,457)            | (0.10)%           |
| 310,914  | Rexel Sa                     | Goldman Sachs       | (380,374)           | (0.50)%           |
| 106,605  | Ryanair Holdings Plc         | Goldman Sachs       | (165,681)           | (0.22)%           |
| 83,521   | Smurfit Kappa Group Plc      | Goldman Sachs       | (6,189)             | (0.01)%           |
| 5,369  | Sopra Steria Group           | Citibank            | (39,081)            | (0.05)%           |
| 17,283   | Sopra Steria Group           | Goldman Sachs       | (105,308)           | (0.14)%           |
| 140,878  | Television Francaise 1 Sa    | Goldman Sachs       | (256,750)           | (0.33)%           |
| (26,546)   | Valeo Sa                     | Goldman Sachs       | -                   | (0.00)%           |
|  |                              |                     | <b>(1,750,947)</b>  | <b>(2.29)%</b>    |
| <b>GBP</b>   |                              |                     |                     |                   |
| 239,672  | Rpc Group Plc                | Goldman Sachs       | (139,249)           | (0.18)%           |
| (46,058)   | Victrex Plc                  | Goldman Sachs       | (58,376)            | (0.08)%           |
|  |                              |                     | <b>(197,625)</b>    | <b>(0.26)%</b>    |
| <b>NOK</b>   |                              |                     |                     |                   |
| 318,803  | Marine Harvest Asa           | Goldman Sachs       | (44,138)            | (0.06)%           |
| 387,790  | Petroleum Geo-Services Asa   | Goldman Sachs       | (9,463)             | (0.01)%           |
|  |                              |                     | <b>(53,601)</b>     | <b>(0.07)%</b>    |
| <b>SEK</b>   |                              |                     |                     |                   |
| (63,878)   | Axfood Ab                    | Goldman Sachs       | (105,924)           | (0.14)%           |
| (65,751)   | Ica Gruppen Ab               | Goldman Sachs       | (12,660)            | (0.01)%           |
|  |                              |                     | <b>(118,584)</b>    | <b>(0.15)%</b>    |
| <b>Total unrealised loss on contracts for difference</b> |                              |                     | <b>(2,348,729)</b>  | <b>(3.07)%</b>    |

**CHEYNE SELECT UCITS FUND plc**

**PORTFOLIO STATEMENT AS AT 30 JUNE 2016 (Continued)**

**CHEYNE EUROPEAN MID CAP EQUITY FUND (Continued)**

**Financial liabilities at fair value through profit or loss (continued)**

**Futures**

| <b>Number of<br/>Contracts</b>          | <b>Underlying Securities</b>      | <b>Counterparty</b> | <b>Unrealised Loss<br/>EUR</b> | <b>% of<br/>Net Assets</b> |
|---|-----------------------------------|---------------------|--------------------------------|----------------------------|
| <b>EUR</b>                              |                                   |                     |                                |                            |
| (22)                                    | Euro Stoxx 50 September 16        | Morgan Stanley      | (35,742)                       | (0.05)%                    |
| (120)                                   | Stoxx Europe Mid 200 September 16 | Morgan Stanley      | (28,650)                       | (0.04)%                    |
| (15)                                    | FTSE 100 Index September 16       | Morgan Stanley      | (117,706)                      | (0.15)%                    |
|   |                                   |                     | <b>(182,098)</b>               | <b>(0.24)%</b>             |
| <b>Total unrealised loss on futures</b> |                                   |                     | <b>(182,098)</b>               | <b>(0.24)%</b>             |

**Forward currency contracts**

| <b>Maturity<br/>Date</b> | <b>Counterparty</b> | <b>Amount Bought</b> | <b>Amount Sold</b> | <b>Unrealised<br/>Loss<br/>EUR</b> | <b>% of<br/>Net Assets</b> |
|--------------------------|---------------------|----------------------|--------------------|------------------------------------|----------------------------|
| 21/07/2016               | Citibank            | EUR2,080,478         | USD(2,350,000)     | (33,178)                           | (0.06)%                    |
| 21/07/2016               | Citibank            | EUR525,636           | NOK(4,900,000)     | (1,029)                            | 0.00%                      |
| 21/07/2016               | Citibank            | DKK16,000,000        | EUR(2,151,655)     | (1,057)                            | 0.00%                      |
| 21/07/2016               | Citibank            | GBP120,000           | EUR(151,363)       | (7,058)                            | (0.01)%                    |
| 21/07/2016               | Citibank            | NOK2,600,000         | EUR(282,060)       | (2,605)                            | 0.00%                      |
| 21/07/2016               | Citibank            | EUR134,350           | DKK(1,000,000)     | (62)                               | 0.00%                      |
| 21/07/2016               | Citibank            | GBP110,000           | EUR(139,382)       | (7,102)                            | (0.01)%                    |
| 21/07/2016               | Citibank            | NOK1,700,000         | EUR(183,443)       | (722)                              | 0.00%                      |
| 21/07/2016               | Citibank            | NOK600,000           | EUR(64,623)        | (134)                              | 0.00%                      |
| 21/07/2016               | Citibank            | DKK700,000           | EUR(94,107)        | (19)                               | 0.00%                      |
| 21/07/2016               | Citibank            | GBP50,000            | EUR(64,375)        | (4,248)                            | 0.00%                      |
| 21/07/2016               | Citibank            | EUR1,571,951         | DKK(11,700,000)    | (674)                              | 0.00%                      |
| 21/07/2016               | Citibank            | EUR58,798            | NOK(550,000)       | (317)                              | 0.00%                      |
| 21/07/2016               | Citibank            | DKK4,000,000         | EUR(537,921)       | (271)                              | 0.00%                      |
| 21/07/2016               | Citibank            | GBP100,000           | EUR(126,307)       | (6,053)                            | (0.01)%                    |
| 21/07/2016               | Citibank            | EUR64,017            | NOK(600,000)       | (473)                              | 0.00%                      |
| 21/07/2016               | Citibank            | EUR1,545,390         | DKK(11,500,000)    | (352)                              | 0.00%                      |
| 21/07/2016               | Citibank            | EUR134,362           | DKK(1,000,000)     | (50)                               | 0.00%                      |
| 21/07/2016               | Citibank            | DKK15,000,000        | EUR(2,017,020)     | (835)                              | 0.00%                      |
| 21/07/2016               | Citibank            | EUR2,217,502         | DKK(16,500,000)    | (302)                              | 0.00%                      |
| 21/07/2016               | Citibank            | GBP110,000           | EUR(140,573)       | (8,293)                            | (0.01)%                    |
| 21/07/2016               | Citibank            | NOK1,300,000         | EUR(140,410)       | (683)                              | 0.00%                      |
| 21/07/2016               | Citibank            | GBP170,000           | EUR(221,509)       | (17,077)                           | (0.03)%                    |
| 21/07/2016               | Citibank            | DKK500,000           | EUR(67,254)        | (48)                               | 0.00%                      |
| 21/07/2016               | Citibank            | EUR138,652           | NOK(1,300,000)     | (1,075)                            | 0.00%                      |
| 21/07/2016               | Citibank            | GBP60,000            | EUR(78,727)        | (6,575)                            | (0.01)%                    |
| 21/07/2016               | Citibank            | EUR182,640           | NOK(1,700,000)     | (80)                               | 0.00%                      |
| 21/07/2016               | Citibank            | DKK1,300,000         | EUR(174,881)       | (145)                              | 0.00%                      |
| 21/07/2016               | Citibank            | EUR107,452           | NOK(1,000,000)     | (30)                               | 0.00%                      |

# CHEYNE SELECT UCITS FUND plc

## PORTFOLIO STATEMENT AS AT 30 JUNE 2016 (Continued)

### CHEYNE EUROPEAN MID CAP EQUITY FUND (Continued)

#### Financial liabilities at fair value through profit or loss (continued)

##### Forward currency contracts (continued)

| Maturity Date  | Counterparty | Amount Bought | Amount Sold    | Unrealised Loss EUR | % of Net Assets |
|--|--------------|---------------|----------------|---------------------|-----------------|
| 21/07/2016   | Citibank     | DKK21,000,000 | EUR(2,824,720) | (2,061)             | 0.00%           |
| 21/07/2016   | Citibank     | DKK8,600,000  | EUR(1,156,602) | (656)               | 0.00%           |
| 21/07/2016   | Citibank     | DKK800,000    | EUR(107,596)   | (66)                | 0.00%           |
| 21/07/2016   | Citibank     | GBP80,000     | EUR(101,665)   | (5,461)             | (0.01)%         |
| 21/07/2016   | Citibank     | GBP40,000     | EUR(51,070)    | (2,969)             | 0.00%           |
| 21/07/2016   | Citibank     | SEK2,000,000  | EUR(216,849)   | (4,338)             | 0.00%           |
| 21/07/2016   | Citibank     | DKK2,000,000  | EUR(269,058)   | (233)               | 0.00%           |
| 21/07/2016   | Citibank     | GBP80,000     | EUR(102,282)   | (6,079)             | (0.01)%         |
| 21/07/2016   | Citibank     | GBP100,000    | EUR(125,887)   | (5,632)             | (0.01)%         |
| 21/07/2016   | Citibank     | GBP10,000     | EUR(12,596)    | (570)               | 0.00%           |
| 20/09/2016   | Citibank     | CHF5,926,951  | EUR(5,493,722) | (7,813)             | (0.01)%         |
| 21/07/2016   | Citibank     | EUR74,460     | NOK(700,000)   | (778)               | 0.00%           |
| 21/07/2016   | Citibank     | GBP150,000    | EUR(193,507)   | (13,126)            | (0.02)%         |
| 21/07/2016   | Citibank     | DKK4,000,000  | EUR(538,132)   | (483)               | 0.00%           |
| 21/07/2016   | Citibank     | DKK5,800,000  | EUR(780,286)   | (694)               | 0.00%           |
| 21/07/2016   | Citibank     | GBP99,000     | EUR(129,161)   | (10,108)            | (0.02)%         |
| 21/07/2016   | Citibank     | EUR373,415    | NOK(3,500,000) | (2,774)             | 0.00%           |
| 20/09/2016   | Citibank     | EUR383,740    | USD(428,300)   | (608)               | 0.00%           |
| 20/09/2016   | Citibank     | CHF15,002     | EUR(13,977)    | (92)                | 0.00%           |
| 21/07/2016   | Citibank     | DKK4,400,000  | EUR(591,928)   | (513)               | 0.00%           |
| 21/07/2016   | Citibank     | EUR143,065    | CHF(155,000)   | (241)               | 0.00%           |
| 21/07/2016   | Citibank     | EUR147,824    | DKK(1,100,000) | (30)                | 0.00%           |
| 21/07/2016   | Citibank     | DKK7,700,000  | EUR(1,035,650) | (675)               | 0.00%           |
| 21/07/2016   | Citibank     | CHF80,000     | EUR(74,095)    | (131)               | 0.00%           |
| 21/07/2016   | Citibank     | EUR382,117    | GBP(319,000)   | (1,494)             | 0.00%           |
| 21/07/2016   | Citibank     | EUR236,390    | NOK(2,200,000) | (72)                | 0.00%           |
| 21/07/2016   | Citibank     | SEK1,075,000  | EUR(114,327)   | (102)               | 0.00%           |
| 05/07/2016   | Citibank     | EUR7,421      | CHF(8,037)     | (6)                 | 0.00%           |
| <b>Total unrealised loss on forward currency contracts</b> |              |               |                | <b>(168,352)</b>    | <b>(0.22)%</b>  |

# CHEYNE SELECT UCITS FUND plc

## PORTFOLIO STATEMENT AS AT 30 JUNE 2016 (Continued)

### CHEYNE EUROPEAN MID CAP EQUITY FUND (Continued)

|  | Fair Value<br>EUR | % of<br>Net Assets |
|--|-------------------|--------------------|
| Total financial assets at fair value through profit or loss      | 47,312,217        | 61.81%             |
| Total financial liabilities at fair value through profit or loss | (2,699,179)       | (3.53)%            |
| Other net assets   | 31,934,776        | 41.72%             |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>   | <b>76,547,814</b> | <b>100.00%</b>     |

|   | % of<br>Net Assets |
|---|--------------------|
| <b>Analysis of Total Assets:</b>  |                    |
| a) Transferable securities and money market instruments admitted to official stock exchange listings or a traded regulated market                         | 55.51%             |
| 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) UCITS and non-UCITS CIS  | 0.00%              |
| e) Deposits   | 0.00%              |
| f) Financial derivative instruments dealt with on a regulated exchange  | 0.08%              |
| g) OTC financial derivative instruments   | 3.19%              |
| h) Other assets   | 41.22%             |
| <b>Total Assets</b>   | <b>100.00%</b>     |

## CHEYNE SELECT UCITS FUND plc

### SIGNIFICANT PORTFOLIO CHANGES FOR THE PERIOD ENDED 30 JUNE 2016

#### CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND

##### Material Purchases

| Nominal     | Investments  | Cost<br>EUR |
|-------------|--|-------------|
| 12,000,000  | Airbus Group Se 0.00% 14/06/2021                     | 12,592,250  |
| 8,000,000   | Steinhoff Finance Holdings Gmbh 0.50% 21/10/2023     | 8,043,000   |
| 77,000      | Safran Sa 0.00% 31/12/2020                           | 7,205,059   |
| 4,000,000   | Nuvasive Inc 2.25% 15/03/2021                        | 3,716,058   |
| 2,400,000   | Remgro Jersey Gbp Ltd 2.625% 22/03/2021              | 3,059,287   |
| 3,000,000   | Eni Spa 0.00% 13/04/2022                             | 3,038,250   |
| 56,238      | Wendel Sa 0.00% 31/07/2019                           | 2,991,931   |
| 3,000,000   | Medicines Co/The 2.75% 15/07/2023                    | 2,690,563   |
| 2,500,000   | China Railway Construction Corp Ltd 0.00% 29/01/2021 | 2,320,890   |
| 2,300,000   | Grand City Properties Sa 0.25% 02/03/2022            | 2,312,000   |
| 2,000,000   | Technip Sa 0.88% 25/01/2021                          | 2,233,880   |
| 2,500,000   | Knowles Corp 3.25% 01/11/2021                        | 2,206,749   |
| 2,400,000   | Valeo Sa 0.00% 16/06/2021                            | 2,122,997   |
| 250,000,000 | Suzuki Motor Corp 0.00% 31/03/2021                   | 2,065,209   |
| 2,000,000   | Cez Mh Bv 0.00% 04/08/2017                           | 1,992,000   |
| 2,000,000   | Vipshop Holdings Ltd 1.50% 15/03/2019                | 1,943,925   |
| 2,000,000   | Spirit Realty Capital Inc 3.75% 15/05/2021           | 1,897,442   |
| 2,000,000   | Jazz Investments I Ltd 1.88% 15/08/2021              | 1,807,165   |
| 2,000,000   | Tutor Perini Corp 2.88% 15/06/2021                   | 1,803,496   |
| 2,000,000   | Anacor Pharmaceuticals Inc 2.00% 15/04/2023          | 1,777,215   |
| 200,000,000 | Kansai Paint Co Ltd 0.00% 17/06/2019                 | 1,749,319   |
| 1,700,000   | Telefonica Participaciones Sau 0.00% 09/03/2021      | 1,742,200   |
| 200,000,000 | Star Micronics Co Ltd 0.00% 16/06/2021               | 1,676,589   |
| 200,000,000 | Suzuki Motor Corp 0.00% 31/03/2023                   | 1,644,147   |
| 200,000,000 | Kandenko Co Ltd 0.00% 31/03/2021                     | 1,632,718   |
| 200,000,000 | Nipro Corp 0.00% 29/01/2021                          | 1,616,747   |
| 150,000,000 | Park24 Co Ltd 0.00% 26/04/2018                       | 1,416,397   |
| 1,500,000   | Interdigital Inc/Pa 2.50% 15/03/2016                 | 1,383,190   |
| 1,500,000   | Pb Issuer No 2 Ltd 1.75% 12/04/2016                  | 1,373,781   |
| 1,400,000   | Swiss Prime Site Ag 0.25% 16/06/2023                 | 1,275,530   |
| 150,000,000 | Dcm Holdings Co Ltd 0.00% 21/12/2020                 | 1,264,160   |
| 10,000,000  | Industrivarden Ab 0.00% 15/05/2019                   | 1,190,284   |
| 900,000     | Bp Capital Markets Plc 1.00% 28/04/2023              | 1,172,893   |
| 10,000,000  | Biostime International Holdings Ltd 0.00% 20/02/2019 | 1,161,670   |
| 1,000,000   | Azimut Holding Spa 2.13% 25/11/2020                  | 1,149,500   |

## CHEYNE SELECT UCITS FUND plc

### SIGNIFICANT PORTFOLIO CHANGES FOR THE PERIOD ENDED 30 JUNE 2016 (Continued)

#### CHEYNE CONVERTIBLES ABSOLUTE RETURN FUND (Continued)

##### Material Sales/Maturity

| Nominal     | Investments   | Proceeds<br>EUR |
|-------------|---|-----------------|
| 12,000,000  | Airbus Group Se 0.00% 14/06/2021                                | 12,637,250      |
| 77,000      | Safran Sa 0.00% 31/12/2020                                      | 7,195,750       |
| 6,000,000   | Steinhoff Finance Holdings Gmbh 0.50% 21/10/2023                | 6,030,000       |
| 2,400,000   | Remgro Jersey Gbp Ltd 2.63% 22/03/2021                          | 3,082,835       |
| 3,000,000   | Eni Spa 0.00% 13/04/2022  | 3,040,250       |
| 56,238      | Wendel Sa 0.00% 31/07/2019                                      | 3,013,441       |
| 3,000,000   | Nuvasive Inc 2.25% 15/03/2021                                   | 2,810,535       |
| 1,500,000   | Interdigital Inc/Pa 2.50% 15/03/2016                            | 2,699,784       |
| 300,000,000 | Dcm Holdings Co Ltd 0.00% 21/12/2020                            | 2,505,497       |
| 3,000,000   | Linkedin Corp 0.50% 01/11/2019                                  | 2,413,659       |
| 2,000,000   | Technip Sa 0.88% 25/01/2021                                     | 2,365,150       |
| 2,500,000   | Knowles Corp 3.25% 01/11/2021                                   | 2,266,220       |
| 2,500,000   | Dycom Industries Inc 0.75% 15/09/2021                           | 2,250,925       |
| 2,000,000   | Magyar Nemzeti Vagyonkezelő Zrt 3.38% 02/04/2019                | 2,233,000       |
| 29,500,000  | NVDA 1.00% 01/12/2018   | 2,170,026       |
| 2,400,000   | Valeo Sa 0.00% 16/06/2021                                       | 2,126,193       |
| 250,000,000 | Suzuki Motor Corp 0.00% 31/03/2021                              | 2,089,148       |
| 2,000,000   | Steinhoff Finance Holdings Gmbh 1.25% 21/10/2023                | 1,978,000       |
| 2,000,000   | Jazz Investments I Ltd 1.88% 15/08/2021                         | 1,962,415       |
| 2,000,000   | Spirit Realty Capital Inc 3.75% 15/05/2021                      | 1,946,423       |
| 1,500,000   | Aroundtown Property Holdings Plc 3.00% 05/05/2020               | 1,926,270       |
| 2,000,000   | Citrix Systems Inc 0.50% 15/04/2019                             | 1,924,763       |
| 2,000,000   | Anacor Pharmaceuticals Inc 2.00% 15/04/2023                     | 1,900,341       |
| 2,000,000   | Qiagen Nv 0.38% 19/03/2019                                      | 1,872,642       |
| 2,000,000   | Tutor Perini Corp 2.88% 15/06/2021                              | 1,817,491       |
| 2,000,000   | China Overseas Finance Investment Cayman V Ltd 0.00% 05/01/2023 | 1,812,991       |
| 2,000,000   | Vipshop Holdings Ltd 1.50% 15/03/2019                           | 1,784,799       |
| 2,000,000   | Medicines Co/The 2.75% 15/07/2023                               | 1,781,245       |
| 200,000,000 | Kansai Paint Co Ltd 0.00% 17/06/2019                            | 1,757,945       |
| 1,700,000   | Telefonica Participaciones Sau 0.00% 09/03/2021                 | 1,717,600       |
| 200,000,000 | Star Micronics Co Ltd 0.00% 16/06/2021                          | 1,715,144       |
| 200,000,000 | Suzuki Motor Corp 0.00% 31/03/2023                              | 1,680,273       |
| 2,000       | Teva Pharmaceutical Industries Ltd 7.00% 15/12/2018             | 1,661,289       |
| 200,000,000 | Kandenko Co Ltd 0.00% 31/03/2021                                | 1,642,539       |
| 1,250,000   | Emergent Biosolutions Inc 2.88% 15/01/2021                      | 1,632,885       |
| 200,000,000 | Nipro Corp 0.00% 29/01/2021                                     | 1,620,335       |
| 1,600,000   | America Movil Sab De Cv 0.00% 28/05/2020                        | 1,560,000       |

## CHEYNE SELECT UCITS FUND plc

### SIGNIFICANT PORTFOLIO CHANGES FOR THE PERIOD ENDED 30 JUNE 2016 (Continued)

#### CHEYNE GLOBAL CREDIT FUND

##### Material Purchases/(Short Covering)

| Nominal     | Investments                                       | Cost<br>EUR |
|-------------|---|-------------|
| 8,250,000   | American International Group Inc 4.88% 15/03/2067 | 8,346,563   |
| 5,000,000   | Bhp Billiton Finance Ltd 6.38% 04/04/2016         | 5,014,800   |
| 5,000,000   | Bundesschatzanweisungen 0.25% 10/06/2016          | 5,007,800   |
| 4,850,000   | Enbw International Finance Bv 4.25% 19/10/2016    | 4,922,411   |
| 5,000,000   | Anheuser-Busch Inbev Finance Inc 1.90% 01/02/2021 | 4,637,114   |
| 4,000,000   | Gas Natural Capital Markets Sa 4.38% 02/11/2016   | 4,084,800   |
| 3,000,000   | Standard Chartered Bank                           | 3,892,524   |
| 3,050,000   | Atlantia Spa 5.63% 06/05/2016                     | 3,067,324   |
| 2,700,000   | Vivendi Sa 4.25% 01/12/2016                       | 2,764,908   |
| 2,606,000   | General Electric Co 4.63% 15/09/2066              | 2,632,060   |
| 2,000,000   | Rci Banque Sa 1.75% 06/07/2016                    | 2,002,100   |
| 1,150,000   | Heineken Nv 4.63% 10/10/2016                      | 1,178,290   |
| 1,000,000   | Bertelsmann Se & Co Kgaa 4.75% 26/09/2016         | 1,027,000   |
| (1,600,000) | Transocean Inc 1.00% 20/03/2022                   | 383,247     |
| 50,000,000  | Cdx Ig 25 Apr 16                                  | 235,305     |
| (2,000,000) | Arcelormittal 1.00% 20/12/2018                    | 234,842     |
| (4,000,000) | Lafargeholcim Ltd 1.00% 20/12/2020                | 226,612     |
| 40,000,000  | Itraxx Main 24 Apr 16                             | 199,200     |
| (5,000,000) | Tesco Plc 1.00% 20/12/2015                        | 198,702     |
| (2,000,000) | Conocophillips 1.00% 20/12/2020                   | 197,361     |

##### Material Sales/Maturity

| Nominal    | Investments  | Proceeds<br>EUR |
|------------|--|-----------------|
| 7,934,000  | Koninklijke Kpn Nv 6.50% 15/01/2016                | 7,934,000       |
| 7,586,580  | Man Se 7.25% 20/05/2016                            | 7,586,580       |
| 7,010,340  | Imperial Brands Finance Plc 8.38% 17/02/2016       | 7,010,340       |
| 7,000,000  | Telekom Finanzmanagement Gmbh 6.38% 29/01/2016     | 7,000,000       |
| 6,904,885  | Enel Spa 0.77% 26/02/2016                          | 6,904,885       |
| 6,000,000  | E.On International Finance Bv 5.50% 19/01/2016     | 6,000,000       |
| 6,000,000  | Eni Spa 5.00% 28/01/2016                           | 6,000,000       |
| 5,000,000  | Bhp Billiton Finance Ltd 6.38% 04/04/2016          | 5,000,000       |
| 5,000,000  | Telecom Italia Spa/Milano 0.58% 07/06/2016         | 5,000,000       |
| 5,000,000  | Bundesschatzanweisungen 0.25% 10/06/2016           | 5,000,000       |
| 4,500,000  | Telefonica Emisiones Sau 5.50% 01/04/2016          | 4,500,000       |
| 3,999,200  | Hbos Plc 0.54% 29/03/2016                          | 3,999,200       |
| 3,050,000  | Atlantia Spa 5.63% 06/05/2016                      | 3,050,000       |
| 2,812,000  | Thyssenkrupp Finance Nederland Bv 8.50% 25/02/2016 | 2,812,000       |
| 2,000,000  | Telefonica Emisiones Sau 4.38% 02/02/2016          | 2,000,000       |
| 1,004,800  | Hsbc Capital Funding Lp/Jersey                     | 1,004,800       |
| 996,000    | Hbos Plc 0.44% 21/03/2017                          | 996,000         |
| 893,734    | Hewlett Packard Enterprise Co 2.39% 05/10/2017     | 893,734         |
| 310,697    | Chesapeake Energy Corp 8.00% 15/12/2022            | 310,697         |
| 50,000,000 | Cdx Ig 25 Mar 16                                   | 307,706         |



## CHEYNE SELECT UCITS FUND plc

### SIGNIFICANT PORTFOLIO CHANGES FOR THE PERIOD ENDED 30 JUNE 2016 (Continued)

#### CHEYNE EUROPEAN MID CAP EQUITY FUND

##### Material Purchases

| Nominal    | Investment                                  | Cost<br>EUR |
|------------|---|-------------|
| 22,000,000 | France Government Bond Oat 5.00% 25/10/2016 | 22,560,430  |
| 17,000,000 | Bundesschatzanweisungen 0.25% 10/06/2016    | 17,031,280  |
| 17,000,000 | Bundesschatzanweisungen 0.00% 16/09/2016    | 17,029,920  |
| 2,598,140  | Intesa Sanpaolo Spa                         | 6,839,606   |
| 357,318    | Wienerberger Ag                             | 5,437,495   |
| 78,712     | Rheinmetall Ag                              | 4,973,486   |
| 5,485,661  | Telecom Italia Spa/Milano                   | 4,712,455   |
| 150,038    | Dialog Semiconductor Plc                    | 4,392,438   |
| 1,260,401  | Mediaset Spa                                | 4,171,414   |
| 276,627    | Moncler Spa                                 | 3,977,136   |
| 148,938    | De' Longhi Spa                              | 3,109,205   |
| 69,692     | Andritz Ag                                  | 2,987,717   |
| 48,740     | Stroeer Se & Co Kgaa                        | 2,552,614   |
| 84,307     | Covestro Ag                                 | 2,299,110   |
| 201,814    | Euronav Nv                                  | 2,105,765   |
| 38,177     | Hugo Boss Ag                                | 2,067,582   |
| 252,382    | Stora Enso Oyj                              | 1,991,708   |
| 47,810     | Wartsila Oyj Abp                            | 1,930,564   |
| 159,773    | Finmeccanica Spa                            | 1,721,157   |
| 125,753    | Deutsche Lufthansa Ag                       | 1,557,930   |
| 78,430     | Metso Oyj                                   | 1,480,136   |
| 27,991     | Randstad Holding Nv                         | 1,418,981   |
| 32,870     | United Internet Ag                          | 1,395,373   |
| 237,197    | Ovs Spa                                     | 1,338,723   |
| 158,558    | Davide Campari-Milano Spa                   | 1,310,314   |

# CHEYNE SELECT UCITS FUND plc

## SIGNIFICANT PORTFOLIO CHANGES FOR THE PERIOD ENDED 30 JUNE 2016 (Continued)

### CHEYNE EUROPEAN MID CAP EQUITY FUND (Continued)

#### Material Sales/Maturity

| Nominal    | Investments                                 | Proceeds<br>EUR |
|------------|---|-----------------|
| 17,000,000 | Bundesschatzanweisungen 0.25% 11/03/2015    | 17,000,000      |
| 17,000,000 | Bundesschatzanweisungen 0.25% 10/06/2015    | 17,000,000      |
| 17,000,000 | France Government Bond Oat 3.25% 25/04/2015 | 17,000,000      |
| 2,598,140  | Intesa Sanpaolo Spa                         | 6,497,367       |
| 93,384     | Rheinmetall Ag                              | 5,948,760       |
| 141,649    | Gea Group Ag                                | 5,235,283       |
| 327,121    | Wienerberger Ag                             | 5,188,406       |
| 5,485,661  | Telecom Italia Spa/Milano                   | 4,695,658       |
| 1,260,401  | Mediaset Spa                                | 4,610,512       |
| 276,627    | Moncler Spa                                 | 4,224,242       |
| 150,038    | Dialog Semiconductor Plc                    | 4,022,905       |
| 100,148    | Drillisch Ag                                | 3,692,914       |
| 75,568     | Livanova Plc                                | 3,453,094       |
| 148,938    | De' Longhi Spa                              | 3,323,834       |
| 69,692     | Andritz Ag                                  | 3,218,119       |
| 65,185     | Randstad Holding Nv                         | 3,074,432       |
| 1,865,454  | Saras Spa                                   | 2,764,148       |
| 48,740     | Stroeer Se & Co Kgaa                        | 2,700,846       |
| 84,307     | Covestro Ag                                 | 2,542,941       |
| 118,839    | Metso Oyj                                   | 2,526,548       |
| 325,868    | Fiat Chrysler Automobiles Nv                | 2,221,937       |
| 46,514     | United Internet Ag                          | 2,020,029       |
| 34,802     | Duerr Ag                                    | 2,011,642       |
| 38,177     | Hugo Boss Ag                                | 1,952,401       |
| 201,814    | Euronav Nv                                  | 1,934,358       |
| 184,431    | Finmeccanica Spa                            | 1,928,379       |
| 47,810     | Wartsila Oyj Abp                            | 1,825,889       |
| 252,382    | Stora Enso Oyj                              | 1,809,173       |
| 197,594    | Leonardo-Finmeccanica Spa                   | 1,801,782       |

**ADDITIONAL INFORMATION**

**For the period ended 30 June 2016**

**1. DISTRIBUTION OF FINANCIAL STATEMENTS WAIVER**

The state of origin of each Fund is Ireland. This document may only be distributed in or from Switzerland to qualified investors within the meaning of Art. 10 Para. 3, 3bis and 3ter CISA. The Representative in Switzerland is Acolin Fund Services AG, Stadelhoferstrasse 18, CH-8001 Zurich, whilst the Paying Agent is Banque Cantonale de Geneve, 17 quai de l'Île, 1204 Geneve, Switzerland. The basic documents of the Funds as well as the annual and semi-annual report may be obtained free of charge at the registered office of the Swiss Representative.

**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 of 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.

**Periodical disclosure**

The use of SFTs must be disclosed by the Investment Manager in their half-yearly and annual investor reports (as required under the UCITS Directives). The periodical disclosure requirements come into effect 12 months after the SFT Regulation's entry into force, 12 January 2017.

**3. 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.