

Red Arc Global Investments (Ireland) plc  
(An umbrella fund with segregated liability between sub-funds)

# **Annual Report and Audited Financial Statements**

For the financial year ended 30 June 2018

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## Company information

|                                 |  |
|---------------------------------|--|
| <b>Directors of the Company</b> | Mr. Kevin Molony (Irish) (Independent)<br>Mr. Gerry Brady (Irish) (Independent) (Chairman)<br>Mr. John Donohoe (Irish) (Independent)<br><br>(All Directors are non-executive)  |
| <b>Registered Office</b>        | 32 Molesworth Street<br>Dublin 2<br>D02 Y512<br>Ireland  |
| <b>Manager</b>                  | Link Fund Manager Solutions (Ireland) Limited<br>1 <sup>st</sup> Floor, 2 Grand Canal Square <sup>1</sup><br>Grand Canal Harbour<br>Dublin 2<br>D02 A342<br>Ireland  |
| <b>Distributor</b>              | Citigroup Global Markets Limited<br>Citigroup Centre<br>Canada Square, Canary Wharf<br>London E14 5LB<br>United Kingdom  |
| <b>Investment Manager</b>       | <u>80% Protected Dynamic Allocation Fund:</u><br>Citigroup First Investment Management Limited<br>50F, Citibank Tower<br>Citibank Plaza<br>3 Garden Road<br>Central<br>Hong Kong<br><br><u>US Municipal Bond Opportunities Fund:</u><br>Nuveen Asset Management LLC<br>333 West Wacker Drive<br>Chicago<br>Illinois 60606<br>United States |
| <b>Administrator</b>            | Link Fund Administrators (Ireland) Limited<br>1 <sup>st</sup> Floor, 2 Grand Canal Square <sup>1</sup><br>Grand Canal Harbour<br>Dublin 2<br>D02 A342<br>Ireland   |
| <b>Depository</b>               | J.P. Morgan Bank (Ireland) plc<br>J.P. Morgan House<br>IFSC<br>Dublin 1<br>D01 W213<br>Ireland   |
| <b>Independent Auditor</b>      | Deloitte Ireland LLP<br>Chartered Accountants and Statutory Audit Firm<br>Deloitte & Touche House<br>Earlsfort Terrace<br>Dublin 2<br>D02 AY28<br>Ireland  |
| <b>Secretary</b>                | MFD Secretaries Limited<br>32 Molesworth Street<br>Dublin 2<br>D02 Y512<br>Ireland   |
| <b>Legal Advisors</b>           | <i>As to Irish Law:</i><br>Maples and Calder<br>75 St. Stephen's Green<br>Dublin 2<br>D02 PR50<br>Ireland  |
| <b>Company Number</b>           | 452758   |

<sup>1</sup>Effective 5 September 2018, the registered office of both the Manager and the Administrator changed from 2<sup>nd</sup> Floor, 2 Grand Canal Square to 1<sup>st</sup> Floor, 2 Grand Canal Square.

## Directors' report

For the financial year ended 30 June 2018

The Directors of Red Arc Global Investments (Ireland) plc, (the "Company") present herewith their annual report and audited financial statements for the financial year ended 30 June 2018. As of the date of this report the Company has four live sub-funds, Equity Balanced-Beta US Fund, Equity Balanced-Beta Eurozone Fund, Equity Balanced-Beta UK Fund and US Municipal Bond Opportunities Fund. During the financial year ended 30 June 2018 the Board of Directors decided to terminate 80% Protected Dynamic Allocation Fund as the continued existence and operation of the Sub-fund was not economically viable. The Sub-fund terminated effective 20 October 2017.

### Basis of preparation

The format and certain wordings of the financial statements have been adapted from those contained in the Companies Act 2014 so that, in the opinion of the Directors, they more appropriately reflect the nature of the Company's business as an investment fund.

### Principal activities

The Company is an investment company with variable capital and limited liability which has been authorised by the Central Bank of Ireland as an Undertaking for Collective Investment in Transferable Securities ("UCITS") pursuant to the European Communities UCITS Regulations, 2011 (the "UCITS Regulations"), and Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) UCITS Regulations, 2015 (as amended) (the "Central Bank Regulations").

### Accounting Records

The measures, which the Directors have taken to ensure that compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the adoption of suitable policies for recording transactions, assets and liabilities and the appointment of a suitable service organisation, Link Fund Administrators (Ireland) Limited (the "Administrator"). The accounting records of the Company are located at the offices of the Administrator at 2 Grand Canal Square, Grand Canal Harbour, Dublin 2.

### Activities and business review

See the review of funds report (source: Link Fund Solutions (Ireland) Limited) on page 8 and 9.

### Risks and uncertainties

The principal risks and uncertainties faced by the Company are outlined in the prospectus. These risks include market risk comprising of currency risk, interest rate risk and market price risk, liquidity risk and credit risk as per IFRS 7 - Financial Instruments: Disclosures. The Manager reviews and agrees policies for managing each of these risks and these are detailed in note 13 to the financial statements.

### Directors

The names of the directors during the financial year ended 30 June 2018 are set out below:

Kevin Molony  
Gerry Brady  
John Donohoe

### Directors' and Company Secretary's interests in the shares of the Company

The Directors or Company Secretary did not hold any shares in the Company at any point during the year.

### Transactions involving directors

Other than as disclosed in note 17 to the financial statements, there were no contracts or arrangements of any significance in relation to the business of the Company in which the Directors had any interest, at any time during the financial year ended 30 June 2018.

### Transactions involving connected persons

Chapter 10 of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations, 2015 (the "Central Bank Regulations") headed 'Transactions involving Connected Persons' states in regulation 41 that a responsible person shall ensure that any transaction between a UCITS and the management company or depositary to a UCITS; and the delegates or sub-delegates of such a management company or depositary (excluding any non-group company sub-custodians appointed by a depositary); and any associated or group company of such a management company, depositary, delegate or sub-delegate ("connected persons") is conducted at arm's length and is in the best interests of the unitholders of the UCITS.

The Manager is satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out in regulation 41 of the Central Bank Regulations are applied to all transactions with connected persons; and the Board of Directors is satisfied that transactions with connected persons entered into during the year complied with the obligations set out in this paragraph.

### Results of operations

The results of operations for the year are set out in the statement of comprehensive income on page 15. A review of the performance of each sub-fund is set out in the review of funds report on page 8 and 9.

### Distributions

See note 18 to the financial statements for distributions declared during the financial year ended 30 June 2018 (2017: Nil).

### Independent Auditor

The Auditor, Deloitte Ireland LLP, have indicated their willingness to remain in office in accordance with Section 383 (2) of the Companies Act 2014.

### Events after the reporting date

There have been no events after the reporting date which impact on these financial statements other than those disclosed in note 26.

**Directors' report (continued)**

For the financial year ended 30 June 2018

**Corporate governance statement**

The Company voluntarily adopted the Corporate Governance Code for Collective Investment Schemes and Management Companies as published by Irish Funds in December 2011 as the Company's corporate governance code, with effect from 01 January 2013. This code can be obtained from Irish Funds' website at [www.irishfunds.ie](http://www.irishfunds.ie). Due to internal policies at both the Manager and Distributor they are not in a position to appoint a Director to the Board. The Board, while noting that no representative from the Manager or Distributor's group has been appointed as a director of the Company, considers that the Company has complied with the main provisions contained in Irish Funds' Code throughout this accounting year.

For the purpose of the Code, Gerry Brady and Kevin Molony shall be the non-executive independent directors of the Company, fulfilling the requirements of Section 4.1 of the code.

**Directors' responsibilities statement**

The Directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014 and the applicable regulations. Irish company law requires the Directors to prepare financial statements for each financial year. Under the law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("relevant financial reporting framework"). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Directors' compliance statement**

The Directors acknowledge that they are responsible for securing compliance by the Company with its relevant obligations as defined with the Companies Act, 2014 (hereinafter called the "relevant obligations").

The Directors confirm the Company has put in place appropriate arrangements designed to secure material compliance with its relevant obligations. The Directors confirm that they have adopted a specific compliance policy statement in respect of the financial year ended 30 June 2018 to ensure compliance with its requirements under the UCITS Regulations, Central Bank Regulations and the Corporate Governance Code and which are monitored and reviewed on an ongoing basis and is in compliance with its relevant obligations.

**Statement on relevant audit information**

In accordance with Section 332 of the Companies Act 2014 each of the persons who are Directors at the time the report is approved confirm the following:

- 1) so far as the Director is aware, there is no relevant audit information of which the Company's statutory auditors are unaware, and
- 2) the Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

**Audit Committee**

The Directors are aware of Section 167 of the Companies Act which requires certain companies to establish an audit committee. The Directors have delegated the day to day investment management and administration of the Company to Link Fund Manager Solutions (Ireland) Limited (the "Manager"). In addition the Manager is the Responsible Person in relation to the UCITS Regulations. The Directors have also appointed J.P. Morgan Bank (Ireland) plc as Depositary of the assets of the Company. Due to the size, nature and complexity of the Company, the Directors do not consider it necessary to establish an audit committee.

On behalf of the Board

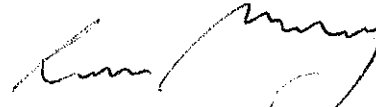
Signature:



Print name:

Gerry Brady

Signature:



Print name:

KEVIN MOLONY

Date: 30 October 2018

**Manager's report**

For the financial year ended 30 June 2018

| Share Class  | Currency | Launch Date       | Performance from Inception to 30 June 2018 | Performance for the financial year ended 30 June 2018 |
|--|----------|-------------------|--|---|
| <b>80% Protected Dynamic Allocation Fund<sup>1</sup></b> |          |                   |  |   |
| USD Class A  | USD      | 18 July 2011      | 2.99% <sup>2</sup>                         | 4.27% <sup>3</sup>                                    |
| EUR Class A  | EUR      | 18 July 2011      | 17.79% <sup>2</sup>                        | 1.02% <sup>3</sup>                                    |
| GBP Class A  | GBP      | 18 July 2011      | 20.25% <sup>2</sup>                        | 4.16% <sup>3</sup>                                    |
| GBP Class A2   | GBP      | 29 February 2012  | 39.69% <sup>2</sup>                        | 3.45% <sup>3</sup>                                    |
| <b>Equity Balanced-Beta US Fund</b>                      |          |                   |  |   |
| USD Class I  | USD      | 21 March 2012     | 94.02%                                     | 7.17%   |
| USD Class A  | USD      | 4 October 2013    | 47.67%                                     | 6.31%   |
| USD Class C  | USD      | 13 November 2012  | 86.85%                                     | 6.74%   |
| <b>Equity Balanced-Beta Eurozone Fund</b>                |          |                   |  |   |
| USD Class C  | USD      | 11 April 2014     | 37.81%                                     | 6.31%   |
| EUR Class I  | EUR      | 21 March 2012     | 71.04%                                     | 4.63%   |
| EUR Class A <sup>6</sup>                                 | EUR      | 21 March 2012     | 66.00%                                     | 6.02%   |
| EUR Class C  | EUR      | 8 August 2012     | 68.95%                                     | 4.21%   |
| <b>Equity Balanced-Beta UK Fund</b>                      |          |                   |  |   |
| USD Class I <sup>7</sup>                                 | USD      | 12 February 2014  | 11.84%                                     | 2.88%   |
| USD Class C  | USD      | 27 September 2013 | 14.27%                                     | 3.10%   |
| GBP Class I  | GBP      | 27 August 2013    | 14.50%                                     | 2.02%   |
| GBP Class C  | GBP      | 8 August 2012     | 37.99%                                     | 1.61%   |
| <b>US Municipal Bond Opportunities Fund<sup>4</sup></b>  |          |                   |  |   |
| EUR Class S  | EUR      | 21 September 2017 | 1.58% <sup>5</sup>                         | 1.58% <sup>5</sup>                                    |
| USD Class SD   | USD      | 23 October 2017   | 3.66% <sup>5</sup>                         | 3.66% <sup>5</sup>                                    |

<sup>1</sup>Effective 20 October 2017 80% Protected Dynamic Allocation Fund was fully redeemed.<sup>2</sup>80% Protected Dynamic Allocation Fund performance from inception to termination.<sup>3</sup>80% Protected Dynamic Allocation Fund performance for period to termination.<sup>4</sup>Effective 21 September 2017 US Municipal Bond Opportunities Fund launched.<sup>5</sup>US Municipal Bond Opportunities Fund performance from inception.<sup>6</sup>Effective 2 February 2018, Class A EUR was fully redeemed on Equity Balanced-Beta Eurozone Fund.<sup>7</sup>Effective 17 May 2018, Class I USD was fully redeemed on Equity Balance-Beta UK Fund.

**Manager's report (continued)**

For the financial year ended 30 June 2018

**Remuneration**

UCITS Regulations require certain disclosures to be made with regard to the remuneration policy of Link Fund Manager Solutions (Ireland) Limited ("LFMSI"). LFMSI, as a UCITS management company, has in place a remuneration policy which has applied to LFMSI since 1 January 2015, being the beginning of the first financial year of LFMSI following its authorisation as a UCITS management company.

Details of LFMSI's remuneration policy are disclosed on the LFMSI website. In accordance with the UCITS Regulations remuneration requirements, LFMSI is committed to ensuring that its remuneration policies and practices are consistent with and promote sound and effective risk management. This remuneration policy is designed to ensure that excessive risk taking is not encouraged within LFMSI and to enable LFMSI to achieve and maintain a sound capital base. In order to reduce the potential for conflicts of interests, none of the staff of LFMSI receive remuneration, either fixed or variable, which depends on the performance of any UCITS which LFMSI manages.

Remuneration costs are based on the direct employees of LFMSI plus a portion of the shared resources. These costs are allocated to funds based on the number of sub-funds managed by LFMSI.

The remuneration policy is in line with the business strategy, objectives, values and interests of the UCITS management company and the UCITS that it manages and of the investors in such UCITS, and includes measures to avoid conflicts of interest. The remuneration policy is adopted by the management body of the management company in its supervisory function, and that body adopts, and reviews at least annually, the general principles of the remuneration policy and is responsible for, and oversees, their implementation. There were no material changes to the policy during the period.

|   | <b>Number of<br/>beneficiaries</b> | <b>Fixed<br/>(EUR)</b> | <b>Variable<br/>(EUR)</b> | <b>Total<br/>(EUR)</b> |
|---|------------------------------------|------------------------|---------------------------|------------------------|
| Total remuneration paid to staff of the Management Company during the financial year ended 30 June 2018 | 24                                 | 940,824                | 95,311                    | 1,036,134              |
| Attributable to Red Arc Global Investments (Ireland) plc  |                                    | 86,383                 | 8,751                     | 95,134                 |

**Total amount of remuneration paid to members of staff whose activities have a material impact on the risk profile of the funds for the financial year ended 30 June 2018:**

|  | <b>Fixed<br/>(EUR)</b> | <b>Variable<br/>(EUR)</b> | <b>Total<br/>(EUR)</b> |
|--|------------------------|---------------------------|------------------------|
| Senior Management (including executives)   |                        |                           |                        |
| Risk Takers and other identified staff   | -                      | -                         | -                      |
| Any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers | -                      | -                         | -                      |
| Remuneration of employees whose actions have a material impact on the risk profile of the UCITS managed by the Management Company  | -                      | -                         | -                      |

In addition, LFMSI delegate investment management to some third party portfolio managers. Total remuneration paid by these Investment Managers that is attributable to Red Arc Global Investments (Ireland) plc amounted to no more than US\$5,000 during the period.

**Link Fund Manager Solutions (Ireland) Limited**  
**August 2018**

## Review of Funds

For the financial year ended 30 June 2018

### **80% Protected Dynamic Allocation Fund**

The 80% Protected Dynamic Allocation Fund (the "Sub-fund") Class A share classes denominated in EUR, GBP and USD were launched on 18 July 2011 with an initial NAV of EUR 100 per share, GBP 100 per share and USD 100 per share respectively. The Class A2 share class denominated in GBP was launched on 29 February 2012. Management made an assessment of the sub-fund's ability to continue as a going concern and decided to terminate the sub-fund on 20 October 2017.

#### **EUR A share class**

The NAV at the start of the period (30 June 2017 to 20 October 2017) was EUR 116.6 per share, with an allocation of 54.78% to the reference portfolio. The allocation of the share class to the reference portfolio has generally increased throughout the period. The average allocation in this period was of 55.03%. The allocation to the reference portfolio peaked at 55.89% on 17 October 2017. The reference portfolio allocation on 20 October 2017 was 55.87%. The share class NAV closed at EUR 117.79 per share. Over this period, the share class returned 1.02%.

#### **GBP A share class**

The NAV at the start of the period (30 June 2017 to 20 October 2017) was GBP 115.45 per share, with an allocation of 100% to the reference portfolio. The allocation of the share class to the reference portfolio remained at 100% throughout the period. The average allocation throughout this period was 100%. The share class closed this period with a NAV of GBP 120.25 per share. Over this period, the share class returned 4.16%.

#### **USD A share class**

The NAV at the start of the period (30 June 2017 to 20 October 2017) was USD 98.77 per share, with an allocation of 72.97% to the reference portfolio. The allocation of the share class to the reference portfolio increased throughout the period. The average allocation throughout this period was 80.81%. The allocation to the reference portfolio peaked at 94.32% on 20 October 2017. The share class closed this period with a NAV of USD 102.99 per share. Over this period, the share class returned 4.27%.

#### **GBP A2 share class**

The NAV at the start of the period (30 June 2017 to 20 October 2017) was GBP 135.03 per share, with an allocation of 84.95% to the reference portfolio. The average allocation throughout this period was 85.50%. The allocation of the share class to the reference portfolio during the period peaked at 86.08% on the period closing date of 20 October 2017. The share class closed this period with a NAV of GBP 139.69 per share. Over this period, the share class returned 3.45%.

### **Equity Balanced Beta US Fund**

The Equity Balanced Beta US Fund (the "Fund") was launched on 21 March 2012 with an initial NAV of USD 100 per share. The Fund is designed to track the Citi Volatility Balanced Beta (VIBE) Equity US Total Return Index (the "Index"). (Note, effective 14 August 2017 the reference index changed from Citi Volatility Balanced Beta (VIBE) Equity US Net Total Return Index to Citi Volatility Balanced Beta (VIBE) Equity US Gross Total Return Index. This was to allow for a change in the treatment of Withholding Tax on the underlying swap positions. Accordingly, the performance of Net Index has been used for the period prior to 14 August 2017, and the gross Index for the period from 14 August 2017 to 29 June 2018.

The Index closing level on 30 June 2017 was \$ 370.39. Between 30 June 2017 and 29 June 2018, the Index returned 8.83%, closing at \$ 444.42 on 29 June 2018. Over the same period, the Fund NAV for the USD denominated I share class returned 7.17%, closing at \$ 194.02 per share on 29 June 2018. The USD denominated C share class returned 6.74%, closing at \$ 186.85 per share on 29 June 2018.

The USD denominated A share class returned 6.31%, closing at \$147.67 per share on 29 June 2018.

### **Equity Balanced Beta Eurozone Fund**

The Equity Balanced Beta Eurozone Fund (the "Fund") was launched on 21 March 2012 with an initial NAV of € 100 per share. The Fund is designed to track the Citi Volatility Balanced Beta (VIBE) Equity Eurozone Net Total Return Index (the "Index").

The Index closing level on 30 June 2017 was € 246.22. Between 30 June 2017 and 29 June 2018, the Index returned 5.37%, closing at € 259.44 on 29 June 2018. Over the same period, the Fund NAV for the EUR denominated I share class returned 4.63%, closing at € 171.04 per share on 29 June 2018. The EUR denominated C share class returned 4.21%, closing at € 168.95 per share on 29 June 2018. The USD denominated C share class returned 6.31%, closing at \$ 137.81 per share on 29 June 2018. The EUR denominated A share class was fully redeemed on 02 February 2018.

### **Equity Balanced Beta UK Fund**

The Equity Balanced Beta UK Fund (the "Fund") was launched on 8 August 2012 with an initial NAV of 100 per share. The Fund is designed to track the Citi Volatility Balanced Beta (VIBE) Equity UK Net Total Return Index (the "Index").

The Index closing level on 30 June 2017 was £ 379.46. Between 30 June 2017 and 29 June 2018, the Index returned 2.86%, closing at £ 390.32 on 29 June 2018. Over the same period, the Fund NAV for the GBP denominated C share class returned 1.6%, when it closed at £137.99 per share on 29 June 2018. The GBP denominated I share class returned 2.02%, when it closed at £ 114.50 per share on 29 June 2018. The USD denominated C share class returned 3.10%, when it closed at \$ 114.27 per share on 29 June 2018. The USD denominated I share class was fully redeemed effective 17 May 2018.

### **US Municipal Bond Opportunities Fund**

The US Municipal Bond Opportunities Fund (the "Fund") Class S EUR was launched on 21 September 2017 with an initial NAV of € 100 per share. Effective 23 October 2017, Class SD USD launched with an initial NAV of \$ 100 per share.

The Fund aims to achieve a combination of an attractive above market income yield and capital growth by investing the majority of its proceeds into a portfolio of US municipal bonds with a medium to long term average duration target. The Fund also invests in financial derivative instruments to gain exposure to the bonds and also in certain situations enhance the investment return and reduce the duration risk.

Between 21 September 2017 and 29 June 2018, the Class S EUR returned 1.58%, closing at € 101.58 on 29 June 2018. The Class SD USD returned 3.66% from its launch on 23 October 2017, closing at \$ 103.66 per share.

**Report of the Depositary to the Shareholders of Red Arc Global Investments (Ireland) plc**  
For the financial year ended 30 June 2018

We, J.P. Morgan Bank (Ireland) plc, appointed Depositary to Red Arc Global Investment (Ireland) plc ("the Company") provide this report solely in favour of the Shareholders of the Company for the year ended 30 June 2018 ("the Accounting Period").

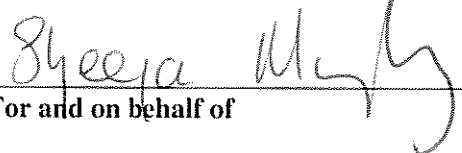
This report is provided in accordance with the UCITS Regulations – European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended, ("the Regulations"). We do not, in the provision of this report, accept nor assume responsibility for any other purpose or to any other person to whom this report is shown.

In accordance with our Depositary obligation as provided for under the Regulations, we have enquired into the conduct of the Company for the Accounting Period and we hereby report thereon to the Shareholders of the Company as follows;

We are of the opinion that the Company has been managed during the Accounting Period, in all material respects:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the constitutional documents and the Regulations; and

(ii) otherwise in accordance with the provisions of the constitutional documents and the Regulations.

  
\_\_\_\_\_  
For and on behalf of

For and on behalf of  
J.P. Morgan Bank (Ireland) plc  
JPMorgan House,  
IFSC,  
Dublin, 1.

Date: 30 October 2018

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RED ARC GLOBAL INVESTMENTS (IRELAND) PLC

### Report on the audit of the financial statements

#### Opinion on the financial statements of Red Arc Global Investments (Ireland) Plc ("the company")

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at financial year ended 30 June 2018 and of the profit for the year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework, the applicable Regulations and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Statement of Financial Position;
- the Statement of Comprehensive Income;
- the Statement of Changes in Net Assets attributable to holders of Redeemable Shares;
- the Statement of Cash Flows;
- the Schedule of Investments; and
- the related notes 1 to 27, including a summary of significant accounting policies as set out in note 2.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework").

The applicable regulations that have been applied in their preparation is the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 and Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations, 2015 (as amended) ("the applicable Regulations").

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Audited Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
RED ARC GLOBAL INVESTMENTS (IRELAND) PLC**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

*Continued on next page/*

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RED ARC GLOBAL INVESTMENTS (IRELAND) PLC

This report is made solely to the company's shareholders, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### Report on other legal and regulatory requirements

#### Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

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

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.



Brian Jackson  
For and on behalf of Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 30th October 2018

## Statement of financial position

As at 30 June 2018

|  | Note  | 80%<br>Protected<br>Dynamic<br>Allocation<br>Fund <sup>1</sup><br>USD | Equity<br>Balanced<br>Beta US<br>Fund<br>USD | Equity<br>Balanced<br>Beta<br>Eurozone<br>Fund<br>EUR | Equity<br>Balanced<br>Beta UK<br>Fund<br>GBP | US Municipal Bond<br>Opportunities<br>Fund <sup>2</sup><br>USD | Total<br>EUR       |
|--|-------|---|--|---|--|--|--------------------|
| <b>Assets</b>  |       |   |  |   |  |  |                    |
| Cash and cash equivalents  | 2 (e) |   | 94,190                                       | 70,026  | 11,573                                       | 313,683  | 432,453            |
| Financial assets at fair value through profit or loss  | 3     |   |  |   |  |  |                    |
| - Transferable securities  |       | -   | -  | -   | -  | 8,217,254  | 7,038,029          |
| - Financial derivative instruments   |       | -   | 57,497,344                                   | 38,670,798  | 8,546,271                                    | 359,628  | 97,888,963         |
| Spot contracts   |       | -   | -  | -   | -  | 42   | 36                 |
| Receivable under swap contract   | 5     | -   | -  | 74,996  | -  | -  | 74,996             |
| Amount receivable from the Distributor   |       | 3,434   | -  | -   | -  | 34,507   | 32,496             |
| Interest receivable  |       | -   | -  | -   | -  | 112,783  | 96,598             |
| Other receivables  |       | -   | -  | -   | -  | 15,997   | 13,701             |
| <b>Total assets</b>  |       | <b>3,434</b>  | <b>57,591,534</b>                            | <b>38,815,820</b>                                     | <b>8,557,844</b>                             | <b>9,053,894</b>   | <b>105,577,272</b> |
| <b>Liabilities</b>   |       |   |  |   |  |  |                    |
| Financial liabilities at fair value through profit or loss   | 3     |   |  |   |  |  |                    |
| - Financial derivative instruments   |       | -   | -  | 122,451   | 4,116  | 217,354  | 313,268            |
| Bank overdraft   | 2 (e) | 3,434   | -  | -   | -  | 341,439  | 295,383            |
| Withholding tax payable under swap contract  |       | -   | 1,686  | -   | -  | -  | 1,444              |
| Forward contracts to settle  |       | -   | -  | 32,487  | -  | 17,018   | 47,063             |
| Redemptions payable  |       | -   | -  | 81,756  | -  | 200,286  | 253,300            |
| Amount payable to Distributor  | 17    | -   | 11,865                                       | -   | -  | -  | 10,162             |
| Fund Fees payable  | 8     | -   | 121,035                                      | 90,477  | 7,284  | 2,416  | 204,449            |
| <b>Total liabilities (excluding net assets attributable to holders of redeemable participating shares)</b> |       | <b>3,434</b>  | <b>134,586</b>                               | <b>327,171</b>  | <b>11,400</b>                                | <b>778,513</b>   | <b>1,125,069</b>   |
| <b>Net assets attributable to holders of redeemable participating shares</b>                               |       | <b>-</b>  | <b>57,456,948</b>                            | <b>38,488,649</b>                                     | <b>8,546,444</b>                             | <b>8,275,381</b>   | <b>104,452,203</b> |

<sup>1</sup>Effective 20 October 2017, 80% Protected Dynamic Allocation Fund closed.<sup>2</sup>Effective 21 September 2017, US Municipal Bond Opportunities Fund launched.


On behalf of the Board

Signature:

  
 Print name: Gerard Barry

Signature:

Print name:

  
 Kevin Moloney

Date: 30 October 2018

The accompanying notes form an integral part of the financial statements

**Statement of financial position**

As at 30 June 2017

|  | Note | UK<br>Autocall<br>Fund <sup>1</sup><br>GBP | 80%<br>Protected<br>Dynamic<br>Allocation<br>Fund<br>USD | Equity<br>Balanced<br>Beta US<br>Fund<br>USD | Equity<br>Balanced<br>Beta<br>Eurozone<br>Fund<br>EUR | Equity<br>Balanced<br>Beta UK<br>Fund<br>GBP | Total<br>EUR       |
|--|------|--|--|--|---|--|--------------------|
| <b>Assets</b>  |      |  |  |  |   |  |                    |
| Cash and cash equivalents  | 2(e) | 7,620                                      | 203,174  | 966,094                                      | 164,418   | 12,878                                       | 1,212,941          |
| Financial assets at fair value through profit or loss  | 3    |  |  |  |   |  |                    |
| - Financial derivative instruments   |      | -  | 14,726,091   | 75,206,098                                   | 51,299,261  | 8,989,219                                    | 140,386,708        |
| Spot contracts   |      | -  | -  | -  | 73  | -  | 73                 |
| Receivable under swap contract   |      | -  | 22,442   | 13,871                                       | 306,054   | -  | 337,892            |
| Swap fee receivable  | 5    | -  | 21,545   | -  | -   | -  | 18,890             |
| Subscriptions receivable   | 15   | -  | -  | -  | 1,501   | -  | 1,501              |
| Other receivables  | 6    | -  | -  | -  | -   | 10,593                                       | 12,064             |
| <b>Total assets</b>  |      | <b>7,620</b>                               | <b>14,973,252</b>  | <b>76,186,063</b>                            | <b>51,771,307</b>                                     | <b>9,012,690</b>                             | <b>141,970,069</b> |
| <b>Liabilities</b>   |      |  |  |  |   |  |                    |
| Financial liabilities at fair value through profit or loss   | 3    |  |  |  |   |  |                    |
| - Financial derivative instruments   |      | -  | -  | -  | 92,936  | 4,884  | 98,498             |
| Payable under swap contract  |      | -  | 117,212  | -  | 28,000  | -  | 130,768            |
| Forward contracts to settle  |      | -  | -  | -  | 388,740   | 7,327  | 397,085            |
| Redemptions payable  |      | -  | 90,301   | 846,116                                      | 332,466   | -  | 1,153,488          |
| Amount payable to distributor  | 17   | -  | -  | 60,046                                       | 35,157  | -  | 87,804             |
| Fund Fees payable  | 8    | 7,620                                      | 39,399   | 127,218                                      | 113,424   | 20,192                                       | 291,183            |
| <b>Total liabilities (excluding net assets attributable to holders of redeemable participating shares)</b> |      | <b>7,620</b>                               | <b>246,912</b>   | <b>1,033,380</b>                             | <b>990,723</b>  | <b>32,403</b>                                | <b>2,158,826</b>   |
| <b>Net assets attributable to holders of redeemable participating shares</b>                               |      | <b>-</b>                                   | <b>14,726,340</b>  | <b>75,152,683</b>                            | <b>50,780,584</b>                                     | <b>8,980,287</b>                             | <b>139,811,243</b> |

<sup>1</sup>Fully redeemed and terminated on 5 December 2016.

The accompanying notes form an integral part of the financial statements

**Statement of comprehensive income**

For the financial year ended 30 June 2018

|   | Note | 80%<br>Protected Dynamic<br>Allocation<br>Fund <sup>1</sup><br>USD | Equity<br>Balanced<br>Beta US<br>Fund<br>USD | Equity Balanced<br>Beta<br>Eurozone<br>Fund<br>EUR | Equity Balanced<br>Beta UK<br>Fund<br>GBP | US Municipal Bond<br>Opportunities<br>Fund <sup>2</sup><br>USD | Total<br>EUR     |
|---|------|--|--|--|---|--|------------------|
| <b>Investment income</b>  |      |  |  |  |   |  |                  |
| Net gain/(loss) on financial assets and liabilities at fair value through profit or loss and foreign exchange | 3    | 707,192  | 6,565,932                                    | 2,390,312  | 224,605                                   | (162,092)  | 8,603,579        |
| Interest income   |      | 175  | 3  | 9  | -   | 283,097  | 237,423          |
| Swap fee income   | 5    | 56,057   | -  | -  | -   | -  | 46,982           |
| <b>Total investment income</b>  |      | <b>763,424</b>   | <b>6,565,935</b>                             | <b>2,390,321</b>                                   | <b>224,605</b>                            | <b>121,005</b>   | <b>8,887,984</b> |
| <b>Expenses</b>   |      |  |  |  |   |  |                  |
| Fund Fees   | 8    | 56,057   | 578,675                                      | 403,925  | 84,256                                    | 32,593   | 1,058,298        |
| Transaction costs   | 9    | 6  | 139,902                                      | 95,021   | 17,792                                    | -  | 232,357          |
| Establishment costs   |      | -  | -  | -  | -   | 4,739  | 3,972            |
| <b>Total expenses</b>   |      | <b>56,063</b>  | <b>718,577</b>                               | <b>498,946</b>                                     | <b>102,048</b>                            | <b>37,332</b>  | <b>1,294,627</b> |
| <b>Finance Costs</b>  |      |  |  |  |   |  |                  |
| Distributions   | 18   | -  | -  | -  | -   | 12,947   | 10,851           |
| Interest expense  |      | -  | -  | -  | -   | 20   | 17               |
| <b>Total finance costs</b>  |      | <b>-</b>   | <b>-</b>                                     | <b>-</b>   | <b>-</b>                                  | <b>12,967</b>  | <b>10,868</b>    |
| <b>Profit after distributions and before tax</b>  |      | <b>707,361</b>   | <b>5,847,358</b>                             | <b>1,891,375</b>                                   | <b>122,557</b>                            | <b>70,706</b>  | <b>7,582,489</b> |
| Withholding tax   | 19   | -  | 485,398                                      | -  | -   | -  | 406,815          |
| <b>Increase in net assets attributable to holders of redeemable participating shares</b>                      |      | <b>707,361</b>   | <b>5,361,960</b>                             | <b>1,891,375</b>                                   | <b>122,557</b>                            | <b>70,706</b>  | <b>7,175,674</b> |

<sup>1</sup>Effective 20 October 2017, 80% Protected Dynamic Allocation Fund closed.<sup>2</sup>Effective 21 September 2017, US Municipal Bond Opportunities Fund launched.

There were no gains/(losses) in the financial year other than the increase in net assets attributable to holders of redeemable participating shares.

The accompanying notes form an integral part of the financial statements

**Statement of comprehensive income**

For the financial year ended 30 June 2017

|  | Note | UK<br>Autocall<br>Fund <sup>1</sup><br>GBP | 80%<br>Protected<br>Dynamic<br>Allocation<br>Fund<br>USD | Equity Balanced<br>Beta US<br>Fund<br>USD | Equity Balanced<br>Beta<br>Eurozone<br>Fund<br>EUR | Equity Balanced<br>Beta UK<br>Fund<br>GBP | Total<br>EUR      |
|--|------|--|--|---|--|---|-------------------|
| <b>Investment income</b>   |      |  |  |   |  |   |                   |
| Net gain on financial assets and liabilities at fair value through profit or loss and foreign exchange | 3    | 435,902                                    | 1,193,916  | 6,999,569                                 | 15,514,265   | 1,428,009                                 | 25,203,085        |
| Interest income  |      | 13   | -  | -   | 32   | -   | 47                |
| Swap fee income  | 5    | 5,386                                      | 179,637  | -   | -  | -   | 171,152           |
| <b>Total investment income</b>   |      | <b>441,301</b>                             | <b>1,373,553</b>   | <b>6,999,569</b>                          | <b>15,514,297</b>                                  | <b>1,428,009</b>                          | <b>25,374,284</b> |
| <b>Expenses</b>  |      |  |  |   |  |   |                   |
| Fund fees  | 8    | 5,386                                      | 179,637  | 831,582                                   | 672,166  | 96,535                                    | 1,718,909         |
| Transaction costs  | 9    | 95   | 28   | 199,435                                   | 171,858  | 24,366                                    | 383,396           |
| <b>Total expenses</b>  |      | <b>5,481</b>                               | <b>179,665</b>   | <b>1,031,017</b>                          | <b>844,024</b>                                     | <b>120,901</b>                            | <b>2,102,305</b>  |
| <b>Finance costs</b>   |      |  |  |   |  |   |                   |
| Interest expense   |      | -  | 7  | -   | -  | -   | 6                 |
| <b>Increase in net assets attributable to holders of redeemable participating shares</b>               |      | <b>435,820</b>                             | <b>1,193,881</b>   | <b>5,968,552</b>                          | <b>14,670,273</b>                                  | <b>1,307,108</b>                          | <b>23,271,973</b> |

<sup>1</sup>Fully redeemed and terminated on 5 December 2016.

There were no gains/(losses) in the financial year other than the increase in net assets attributable to holders of redeemable participating shares.

The accompanying notes form an integral part of the financial statements

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

For the financial year ended 30 June 2018

|   |         | 80%<br>Protected Dynamic<br>Allocation<br>Fund <sup>1</sup><br>USD | Equity<br>Balanced<br>Beta US<br>Fund<br>USD | Equity<br>Balanced<br>Beta<br>Eurozone<br>Fund<br>EUR | Equity<br>Balanced<br>Beta UK<br>Fund<br>GBP | US Municipal Bond<br>Opportunities<br>Fund <sup>2</sup><br>USD | Total<br>EUR       |
|---|---------|--|--|---|--|--|--------------------|
|   | Note    |  |  |   |  |  |                    |
| Net assets attributable to holders of redeemable participating shares at the start of the financial year      |         | 14,726,340   | 75,152,683                                   | 50,780,584  | 8,980,287                                    | -  | 139,811,243        |
| Increase in net assets attributable to holders of redeemable participating shares                             |         | 707,361  | 5,361,960                                    | 1,891,375   | 122,557                                      | 70,706   | 7,175,674          |
| Issue of redeemable participating shares  |         | 916,416  | 19,532,416                                   | 2,142,899   | 717,500                                      | 10,161,497   | 28,607,304         |
| Redemption of redeemable participating shares   |         | (16,350,117)   | (42,590,111)                                 | (16,326,209)  | (1,273,900)                                  | (1,956,822)  | (68,801,999)       |
| Notional foreign exchange loss on conversion of assets and liabilities  | 2c(iii) | -  | -  | -   | -  | -  | (2,340,019)        |
| <b>Net assets attributable to holders of redeemable participating shares at the end of the financial year</b> |         | <b>-</b>   | <b>57,456,948</b>                            | <b>38,488,649</b>                                     | <b>8,546,444</b>                             | <b>8,275,381</b>   | <b>104,452,203</b> |

<sup>1</sup>Effective 20 October 2017, 80% Protected Dynamic Allocation Fund closed.

<sup>2</sup>Effective 21 September 2017, US Municipal Bond Opportunities Fund launched.

The accompanying notes form an integral part of the financial statements

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

For the financial year ended 30 June 2017

|   | Note    | UK<br>Autocall<br>Fund <sup>1</sup><br>GBP | 80%<br>Protected Dynamic<br>Allocation<br>Fund<br>USD | Equity<br>Balanced<br>Beta US<br>Fund<br>USD | Equity<br>Balanced<br>Beta<br>Eurozone<br>Fund<br>EUR | Equity<br>Balanced<br>Beta UK<br>Fund<br>GBP | Total<br>EUR       |
|---|---------|--|---|--|---|--|--------------------|
| Net assets attributable to holders of redeemable participating shares at the start of the financial year      |         | 8,598,146                                  | 14,565,255  | 133,321,272                                  | 95,697,606  | 12,035,382                                   | 253,642,737        |
| Increase in net assets attributable to holders of redeemable participating shares                             |         | 435,820                                    | 1,193,881   | 5,968,552                                    | 14,670,273  | 1,307,108                                    | 23,271,973         |
| Issue of redeemable participating shares  |         | 196,768                                    | 3,353,307   | 3,352,850                                    | 6,340,677   | 328,078                                      | 13,106,698         |
| Redemption of redeemable participating shares   |         | (9,230,734)                                | (4,386,103)   | (67,489,991)                                 | (65,927,972)  | (4,690,281)                                  | (148,095,266)      |
| Notional foreign exchange loss on conversion of assets and liabilities  | 2c(iii) | -  | -   | -  | -   | -  | (2,114,899)        |
| <b>Net assets attributable to holders of redeemable participating shares at the end of the financial year</b> |         | <b>-</b>                                   | <b>14,726,340</b>                                     | <b>75,152,683</b>                            | <b>50,780,584</b>                                     | <b>8,980,287</b>                             | <b>139,811,243</b> |

<sup>1</sup>Fully redeemed and terminated on 05 December 2016.

<sup>2</sup>Effective 20 October 2017, 80% Protected Dynamic Allocation Fund closed.

The accompanying notes form an integral part of the financial statements

**Statement of cash flows**

For the financial year ended 30 June 2018

|   | 80%<br>Protected Dynamic<br>Allocation<br>Fund <sup>1</sup><br>USD | Equity Balanced<br>Beta US<br>Fund<br>USD | Equity Balanced<br>Beta<br>Eurozone<br>Fund<br>EUR | Equity Balanced<br>Beta UK<br>Fund<br>GBP | US Municipal Bond<br>Opportunities<br>Fund <sup>2</sup><br>USD | Total<br>EUR        |
|---|--|---|--|---|--|---------------------|
| <b>Cash flow from operating activities</b>  |  |   |  |   |  |                     |
| Increase in net assets attributable to holders of redeemable participating shares from operations | 707,361  | 5,361,960                                 | 1,891,375  | 122,557                                   | 70,706   | 7,175,674           |
| <i>Adjustment for:</i>  |  |   |  |   |  |                     |
| Interest income   | (175)  | (3)                                       | (9)  | -   | (283,097)  | (237,423)           |
| Distributions to holders of redeemable participating shares                                       | -  | -   | -  | -   | 12,947   | 10,851              |
| <b>Net operating cash flow before change in operating assets and liabilities</b>                  | <b>707,186</b>   | <b>5,361,957</b>                          | <b>1,891,366</b>                                   | <b>122,557</b>                            | <b>(199,444)</b>   | <b>6,949,102</b>    |
| Net decrease/(increase) in financial assets at fair value through profit or loss                  | 14,726,091   | 17,708,754                                | 12,628,463   | 442,948                                   | (8,576,882)  | 33,123,836          |
| Net increase/(decrease) in financial liabilities at fair value through profit or loss             | -  | -   | 29,515   | (768)                                     | 217,354  | 210,814             |
| Net decrease/(increase) in other receivables  | 40,553   | 13,871                                    | 231,131  | 10,593                                    | (50,546)   | 246,335             |
| Net (decrease)/increase in other payables   | (156,611)  | (52,678)                                  | (442,357)  | (20,235)                                  | 19,434   | (632,910)           |
| <b>Net cash from/(used in) operating activities</b>   | <b>15,317,219</b>  | <b>23,031,904</b>                         | <b>14,338,118</b>                                  | <b>555,095</b>                            | <b>(8,590,084)</b>   | <b>39,897,177</b>   |
| Interest received   | 175  | 3   | 9  | -   | 170,314  | 142,899             |
| <b>Net cash from/(used in) operating activities</b>   | <b>15,317,394</b>  | <b>23,031,907</b>                         | <b>14,338,127</b>                                  | <b>555,095</b>                            | <b>(8,419,770)</b>   | <b>40,040,076</b>   |
| <b>Cash flows from financing activities</b>   |  |   |  |   |  |                     |
| Distributions paid to holders of redeemable participating shares                                  | -  | -   | -  | -   | (12,947)   | (10,851)            |
| Proceeds from issue of redeemable participating shares  | 916,416  | 19,532,416                                | 2,144,400  | 717,500                                   | 10,161,497   | 28,608,805          |
| Payment for redemption of participating shares  | (16,440,418)   | (43,436,227)                              | (16,576,919)                                       | (1,273,900)                               | (1,756,536)  | (69,669,665)        |
| <b>Net cash (used)/from in financing activities</b>   | <b>(15,524,002)</b>  | <b>(23,903,811)</b>                       | <b>(14,432,519)</b>                                | <b>(556,400)</b>                          | <b>8,392,014</b>   | <b>(41,071,711)</b> |
| <b>Net decrease in cash and cash equivalents</b>  | <b>(206,608)</b>   | <b>(871,904)</b>                          | <b>(94,392)</b>                                    | <b>(1,305)</b>                            | <b>(27,756)</b>  | <b>(1,031,635)</b>  |
| <b>Cash and cash equivalents at the start of the financial year</b>                               | <b>203,174</b>   | <b>966,094</b>                            | <b>164,418</b>                                     | <b>12,878</b>                             | <b>-</b>   | <b>1,212,941</b>    |
| Notional foreign exchange adjustment  | -  | -   | -  | -   | -  | (44,236)            |
| <b>Cash and cash equivalents at the end of the financial year</b>                                 | <b>(3,434)</b>   | <b>94,190</b>                             | <b>70,026</b>                                      | <b>11,573</b>                             | <b>(27,756)</b>  | <b>137,070</b>      |
| <b>Breakdown of cash and cash equivalents</b>   |  |   |  |   |  |                     |
| Cash and cash equivalents   | (3,434)  | 94,190                                    | 70,026   | 11,573                                    | 313,683  | 432,453             |
| Bank overdraft  | -  | -   | -  | -   | (341,439)  | (295,383)           |

<sup>1</sup>Effective 20 October 2017, 80% Protected Dynamic Allocation Fund closed.<sup>2</sup>Effective 21 September 2017, US Municipal Bond Opportunities Fund launched.

The accompanying notes form an integral part of the financial statements

**Statement of cash flows**

For the financial year ended 30 June 2017

|   | UK<br>Autocall<br>Fund<br>GBP | 80%<br>Protected Dynamic<br>Allocation<br>Fund<br>USD | Equity Balanced<br>Beta US<br>Fund<br>USD | Equity Balanced<br>Beta<br>Eurozone<br>Fund<br>EUR | Equity Balanced<br>Beta UK<br>Fund<br>GBP | Total<br>EUR         |
|---|-------------------------------|---|---|--|---|----------------------|
| <b>Cash flow from operating activities</b>  |                               |   |   |  |   |                      |
| Increase in net assets attributable to holders of redeemable participating shares from operations | 435,820                       | 1,193,881   | 5,968,552                                 | 14,670,273   | 1,307,108                                 | 23,271,973           |
| <b>Net operating cash flow before change in operating assets and liabilities</b>                  | <b>435,820</b>                | <b>1,193,881</b>                                      | <b>5,968,552</b>                          | <b>14,670,273</b>                                  | <b>1,307,108</b>                          | <b>23,271,973</b>    |
| Net decrease/(increase) in financial assets at fair value through profit or loss                  | 8,674,240                     | (161,113)   | 58,195,169                                | 44,270,982   | 2,822,879                                 | 110,913,327          |
| Net decrease in financial liabilities at fair value through profit or loss                        | -                             | -   | -   | (178,263)  | (3,576)                                   | (182,423)            |
| Net decrease/(increase) in other receivables  | 1,324                         | (36,228)  | 69,249                                    | 3,127,897  | (10,593)                                  | 3,147,425            |
| Net (decrease)/increase in other payables   | 6,296                         | 148,852   | (3,722)                                   | 491,418  | 18,903                                    | 653,943              |
| <b>Net cash from operating activities</b>   | <b>9,117,680</b>              | <b>1,145,392</b>                                      | <b>64,229,248</b>                         | <b>62,382,307</b>                                  | <b>4,134,721</b>                          | <b>137,804,245</b>   |
| <b>Cash flows from financing activities</b>   |                               |   |   |  |   |                      |
| Issue of redeemable participating shares  | 196,768                       | 3,353,307   | 3,463,809                                 | 6,339,176  | 328,078                                   | 13,207,046           |
| Redemption of participating shares  | (9,426,174)                   | (4,436,841)   | (66,726,995)                              | (68,739,641)                                       | (4,690,281)                               | (150,480,495)        |
| <b>Net cash used in financing activities</b>  | <b>(9,229,406)</b>            | <b>(1,083,534)</b>                                    | <b>(63,263,186)</b>                       | <b>(62,400,465)</b>                                | <b>(4,362,203)</b>                        | <b>(137,273,449)</b> |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                                       | <b>(111,726)</b>              | <b>61,858</b>   | <b>966,062</b>                            | <b>(18,158)</b>                                    | <b>(227,482)</b>                          | <b>530,796</b>       |
| <b>Cash and cash equivalents at the start of the financial year</b>                               | <b>119,346</b>                | <b>141,316</b>  | <b>32</b>                                 | <b>182,576</b>                                     | <b>240,360</b>                            | <b>742,637</b>       |
| Notional foreign exchange adjustment  | -                             | -   | -   | -  | -   | (60,492)             |
| <b>Cash and cash equivalents at the end of the financial year</b>                                 | <b>7,620</b>                  | <b>203,174</b>  | <b>966,094</b>                            | <b>164,418</b>                                     | <b>12,878</b>                             | <b>1,212,941</b>     |
| <b>Breakdown of cash and cash equivalents</b>   |                               |   |   |  |   |                      |
| Cash and cash equivalents   | 7,620                         | 203,174   | 966,094                                   | 164,418  | 12,878                                    | 1,212,941            |
| Bank overdraft  | -                             | -   | -   | -  | -   | -                    |

<sup>1</sup>Fully redeemed and terminated on 05 December 2016<sup>2</sup>Effective 20 October 2017, 80% Protected Dynamic Allocation Fund closed.

The accompanying notes form an integral part of the financial statements

## Notes to the financial statements

For the financial year ended 30 June 2018

### 1. General information

Red Arc Global Investments (Ireland) plc (the "Company") is an investment company with variable capital incorporated on 1 February 2008 and authorised in Ireland as an Undertaking for Collective Investment in Transferable Securities ("UCITS") pursuant to the European Communities UCITS Regulations 2011 as amended (the "UCITS Regulations") and Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) UCITS Regulations, 2015 (the "Central Bank Regulations").

The table below reflects the active share classes on each of the sub-funds during the financial reporting period.

| Sub-fund  | Share Classes  | Sub-fund launch date |
|---|--|----------------------|
| 80% Protected Dynamic Allocation Fund             | USD Class A, EUR Class A, GBP Class A, GBP Class A2              | 18 July 2011         |
| Equity Balanced-Beta US Fund                      | USD Class A, USD Class C, USD Class I                            | 21 March 2012        |
| Equity Balanced-Beta Eurozone Fund                | EUR Class A <sup>4</sup> , EUR Class C, EUR Class I, USD Class C | 21 March 2012        |
| Equity Balanced-Beta UK Fund                      | GBP Class C, GBP Class I, USD Class C, USD Class I <sup>5</sup>  | 8 August 2012        |
| US Municipal Bond Opportunities Fund <sup>2</sup> | EUR Class S <sup>2</sup> , USD Class SD <sup>3</sup>             | 21 September 2017    |

<sup>1</sup>Effective 20 October 2017, 80% Protected Dynamic Allocation Fund closed.

<sup>2</sup>Effective 21 September 2017, US Municipal Bond Opportunities Fund launched with EUR Class S.

<sup>3</sup>Effective 23 October 2017, Class SD USD launched on US Municipal Bond Opportunities fund.

<sup>4</sup>Effective 2 February 2018, Class A EUR fully redeemed on Equity Balanced-Beta Eurozone Fund.

<sup>5</sup>Effective 17 May 2018, Class I USD was fully redeemed on Equity Balanced-Beta UK Fund.

Please see the respective supplements for further information on the above sub-funds.

### 2. Significant accounting policies

#### (a) Basis of preparation

The audited financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, Irish statute comprising the Companies Act 2014, the UCITS Regulations, and the Central Bank Regulations. The financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities classified at fair value through profit or loss that have been measured at fair value.

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the financial year. Actual results could differ from those estimates and these differences could be material.

#### (b) Standards, interpretations and amendments issued and which have not been early adopted

The following new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2018.

##### IFRS 9 – Financial Instruments – Classification and Measurement

IFRS 9, published in July 2014, will replace the existing guidance in IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). It includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on the initial assessment, this standard is not expected to have a material impact on the Company.

##### IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on the initial assessment, this standard is not expected to have a material impact on the Company.

##### IFRS 16 – Leases

IFRS 16, published in January 2016 with an effective date of 1 January 2019 will replace the existing guidance in IAS 17 - Leases. The new standard requires lessees to recognise nearly all leases on the balance sheet which will reflect their right to use an asset for a period of time and the associated liability for payments.

IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on the initial assessment, this standard is not expected to have a material impact on the Company.

#### Standards and amendments to existing standards effective 1 January 2017

##### IAS 7 – Statement of Cash Flows

In January 2016, IAS 7 was amended to require entities to provide disclosures about changes in liabilities arising from financing activities. These amendments are effective for periods beginning on or after 1 January 2017. There was no impact on the financial statements of the Company resulting from the application of these amendments.

## Notes to the financial statements (continued)

For the financial year ended 30 June 2018

### 2. Significant accounting policies (continued)

#### (c) Foreign exchange translation

##### (i) Functional currency

The functional currency of Equity Balanced-Beta Eurozone Fund is Euro ("EUR"). The functional currency of Equity Balanced-Beta UK Fund is British Pound ("GBP"). The functional currency of Equity Balanced-Beta US Fund and US Municipal Bond Opportunities Fund is US Dollars ("USD"). The functional currency of 80% Protected Dynamic Allocation Fund was also USD. The Company has adopted the EUR as its presentation currency.

##### (ii) Foreign currency translation

Assets and liabilities denominated in currencies other than the functional currencies of the sub-funds are translated into the functional currency using exchange rates prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at the reporting date exchange rates, of assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive income in the year in which they arise. Transactions in currencies other than the functional currencies are recorded at the rate of exchange prevailing on the dates of the transaction.

##### (iii) Notional foreign exchange adjustment

The foreign exchange adjustment arises due to the use of exchange rates at the reporting date to translate sub-funds that have a functional currency that differs to the presentation currency of the Company. The translation of the sub-funds' functional currencies into the presentation currency of the Company is recognised separately through the statement of changes in net assets attributable to holders of redeemable participating shares. For the reporting date 30 June 2018, the translation adjustment was a notional loss of €2,340,019 (30 June 2017: notional loss of €2,114,899); which has no impact on the net asset value ("NAV") of each individual sub-fund.

#### (d) Financial assets and liabilities at fair value through profit or loss

##### (i) Classification

The Company classifies its financial assets and liabilities into the categories below in accordance with IAS 39.

- Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the short term. This category includes derivatives.
- Financial assets and liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with each sub-fund's investment strategy.

The Company has classified all of its financial assets and liabilities at fair value through profit or loss as held for trading for the reporting dates 30 June 2018 and 30 June 2017.

##### (ii) Recognition

All "regular way" purchases and sales of financial instruments are recognised using trade date accounting, the day that the sub-funds commit to purchase or sell the asset. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded. Regular way purchases, or sales, are purchases and sales of financial assets that require delivery of the asset within a time frame generally established by regulation or convention in the market place.

##### (iii) Measurement

At initial recognition financial assets and liabilities categorised at fair value through profit or loss are recognised initially at fair value, with transaction costs for such instruments being recognised directly in the statement of comprehensive income.

Subsequent to initial recognition, all instruments, classified at fair value through profit or loss, are measured at fair value with changes in their fair value recognised in the statement of comprehensive income in the year in which they arise.

- Investments in total return swaps and interest rate swaps are valued per the approved counterparty as detailed in the schedule of investments.
- Investments in forward currency contracts are valued at the close-of-business rates as reported by the pricing vendors utilised by the Administrator of the Company.
- Investments in debt securities are valued at their last traded price.

Investments in collateralised total return swaps and interest rate swaps are not listed on an official stock exchange or traded on a regulated market.

##### (iv) Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged, is cancelled or expires.

##### (v) Offsetting

The Company only offsets financial assets and financial liabilities at fair value through profit or loss if the Company has a legally enforceable right to set off the recognised amounts and either intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## Notes to the financial statements (continued)

For the financial year ended 30 June 2018

### 2. Significant accounting policies (continued)

#### (e) Cash and cash equivalents and bank overdraft

Cash and cash equivalents in the statement of financial position comprise cash on hand, bank overdraft and short-term deposits held with J.P. Morgan Bank (Ireland) plc (the "Depositary") that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less. Cash and cash equivalents also includes cash held in the umbrella cash collections account held at Bank of New York Mellon-London Branch. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

#### (f) Amounts received as collateral

Each approved counterparty to the derivative contracts will be required under the terms of the relevant derivative contract to provide collateral to the Company so that the Company's risk exposure to the relevant approved counterparty is in compliance with the Central Bank Regulations. The collateral received from the approved counterparty remains as a payable to the swap counterparty.

#### (g) Segregated liability between sub-funds

While the provisions of the Companies Act 2014 provide for segregated liability between sub-funds, these provisions have yet to be tested in foreign courts, in particular, in satisfying local creditors' claims. Accordingly, it is not free from doubt that the assets of any sub-fund of the Company may be exposed to the liabilities of other sub-funds of the Company. As at the reporting date, the Directors are not aware of any existing or contingent liabilities of any sub-fund of the Company.

#### (h) Net gain/(loss) from financial instruments at fair value through profit or loss and foreign exchange

Net gain/(loss) from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences. Net realised gain/(loss) from financial instruments at fair value through profit or loss is calculated using the average cost method.

#### (i) Expenses

All expenses are recognised in the statement of comprehensive income on an accrual basis.

#### (j) Redeemable participating shares

Redeemable participating shares are redeemable at the shareholder's option and are classified as financial liabilities.

#### (k) Transaction costs

Transaction costs are incremental costs, which are separately identifiable and directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Transaction costs for each sub-fund are disclosed in the statement of comprehensive income.

#### (l) Income

Income, arising on deposits of the Company, is recognised on an effective interest basis.

#### (m) Withholding tax

The Company currently incurs withholding taxes imposed by certain countries on investment income. Withholding taxes are shown as a separate line item in the statement of comprehensive income.

#### (n) Distributions payable to holders of redeemable shares

Proposed distributions to holders of redeemable shares are recognised in the statement of comprehensive income when they are appropriately authorised and no longer at the discretion of the Company. The distribution on the redeemable shares is recognised as a finance cost in the statement of comprehensive income.

#### (o) Comparative figures

The comparative figures cover the financial year ended 30 June 2018 and the financial year ended 30 June 2017. Comparatives are not available for US Municipal Bond Opportunities Fund as this sub-fund launched during the financial year.

**Notes to the financial statements (continued)**

For the financial year ended 30 June 2018

**3. Financial assets and financial liabilities at fair value through profit or loss**

(i) Net gains and losses of financial assets and financial liabilities at fair value through profit or loss and foreign exchange

**For the financial year ended 30 June 2018**

|  | 80% Protected<br>Dynamic<br>Allocation<br>Fund<br>USD | Equity<br>Balanced<br>Beta US<br>Fund<br>USD | Equity<br>Balanced<br>Beta<br>Eurozone<br>Fund<br>EUR | Equity<br>Balanced<br>Beta UK<br>Fund<br>GBP | US Municipal<br>Bond<br>Opportunities<br>Fund<br>USD | Total<br>EUR     |
|--|---|--|---|--|--|------------------|
| Net realised gain/(loss) on investments and foreign exchange   | 772,710   | 17,219,809                                   | 3,071,036   | 133,336                                      | (289,927)  | 18,058,156       |
| Change in unrealised gain/(loss) on investments and foreign exchange   | (65,518)  | (10,653,877)                                 | (680,724)   | 91,269                                       | 127,835  | (9,454,577)      |
| <b>Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss and foreign exchange</b> | <b>707,192</b>  | <b>6,565,932</b>                             | <b>2,390,312</b>                                      | <b>224,605</b>                               | <b>(162,092)</b>                                     | <b>8,603,579</b> |

**For the financial year ended 30 June 2017**

|   | UK<br>Autocall<br>Fund<br>GBP | 80% Protected<br>Dynamic<br>Allocation<br>Fund<br>USD | Equity<br>Balanced<br>Beta US<br>Fund<br>USD | Equity<br>Balanced<br>Beta<br>Eurozone<br>Fund<br>EUR | Equity<br>Balanced<br>Beta UK<br>Fund<br>GBP | Total<br>EUR      |
|---|-------------------------------|---|--|---|--|-------------------|
| Net realised gain/(loss) on investments and foreign exchange  | 938,732                       | (216,543)   | 9,271,813                                    | 4,479,024   | 533,603                                      | 14,503,390        |
| Change in unrealised gain/(loss) on investments and foreign exchange  | (502,830)                     | 1,410,459   | (2,272,244)                                  | 11,035,241  | 894,406                                      | 10,699,695        |
| <b>Net gain on financial assets and financial liabilities at fair value through profit or loss and foreign exchange</b> | <b>435,902</b>                | <b>1,193,916</b>                                      | <b>6,999,569</b>                             | <b>15,514,265</b>                                     | <b>1,428,009</b>                             | <b>25,203,085</b> |

**Notes to the financial statements (continued)**

For the financial year ended 30 June 2018

**3. Financial assets and financial liabilities at fair value through profit or loss (continued)****(ii) Fair value of financial instruments**

IFRS 13 – Fair Value Measurement (“IFRS 13”) establishes a fair value hierarchy for inputs used in measuring fair value that classify investments according to how observable the inputs are. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company’s assumptions, made in good faith, about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorised into three levels based on the inputs as follows:

Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities;

Level 2 - Valuations based on quoted prices in markets that are not active or inputs other than quoted prices for which all significant inputs are observable, either directly (as prices) or indirectly (derived from prices); and

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The following table details the categories of financial assets and financial liabilities held by the Company at the reporting date:

**As at 30 June 2018**

|   | Level 1          | Level 2           | Level 3    | Total             |
|---|------------------|-------------------|------------|-------------------|
| <b>Equity Balanced-Beta US Fund</b>                               | <b>USD</b>       | <b>USD</b>        | <b>USD</b> | <b>USD</b>        |
| Held for trading  |                  |                   |            |                   |
| - Investment in total return swaps                                | -                | 57,497,344        | -          | 57,497,344        |
| <b>Financial assets at fair value through profit or loss</b>      | <b>-</b>         | <b>57,497,344</b> | <b>-</b>   | <b>57,497,344</b> |
| <b>Equity Balanced-Beta Eurozone Fund</b>                         | <b>EUR</b>       | <b>EUR</b>        | <b>EUR</b> | <b>EUR</b>        |
| Held for trading  |                  |                   |            |                   |
| - Investment in total return swaps                                | -                | 38,670,798        | -          | 38,670,798        |
| <b>Financial assets at fair value through profit or loss</b>      | <b>-</b>         | <b>38,670,798</b> | <b>-</b>   | <b>38,670,798</b> |
| Held for trading  |                  |                   |            |                   |
| - Forward currency contracts                                      | -                | 122,451           | -          | 122,451           |
| <b>Financial liabilities at fair value through profit or loss</b> | <b>-</b>         | <b>122,451</b>    | <b>-</b>   | <b>122,451</b>    |
| <b>Equity Balanced-Beta UK Fund</b>                               | <b>GBP</b>       | <b>GBP</b>        | <b>GBP</b> | <b>GBP</b>        |
| Held for trading  |                  |                   |            |                   |
| - Investment in total return swaps                                | -                | 8,546,271         | -          | 8,546,271         |
| <b>Financial assets at fair value through profit or loss</b>      | <b>-</b>         | <b>8,546,271</b>  | <b>-</b>   | <b>8,546,271</b>  |
| Held for trading  |                  |                   |            |                   |
| - Forward currency contracts                                      | -                | 4,116             | -          | 4,116             |
| <b>Financial liabilities at fair value through profit or loss</b> | <b>-</b>         | <b>4,116</b>      | <b>-</b>   | <b>4,116</b>      |
| <b>US Municipal Bond Opportunities Fund</b>                       | <b>USD</b>       | <b>USD</b>        | <b>USD</b> | <b>USD</b>        |
| Held for trading  |                  |                   |            |                   |
| - Debt securities   | 1,427,551        | 6,789,703         | -          | 8,217,254         |
| - Forward currency contracts                                      | -                | 49,481            | -          | 49,481            |
| - Interest rate swaps   | -                | 310,147           | -          | 310,147           |
| <b>Financial assets at fair value through profit or loss</b>      | <b>1,427,551</b> | <b>7,149,331</b>  | <b>-</b>   | <b>8,576,882</b>  |
| Held for trading  |                  |                   |            |                   |
| - Investment in total return swaps                                | -                | 217,311           | -          | 217,311           |
| - Forward currency contracts                                      | -                | 43                | -          | 43                |
| <b>Financial liabilities at fair value through profit or loss</b> | <b>-</b>         | <b>217,354</b>    | <b>-</b>   | <b>217,354</b>    |

**As at 30 June 2017**

|  | Level 1    | Level 2           | Level 3    | Total             |
|--|------------|-------------------|------------|-------------------|
| <b>80% Protected Dynamic Allocation Fund</b>                 | <b>USD</b> | <b>USD</b>        | <b>USD</b> | <b>USD</b>        |
| Held for trading   |            |                   |            |                   |
| - Investment in total return swaps                           | -          | 14,726,091        | -          | 14,726,091        |
| <b>Financial assets at fair value through profit or loss</b> | <b>-</b>   | <b>14,726,091</b> | <b>-</b>   | <b>14,726,091</b> |
| <b>Equity Balanced-Beta US Fund</b>                          | <b>USD</b> | <b>USD</b>        | <b>USD</b> | <b>USD</b>        |
| Held for trading   |            |                   |            |                   |
| - Investment in total return swaps                           | -          | 75,206,098        | -          | 75,206,098        |
| <b>Financial assets at fair value through profit or loss</b> | <b>-</b>   | <b>75,206,098</b> | <b>-</b>   | <b>75,206,098</b> |

**Notes to the financial statements (continued)**

For the financial year ended 30 June 2018

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

(ii) Fair value of financial instruments (continued)

The following table details the categories of financial assets and financial liabilities held by the Company at the reporting date:

**As at 30 June 2017 (continued)**

|   | Level 1    | Level 2           | Level 3    | Total             |
|---|------------|-------------------|------------|-------------------|
| <b>Equity Balanced-Beta Eurozone Fund</b>                         | <b>EUR</b> | <b>EUR</b>        | <b>EUR</b> | <b>EUR</b>        |
| Held for trading  |            |                   |            |                   |
| - Investment in total return swaps                                | -          | 51,298,390        | -          | 51,298,390        |
| - Forward currency contracts                                      | -          | 871               | -          | 871               |
| <b>Financial assets at fair value through profit or loss</b>      | <b>-</b>   | <b>51,299,261</b> | <b>-</b>   | <b>51,299,261</b> |
| Held for trading  |            |                   |            |                   |
| - Forward currency contracts                                      | -          | 92,936            | -          | 92,936            |
| <b>Financial liabilities at fair value through profit or loss</b> | <b>-</b>   | <b>92,936</b>     | <b>-</b>   | <b>92,936</b>     |
| <b>Equity Balanced-Beta UK Fund</b>                               | <b>GBP</b> | <b>GBP</b>        | <b>GBP</b> | <b>GBP</b>        |
| Held for trading  |            |                   |            |                   |
| - Investment in total return swaps                                | -          | 8,989,199         | -          | 8,989,199         |
| - Forward currency contracts                                      | -          | 20                | -          | 20                |
| <b>Financial assets at fair value through profit or loss</b>      | <b>-</b>   | <b>8,989,219</b>  | <b>-</b>   | <b>8,989,219</b>  |
| Held for trading  |            |                   |            |                   |
| - Forward currency contracts                                      | -          | 4,884             | -          | 4,884             |
| <b>Financial liabilities at fair value through profit or loss</b> | <b>-</b>   | <b>4,884</b>      | <b>-</b>   | <b>4,884</b>      |

There were no transfers between levels during the financial year ended 30 June 2018 (30 June 2017: nil). All other assets and liabilities held by the sub-funds at the reporting dates 30 June 2018 and 30 June 2017 are carried at amortised cost; their carrying values are a reasonable approximation of fair value. Cash and cash equivalents have been classified at level 1, due to the liquid nature of the asset. All other assets and liabilities, outside of those discussed above, have been classified at level 2.

**4. Derivatives****80% Protected Dynamic Allocation Fund**

The investment objective of the sub-fund was to provide Shareholders in each Class with investment exposure to the performance of a notional Reference Asset and partial capital protection in an amount equal to 80% of the highest ever Net Asset Value ("NAV") per Share of the relevant Class achieved on any day from the Initial Issue Date (the "Protected Amount"). The Protected Amount of the relevant Class on any day may be equal to or higher than 80% of the Initial Issue Price, depending on the performance of the Reference Asset since the Initial Issue Date.

The Reference Asset for each Class is a notional portfolio (denominated in the currency of the relevant Class of Shares) comprising: (i) the Reference Portfolio, which is a notional multi-asset portfolio selected by BlackRock Investment Management (UK) Limited (the "Portfolio Advisor") on an ongoing basis and providing exposure to a range of asset classes (including equities, bonds and commodities) through positions in collective investment schemes (CISs), exchange traded funds (ETFs) and certain derivative positions, and (ii) the Reserve Asset, which is a notional portfolio of cash instruments denominated in the currency of the relevant Class of Shares, bearing interest at a rate equal to the prevailing overnight interest rate in the relevant currency minus 0.125% per annum.

The balance of the allocation of the Reference Asset for each Class between the Reference Portfolio and the Reserve Asset is adjusted from time to time in accordance with a fixed set of systematic allocation rules (the "Dynamic Allocation Rules") which are designed to maximise the allocation to the Reference Portfolio (up to a maximum of 100% of the value of the Reference Asset), whilst at least preserving a value reflecting the Protected Amount of the relevant Class. Through following the Investment Policy, the sub-fund received, under the Derivative Contracts in respect of each Class, an amount reflecting the Protected Amount of the relevant Class even if the Dynamic Allocation Rules fail to achieve this through the rebalancing process.

In order to achieve its investment objective, the Company on behalf of the sub-fund used the net proceeds of any issue of Shares to: (i) physically invest in certain Direct Investments, and (ii) enter into Derivative Contracts in respect of each Class with the Approved Counterparty in the form of: (a) an unfunded asset swap transaction (the "Asset swap"), and (b) a funded total return swap transaction (the "Total Return Swap", and together with the Asset Swap, the Derivative Contracts).

There were no direct investments held during the financial year ended 30 June 2018 (30 June 2017: nil).

**Equity Balanced-Beta US Fund**

The investment objective of the sub-fund is to provide Shareholders in each Class with exposure to the performance of the Citi Volatility Balanced-Beta (VIBE) Equity US Gross Total Return Index (the "Index"), developed by Citigroup Global Markets Limited.

The constituents of the Index are drawn from the S&P 100 Index ("S&P 100") and weighted according to the Index methodology, a proprietary risk-weighting model developed by Citigroup, the Index Sponsor. As described in more detail below, the Index methodology determines the percentage weight within the Index of each constituent on a quarterly basis such that the risk contribution of each constituent is equal. In determining the risk contribution of each constituent, the Index methodology relies exclusively on market price volatility (both historic and implied) as a measure of risk. The S&P 100 measures the performance of the US's leading blue chip companies. The S&P 100 is made up of 100 constituents selected from the S&P 500 Index ("S&P 500") on the basis of sector balance and the availability of individual stock options for each constituent.

## Notes to the financial statements (continued)

For the financial year ended 30 June 2018

### 4. Derivatives (continued)

#### Equity Balanced-Beta US Fund (continued)

In order to achieve the investment objective, the Company on behalf of the sub-fund intends to invest the net proceeds of any issue of shares in sub-fund assets. The sub-fund assets (i) will include a single total return swap, which will be fully funded or partially funded from the net proceeds of any issue of shares, to obtain an exposure to the performance of the Index; (ii) will include, where the total return swap is partially funded, a single reverse repurchase agreement, to enable the Company to hold assets in a more cost-effective manner and (iii) will include one-month foreign exchange currency forward contracts, which will be used to smooth out the currency exposures to which the Company on behalf of the sub-fund will be exposed in respect of the classes the currencies of which are not the same as the base currency of the sub-fund.

The table below details the anticipated and the actual tracking error for the financial year ended:

|                                      | 30 June 2018 | 30 June 2017 |
|--------------------------------------|--------------|--------------|
| Anticipated tracking error           | 0.25%        | 0.25%        |
| Actual tracking error (USD Class A)* | +0.13%       | +0.09%       |

\*Represented by the share class with the highest actual tracking error

The difference between the anticipated and the actual tracking error is due to a number of factors including, but not limited to, trading costs, fund expenses, level of hedging on non-base currency share classes and residual cash balances held.

The difference between the performance of the Fund (USD Class A) and the performance of the Index was -2.52% for the financial year ended 30 June 2018 (30 June 2017: -1.68%) and the difference is due to a number of factors including, but not limited to, trading costs, fund expenses and residual cash balances held. (Note, effective 14 August 2017 the reference index changed from Citi Volatility Balanced Beta (VIBE) Equity US Net Total Return Index to Citi Volatility Balanced Beta (VIBE) Equity US Gross Total return Index. This was to allow for a change in the treatment of Withholding Tax on the underlying swap positions. Accordingly, the performance of Net Index Performance has been used for the period prior to 14 August 2017, and the gross Index for the period from 14 August 2017 to 29 June 2018).

#### Equity Balanced-Beta Eurozone Fund

The investment objective of the sub-fund is to provide Shareholders in each Class with exposure to the performance of the Citi Volatility Balanced-Beta (VIBE) Equity Eurozone Net Total Return Index (the "Index"), developed by Citigroup Global Markets Limited.

The constituents of the Index are drawn from the S&P Euro 75 Index ("S&P Euro 75") and weighted according to the Index methodology, a proprietary risk-weighting model developed by Citigroup, the Index Sponsor. The Index methodology determines the percentage weight within the Index of each constituent on a quarterly basis such that the risk contribution of each constituent is equal. In determining the risk contribution of each constituent, the Index methodology relies exclusively on market price volatility (both historic and implied) as a measure of risk. The S&P Euro 75 measures the performance of the Eurozone's leading blue chip companies. The S&P Euro 75 is made up of 75 constituents, which are drawn from a universe comprising the constituent stocks of the broad S&P Eurozone Broad Market Index ("Eurozone BMI"), domiciled in the Eurozone and trading in Euro.

In order to achieve the investment objective, the Company on behalf of the sub-fund intends to invest the net proceeds of any issue of shares in sub-fund assets. The sub-fund assets (i) will include a single total return swap, which will be fully funded or partially funded from the net proceeds of any issue of shares, to obtain an exposure to the performance of the Index; (ii) will include, where the total return swap is partially funded, a single reverse repurchase agreement, to enable the Company to hold assets in a more cost-effective manner and (iii) will include one-month foreign exchange currency forward contracts, which will be used to smooth out the currency exposures to which the Company on behalf of the sub-fund will be exposed in respect of the classes the currencies of which are not the same as the base currency of the sub-fund.

The table below details the anticipated and the actual tracking error for the financial year ended:

|                                      | 30 June 2018 | 30 June 2017 |
|--------------------------------------|--------------|--------------|
| Anticipated tracking error           | 0.15%        | 0.15%        |
| Actual tracking error (USD Class C)* | +0.29%       | +0.29%       |

\*Represented by the share class with the highest actual tracking error

The difference between the anticipated and the actual tracking error is due to a number of factors including, but not limited to, trading costs, fund expenses, level of hedging on non-base currency share classes and residual cash balances held.

The difference between the performance of the Fund (USD Class C) and the performance of the Index was 0.94% for the year (30 June 2017: 0.38%) and the difference is due to a number of factors including, but not limited to, trading costs, fund expenses and residual cash balances held.

The Company also holds forward currency contracts which are used for share class hedging purposes. The Company records these forward activities on a mark-to-market basis.

#### Equity Balanced-Beta UK Fund

The investment objective of the sub-fund is to provide Shareholders in each Class with exposure to the performance of the Citi Volatility Balanced-Beta (VIBE) Equity UK Net Total Return Index (the "Index"), developed by Citigroup Global Markets Limited.

The constituents of the Index are drawn from the S&P United Kingdom Index ("S&P UK") and weighted according to the Index methodology, a proprietary risk-weighting model developed by Citigroup, the Index Sponsor. The Index methodology determines the percentage weight within the Index of each constituent on a quarterly basis such that the risk contribution of each constituent is equal. In determining the risk contribution of each constituent, the Index methodology relies exclusively on market price volatility (both historic and implied) as a measure of risk. The S&P UK measures the performance of the UK's leading blue chip companies. The S&P UK is made up of stocks that have been analyzed for size and liquidity, as well as sector representation. The S&P UK is made up of a varying number of constituents, based on certain qualifying criteria. A stock's weight in the S&P UK is determined by the float-adjusted market capital of the stock. The float-adjustment seeks to exclude "strategic holdings", which are holdings by founders, directors of the company, corporate or government holdings that are considered long-term. A minimum liquidity, based on float turnover, is also required for inclusion.

## Notes to the financial statements (continued)

For the financial year ended 30 June 2018

### 4. Derivatives (continued)

#### Equity Balanced-Beta UK Fund (continued)

In order to achieve the investment objective, the Company on behalf of the sub-fund intends to invest the net proceeds of any issue of shares in sub-fund assets. The sub-fund assets (i) will include a single total return swap, which will be fully funded or partially funded from the net proceeds of any issue of shares, to obtain an exposure to the performance of the Index; (ii) will include, where the total return swap is partially funded, a single reverse repurchase agreement, to enable the Company to hold assets in a more cost-effective manner and (iii) will include one-month foreign exchange currency forward contracts, which will be used to smooth out the currency exposures to which the Company on behalf of the sub-fund will be exposed in respect of the classes the currencies of which are not the same as the base currency of the sub-fund. The table below details the anticipated and actual tracking error for the financial year ended:

|                                      | 30 June 2018 | 30 June 2017 |
|--------------------------------------|--------------|--------------|
| Anticipated tracking error           | 0.20%        | 0.20%        |
| Actual tracking error (USD Class C)* | +0.25%       | +0.24%       |

\*Represented by the share class with the highest actual tracking error

The difference between the anticipated and the actual tracking error is due to a number of factors including, but not limited to, trading costs, fund expenses, level of hedging on non-base currency share classes and residual cash balances held and these are not material.

The difference between the performance of the Fund (USD Class C) and the performance of the Index was 0.24% for the year (30 June 2017: -0.66%) difference is due to a number of factors including, but not limited to, trading costs, fund expenses and residual cash balances held.

The Company also holds forward currency contracts which are used for share class hedging purposes. The Company records these forward activities on a mark-to-market basis.

#### US Municipal Bond Opportunities Fund

The investment objective of the sub-fund is to achieve a combination of an attractive above average income yield and capital growth by investing the majority of its subscription proceeds primarily into a portfolio of US municipal bonds with the aim of achieving a medium to long term average duration target. The sub-fund may also invest in financial derivative instruments with the aim of enhancing the investment return and reducing the risk associated with the sensitivity of the US municipal bond prices to a change in interest rates. For the purpose of this sub-fund, medium to long term duration shall mean 8 to 10 years.

In order to achieve its investment objective, the Company on behalf of the sub-fund will seek to gain exposure to the following asset classes; (each individually a "Fund Asset" and collectively the "Fund Assets"): (i) Debt Securities; (ii) Financial derivative instruments; (iii) Liquidity Instruments; (iv) Foreign exchange currency contracts ("FX Contracts").

A **foreign exchange currency contract** is a contractually binding obligation to purchase or sell a particular currency at a specified date in the future. Foreign exchange currency contracts may be used to obtain long or short exposure to one or more currencies, or to hedge unwanted exposure to one or more currencies. The Investment Manager will use foreign exchange contracts to seek to mitigate any currency exposures to which the sub-fund will be exposed in respect of specified Classes (see "Currency Hedged Classes" below) which are denominated in currencies other than the base currency of the sub-fund. The unrealised gain or loss on open forward exchange currency contracts is calculated as the difference between the contract rate and this forward price, and this difference is recognised in the statement of comprehensive income.

An **interest rate swap** ("IRS") is an agreement between two counterparties, which specifies the nature of an exchange of payments benchmarked against an interest rate index. The most common IRS is a fixed for floating swap, whereby one party will make payments to the other based on an initially agreed fixed rate of interest, to receive back payments based on a floating interest rate index. Each of these series of payments is termed a 'leg', so a typical IRS has both a fixed and a floating leg. The floating index is commonly an interbank offered rate (IBOR) of specific tenor in the appropriate currency of the IRS. To completely determine any IRS a number of parameters must be specified for each leg; the notional principal amount (or varying notional schedule), the start and end dates and date scheduling, the fixed rate, the chosen floating interest rate index tenor, and day count conventions for interest calculations.

A **total return swap** is a financial contract that transfers both the credit risk and market risk of an underlying asset. This is a swap agreement in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains. In total return swaps, the underlying asset, referred to as the reference asset, is usually an equity index, loans, or bonds. This is owned by the party receiving the set rate payment. Total return swaps allow the party receiving the total return to gain exposure and benefit from a reference asset without actually having to own it.

### 5. Swap fee receivable

#### 80% Protected Dynamic Allocation Fund

Under the terms of the Asset Swap in respect of each Class, the sub-fund paid to the Approved Counterparty the performance and any income received in respect of Direct Investments held by the sub-fund. In return, the Approved Counterparty paid to the sub-fund (i) the performance of the Reference Asset, together with (ii) monthly amounts equal to the relevant proportion of the monthly Management Fee ("Swap fee receivable"). On this basis, the swap fee income was equal to the management fee charged to the sub-fund.

### 6. Other receivables

As at 30 June 2018, other receivables relate to the capitalisation of formation expenses incurred by US Municipal Bond Opportunities Fund. As at 30 June 2017, other receivables relate to a repayment by Citigroup Global Markets Limited to Equity Balanced-Beta UK Fund for swap fees that were over-charged during the financial year ended 30 June 2017.

### 7. Auditors' remuneration

Fees and expenses charged by the Company's statutory Auditor, Deloitte Ireland LLP, in respect of the financial year, entirely relate to the audit of the financial statements of €55,000 (2017: €50,000) - exclusive of VAT and tax compliance fees of €11,750 (2017: €5,850). Other than the aforementioned fees, there were no fees and expenses charged in respect of assurance, tax advisory or non-audit services provided by the statutory auditor for the financial years ended 30 June 2018 and 30 June 2017.

The Auditors' fee is paid out of the Fund Fees and not out of the assets of the Company.

## Notes to the financial statements (continued)

For the financial year ended 30 June 2018

### 8. Fees and Expenses

The Company on behalf of the Equity Balanced-Beta Funds will pay up to 0.20% of the notional size of the relevant index swap to the index swap counterparty for the provision of the index swap. Citigroup Global Markets Limited will pay any fees in excess of this amount.

The Company pays out of the assets of the sub-funds amounts in respect of a management fee (the "Management Fee") and other costs and expenses ("Other Costs and Expenses") to the Manager. Together the Management Fee and Other Costs and Expenses are referred to as "Fund Fees".

The Manager, on behalf of the Company, pays out of the Fund Fees the following: fees and expenses of the Manager, the Distributor and any other delegates and service providers appointed by the Manager, the Investment Manager (if any), the Investment Advisor, the Depositary, the Administrator, Directors' fees attributable to the relevant Fund and other fees and expenses as disclosed in the prospectus.

Given the fixed nature of the Fund Fees and under the terms of its agreement with the Manager, the Distributor, and not the Shareholders, take the risk of any price increases to the cost of the services covered by the Fund Fees and takes the risk of expense levels relating to such services increasing above the Fund Fees as a result of a decrease in net assets. Conversely, the Distributor, and not the Shareholders, would benefit from any price decrease in the cost of services covered by the Fund Fees, including decreased expense levels resulting from an increase in net assets.

Particulars of the Fund Fees in respect of each Fund are outlined below.

#### **80% Protected Dynamic Allocation Fund**

A Management Fee of up to 1.25 per cent per annum of the aggregate NAV per share of each Class issued in respect of the sub-fund was paid by the Company on behalf of the sub-fund out of the assets of the sub-fund attributable to the relevant class. The Management Fee accrued daily and was calculated on each Business Day using the Net Asset Value of the relevant Class on the immediately preceding Business Day. The maximum fee was charged during the financial years ended 30 June 2018 and 30 June 2017.

#### **Equity Balanced-Beta US Fund**

The Company on behalf of the sub-fund pays a Management Fee of 0.40 per cent per annum of the Class I shares, 1.20 per cent of the Class A shares and 0.80 per cent of the Class C shares out of the assets of the sub-fund attributable to each Class. The Management Fee in respect of each Class accrues on each Business Day, and is calculated on each Business Day with reference to the NAV of such Class on the immediately preceding Business Day.

Other costs & expenses of 0.20 per cent, which form part of the Fund Fees, are also paid by the Company on behalf of the sub-fund.

#### **Equity Balanced-Beta Eurozone Fund**

The Company on behalf of the sub-fund pays a Management Fee of 0.40 per cent per annum of the Class I shares and Class D shares, 1.20 per cent of the Class A shares, and 0.80 per cent of the Class C shares out of the assets of the sub-fund attributable to each Class. The Management Fee in respect of each Class accrues on each Business Day, and is calculated on each Business Day with reference to the NAV of such Class on the immediately preceding Business Day.

Other costs & expenses of 0.20 per cent, which form part of the Fund Fees, are also paid by the Company on behalf of the sub-fund.

#### **Equity Balanced-Beta UK Fund**

The Company on behalf of the sub-fund pays a Management Fee of 0.40 per cent per annum of the Class I shares, 1.20 per cent of the Class A shares and 0.80 per cent of the Class C shares out of the assets of the sub-fund attributable to each Class. The Management Fee in respect of each Class accrues on each Business Day, and is calculated on each Business Day with reference to the NAV of such Class on the immediately preceding Business Day.

Other costs & expenses of 0.20 per cent, which form part of the Fund Fees, are also paid by the Company on behalf of the sub-fund.

#### **US Municipal Bond Opportunities Fund**

The Company on behalf of the sub-fund pays a Management Fee of 0.30 per cent per annum of the Class S shares and Class SD shares out of the assets of the sub-fund attributable to each Class. The Management Fee in respect of each Class accrues on each Business Day, and is calculated on each Business Day with reference to the NAV of such Class on the immediately preceding Business Day.

Other costs & expenses of 0.15 per cent per annum of the Class S and Class SD, which form part of the Fund Fees, are also paid by the Company on behalf of the sub-fund.

All fees and expenses relating to the establishment and organisation of the sub-fund as detailed in the section of the Prospectus entitled "Establishment Costs" shall be borne by the sub-fund. The actual costs of establishing the sub-fund were EUR 21,928 and are amortised over 4 years.

### 9. Transaction Costs

Transaction costs are incremental costs, which are separately identifiable and directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

For Equity Balanced-Beta US Fund and Equity Balanced-Beta UK Fund, the Company, on behalf of the sub-fund, pays a swap fee of up to 0.20 per cent of the notional size of the total return swap to the TRS Counterparty for the provision and hedging of the total return swap. Citigroup Global Markets Limited will pay any such fees in excess of such amount. For Equity Balanced-Beta Eurozone, in respect of all classes other than EUR Class D, the Company on behalf of the Fund will pay up to 0.20 per cent of the notional size of the relevant Index Swap to the IS Counterparty for the provision of such Index Swap. Citigroup Global Markets Limited will pay any such fees in excess of such amount. This is classified in the statement of comprehensive income as transaction costs. In relation to US Municipal Bond Opportunities Fund where the Investment Manager decides to make use of a Performance Swap, a per annum swap fee (together the "Swap Fee") will be paid by the Company on behalf of the sub-fund on the notional size of the swap to the relevant counterparty for the provision of the swaps. The Investment Manager will take into account and continuously monitor, under its policy of best executions, depending on the terms of the Performance Swap and their reference underlying, the costs and expenses associated with entering into each Performance Swap when selecting the relevant swap counterparty.

**Notes to the financial statements (continued)**

For the financial year ended 30 June 2018

**10. Exchange rates**

The following exchange rates were used as at the reporting date:

| <b>Currency</b> | <b>30 June 2018<br/>Rate to EUR</b> | <b>30 June 2017<br/>Rate to EUR</b> |
|-----------------|-------------------------------------|-------------------------------------|
| GBP             | 1.130787                            | 1.138881                            |
| USD             | 0.856494                            | 0.876770                            |

**11. Fund asset regime**

The Company operates under a Fund Asset Model, whereby a single, omnibus subscriptions/redemptions account is held at The Bank of New York Mellon – London Branch in the name of the Company. The subscriptions/redemptions account is used to collect subscription monies from investors and pay out redemption monies and also dividends (where applicable) to shareholders. The balances held in the accounts are reconciled on a daily basis and monies are not intended to be held in the accounts for long periods. The monies held in the subscriptions/redemptions account are separately identifiable as an asset of the respective sub-funds and are disclosed in the statement of financial position within cash and cash equivalents. At the reporting date, the Company held EUR 161,514 in the subscriptions/redemptions account. (30 June 2017: EUR 862,999)

**12. Share capital***Authorised*

The authorised share capital of the Company is 1,000,000,000,000 shares of no par value initially designated as unclassified shares.

*Subscriber Shares*

The issued share capital of the Company is represented by 2 shares (the "subscriber shares") issued for the purposes of the incorporation of the Company at an issue price of €1 per share which are fully paid up. The subscriber shares do not form part of the NAV of the Company and are thus disclosed in the financial statements by way of this note only.

*Issued Share Capital*

The table below details the share transactions during the financial year ended:

| <b>Sub-fund</b>                              | <b>30 June 2018</b> | <b>30 June 2017</b> |
|--|---------------------|---------------------|
| <b>UK Autocall Fund</b>                      |                     |                     |
| <b>GBP Class A</b>                           |                     |                     |
| Opening balance                              | -                   | 26,764.91           |
| Shares issued                                | -                   | 261.66              |
| Shares redeemed                              | -                   | (27,026.57)         |
| <b>Closing balance</b>                       | <b>-</b>            | <b>-</b>            |
| <b>GBP Class A2</b>                          |                     |                     |
| Opening balance                              | -                   | 41,031.78           |
| Shares issued                                | -                   | 1,323.37            |
| Shares redeemed                              | -                   | (42,355.15)         |
| <b>Closing balance</b>                       | <b>-</b>            | <b>-</b>            |
| <b>80% Protected Dynamic Allocation Fund</b> |                     |                     |
| <b>USD Class A</b>                           |                     |                     |
| Opening balance                              | 20,675.54           | 24,542.79           |
| Shares issued                                | 1,445.02            | 5,010.23            |
| Shares redeemed                              | (22,120.56)         | (8,877.48)          |
| <b>Closing balance</b>                       | <b>-</b>            | <b>20,675.54</b>    |
| <b>EUR Class A</b>                           |                     |                     |
| Opening balance                              | 36,761.54           | 42,741.17           |
| Shares issued                                | 239.80              | 3,928.12            |
| Shares redeemed                              | (37,001.34)         | (9,907.75)          |
| <b>Closing balance</b>                       | <b>-</b>            | <b>36,761.54</b>    |
| <b>GBP Class A</b>                           |                     |                     |
| Opening balance                              | 28,836.89           | 33,963.91           |
| Shares issued                                | 1,009.68            | 569.36              |
| Shares redeemed                              | (29,846.57)         | (5,696.38)          |
| <b>Closing balance</b>                       | <b>-</b>            | <b>28,836.89</b>    |
| <b>GBP Class A2</b>                          |                     |                     |
| Opening balance                              | 19,789.49           | 15,128.26           |
| Shares issued                                | 3,253.08            | 13,788.37           |
| Shares redeemed                              | (23,042.57)         | (9,127.14)          |
| <b>Closing balance</b>                       | <b>-</b>            | <b>19,789.49</b>    |
| <b>Equity Balanced-Beta US Fund</b>          |                     |                     |
| <b>USD Class I</b>                           |                     |                     |
| Opening balance                              | 171,238.94          | 436,646.29          |
| Shares issued                                | 97,370.38           | 610.00              |
| Shares redeemed                              | (147,093.32)        | (266,017.35)        |
| <b>Closing balance</b>                       | <b>121,516.00</b>   | <b>171,238.94</b>   |

**Notes to the financial statements (continued)**

For the financial year ended 30 June 2018

**12. Share capital (continued)***Issued Share Capital (continued)*

The table below details the share transactions during the financial year ended (continued):

| <b>Sub-fund</b>                                 | <b>30 June 2018</b> | <b>30 June 2017</b> |
|---|---------------------|---------------------|
| <b>Equity Balanced-Beta US Fund (continued)</b> |                     |                     |
| <b>USD Class A</b>                              |                     |                     |
| Opening balance                                 | 13,932.64           | 19,825.35           |
| Shares issued                                   | -                   | 5,709.01            |
| Shares redeemed                                 | (11,878.20)         | (11,601.72)         |
| <b>Closing balance</b>                          | <b>2,054.44</b>     | <b>13,932.64</b>    |
| <b>USD Class C</b>                              |                     |                     |
| Opening balance                                 | 241,171.92          | 349,297.50          |
| Shares issued                                   | 8,513.23            | 14,994.10           |
| Shares redeemed                                 | (69,988.59)         | (123,119.68)        |
| <b>Closing balance</b>                          | <b>179,696.56</b>   | <b>241,171.92</b>   |
| <b>Equity Balanced-Beta Eurozone Fund</b>       |                     |                     |
| <b>USD Class C</b>                              |                     |                     |
| Opening balance                                 | 215,166.47          | 538,663.77          |
| Shares issued                                   | 4,032.83            | -                   |
| Shares redeemed                                 | (66,641.49)         | (323,497.30)        |
| <b>Closing balance</b>                          | <b>152,557.81</b>   | <b>215,166.47</b>   |
| <b>EUR Class I</b>                              |                     |                     |
| Opening balance                                 | 95,858.81           | 223,623.62          |
| Shares issued                                   | 7,916.95            | 39,556.69           |
| Shares redeemed                                 | (28,332.42)         | (167,321.50)        |
| <b>Closing balance</b>                          | <b>75,443.34</b>    | <b>95,858.81</b>    |
| <b>EUR Class A</b>                              |                     |                     |
| Opening balance                                 | 200.03              | 435.03              |
| Shares issued                                   | -                   | -                   |
| Shares redeemed                                 | (200.03)            | (235.00)            |
| <b>Closing balance</b>                          | <b>-</b>            | <b>200.03</b>       |
| <b>EUR Class C</b>                              |                     |                     |
| Opening balance                                 | 65,534.66           | 98,120.98           |
| Shares issued                                   | 2,043.42            | 5,591.30            |
| Shares redeemed                                 | (22,726.75)         | (38,177.62)         |
| <b>Closing balance</b>                          | <b>44,851.33</b>    | <b>65,534.66</b>    |
| <b>Equity Balanced-Beta UK Fund</b>             |                     |                     |
| <b>USD Class I</b>                              |                     |                     |
| Opening balance                                 | 1,306.08            | 2,790.49            |
| Shares issued                                   | -                   | -                   |
| Shares redeemed                                 | (1,306.08)          | (1,484.41)          |
| <b>Closing balance</b>                          | <b>-</b>            | <b>1,306.08</b>     |
| <b>USD Class C</b>                              |                     |                     |
| Opening balance                                 | 14,548.93           | 32,131.07           |
| Shares issued                                   | -                   | 234.34              |
| Shares redeemed                                 | (2,911.23)          | (17,816.48)         |
| <b>Closing balance</b>                          | <b>11,637.70</b>    | <b>14,548.93</b>    |
| <b>GBP Class I</b>                              |                     |                     |
| Opening balance                                 | 5,125.37            | 23,930.72           |
| Shares issued                                   | -                   | 2,975.59            |
| Shares redeemed                                 | (1,587.45)          | (21,780.94)         |
| <b>Closing balance</b>                          | <b>3,537.92</b>     | <b>5,125.37</b>     |
| <b>GBP Class C</b>                              |                     |                     |
| Opening balance                                 | 51,948.13           | 56,892.63           |
| Shares issued                                   | 5,346.79            | -                   |
| Shares redeemed                                 | (5,595.73)          | (4,944.50)          |
| <b>Closing balance</b>                          | <b>51,699.19</b>    | <b>51,948.13</b>    |

## Notes to the financial statements (continued)

For the financial year ended 30 June 2018

### 12. Share capital (continued)

*Issued Share Capital (continued)*

The table below details the share transactions during the financial year ended (continued):

| Sub-fund                                    | 30 June 2018     | 30 June 2017 |
|---|------------------|--------------|
| <b>US Municipal Bond Opportunities Fund</b> |                  |              |
| <b>USD Class SD</b>                         |                  |              |
| Opening balance                             | -                | -            |
| Shares issued                               | 19,970.04        | -            |
| Shares redeemed                             | -                | -            |
| <b>Closing balance</b>                      | <b>19,970.04</b> | -            |
| <b>EUR Class S</b>                          |                  |              |
| Opening balance                             | -                | -            |
| Shares issued                               | 68,475.31        | -            |
| Shares redeemed                             | (16,153.47)      | -            |
| <b>Closing balance</b>                      | <b>52,321.84</b> | -            |

### 13. Financial instruments and risk management

The Company's risks are set out in the prospectus and any consideration of risk here should be viewed in the context of the prospectus which is the primary document governing the operation of the Company. In accordance with its investment objectives and policies, the Company holds derivative contracts, with Citigroup Global Markets Limited, Citibank N.A. and Citigroup Global Markets Inc., as the counterparty.

The performance of the Company's sub-funds is linked to a reference asset. The investment objective of these sub-funds is to provide the investors with a return linked to a reference asset (as specified in the relevant supplement). Exposure to the reference asset is achieved through an investment in derivative contracts, which seek to provide shareholders of each class with a return linked to the reference asset. US Municipal Bond Opportunities Fund is not Index tracking.

The table below provides details of the relevant reference asset for each of the sub-funds:

| Sub-fund                              | Reference asset  |
|---------------------------------------|--|
| UK Autocall Fund                      | UK Autocall Strategy <sup>1</sup>  |
| 80% Protected Dynamic Allocation Fund | Reference Portfolio selected by Investment Advisor and Reserve Asset                 |
| Equity Balanced-Beta US Fund          | Citi Volatility Balanced Beta (VIBE) Equity US Gross Total Return Index <sup>2</sup> |
| Equity Balanced-Beta Eurozone Fund    | Citi Volatility Balanced Beta (VIBE) Equity Eurozone Net Total Return Index          |
| Equity Balanced-Beta UK Fund          | Citi Volatility Balanced Beta (VIBE) Equity UK Net Total Return Index                |

<sup>1</sup>Fully redeemed and terminated on 5 December 2016.

<sup>2</sup>Effective 14 August 2017 the reference asset changed from Citi Volatility Balanced Beta (VIBE) Equity US Net Total Return Index to Citi Volatility Balanced Beta (VIBE) Equity US Gross Total Return Index.

The Company's activities, which are undertaken by its sub-funds, expose them to a variety of financial risks, including as determined by accounting standard IFRS 7 – Financial Instruments: Disclosures.

Market risk arises from uncertainty about future prices of financial investments held by a sub-fund, whether those changes are caused by factors specific to individual financial instruments, or other factors affecting a number of similar financial instruments traded in the markets. It represents the potential loss a sub-fund might suffer through holding market positions in the face of price movements. Usually the maximum risk resulting from financial instruments is determined by the opening fair value of the instruments. Market risk consists of currency risk, interest rate risk and market price risk.

Apart from US Municipal Bond Opportunities Fund, all sub-funds use the commitment approach to calculate their global exposure. For US Municipal Bond Opportunities Fund, the Investment Manager has chosen to use an advanced risk measurement approach to calculate the market risk, specifically the Value-at-Risk ("VaR") method.

#### Value-at Risk

The VaR models returns the dollar amount of minimum potential loss over a specified holding period for a given probability level.

The Investment Manager has contracted with FactSet for its Multi-Asset Class (MAC) advanced risk methodologies and reporting, including the calculation of VaR and additional stress tests. The Investment Manager uses a Monte Carlo simulation VaR methodology to estimate the potential loss for the Fund given a specified confidence level. The FactSet system calculates VaR by running 5,000 Monte Carlo simulations. The Fund is subject to an absolute VaR limit of 20% of the Fund's net asset value.

The following quantitative standards are applied where the Investment Manager uses the VaR approach with respect to a Fund:

- One-tailed confidence interval of 99%;
- Holding period equivalent to one month (20 days);
- Effective observation period of risk factors of five years (approximately 1,260 business days), unless a shorter observation period is justified by a significant increase in price volatility (for instance, extreme market conditions);
- Daily updates to exposures, factor returns, and covariance matrices; and
- At least daily calculations

The Investment Manager monitors the aggregate exposure of the sub-fund on a daily basis to ensure that the VaR limit is not breached.

**Notes to the financial statements (continued)**

For the financial year ended 30 June 2018

**13. Financial instruments and risk management (continued)****Value-at Risk (continued)**

The following table sets out the calculated monthly VaR for the Fund:

**As at 30 June 2018**

|           | <b>US Municipal Bond Opportunities Fund</b> |
|-----------|---|
| VaR @ 99% | 1.62%                                       |

**Market risk****(i) Currency risk**

Currency risk is the risk that as certain assets of the sub-fund may be invested in securities and other investments denominated in foreign currencies (i.e. non-functional currency), the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates.

There is no direct currency risk due to all investments held being in the base currency of the sub-funds. In order to hedge against currency risk as a result of exposure from having non base share classes, the Company enters into forward currency contracts to hedge the non-base share classes of Equity Balanced Beta Eurozone Fund, Equity Balanced Beta UK Fund and US Municipal Bond Opportunities Fund.

Risks associated with investments in reference assets where the value or return includes currency conversions using one or more exchange rates include the risk that exchange rates may change (in certain circumstances significantly due to devaluation or revaluation of a currency) and the risk that government or monetary authorities with jurisdiction over a currency may impose (as some have done in the past) or modify exchange controls.

**(ii) Interest rate risk**

Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Risks associated with investments in reference assets where the value or return is calculated by reference to one or more interest rates include the risk of changes in and volatility in the relevant interest rates and the level of interest rates generally which are affected by economic, political and market conditions.

Apart from the US Municipal Bond Opportunities Fund, none of the other sub-funds are directly affected by interest rate risk as their underlying swaps are not impacted by interest rate fluctuations, except for the interest earned on the collateral and the residual cash balances (which are negligible). The value of fixed interest securities may be affected by changes in the interest rate environment and the amount of income receivable from floating rate securities and bank balances, or payable on overdrafts, will also be affected by fluctuations in interest rates. As at 30 June 2018 82.05% of the sub-fund's portfolio was subject to fixed rate municipal bonds and 17.25% of the portfolio was subject to zero percent interest rates. The Investment Manager hedges against interest rate fluctuations by investing in interest rate swaps as detailed in the schedule of investments.

As at 30 June 2017 80% Protected Dynamic Allocation Fund was indirectly affected by interest rate risk as the Reserve Asset contained the remaining proportion not in the Reference Portfolio.

Due to the percentage allocation in the Reference Portfolio, \$3,284,865 remained in the Reserve Asset at 30 June 2017. An increase of 0.25% in interest rates would have increased the net assets attributable to redeemable participating shareholders by \$8,212.

Each sub-fund is collateralised in accordance with UCITS and the collateral may be exposed to a number of factors including but not limited to interest rates.

**(iii) Market price risk**

This is the risk that the fair value of a financial instrument or its future cash flows will fluctuate because of changes in market prices. It represents the potential loss the sub-fund might suffer through holding market positions in the face of price movements. Investors gain an exposure to the reference asset through the derivative contract. As such, the fair value of the contract will move in line with the market price of the underlying reference asset.

The Company is exposed to market price risk on Equity Balanced Beta US Fund, Equity Balanced Beta Eurozone Fund, Equity Balanced Beta UK Fund. The majority of investments in the US Municipal Bond Opportunities Fund are in debt securities. Price fluctuations for these investments are expected to arise principally from interest rate or credit risk. As a result, this sub-fund is not considered to be subject to significant market price risk. The 80% Protected Dynamic Allocation Fund was primarily invested in a total return swap which was invested in underlying funds.

The following table demonstrates the potential impact on net assets attributable to holders of redeemable participating shares of a movement in the respective reference asset of each sub-fund. The table assumes a 10% upwards movement in the value of investments with all other variables remaining constant (a negative 10% would have an equal but opposite effect). A key limitation of this simplified analysis is that movements in underlying indices may result in rebalancing or different allocations or triggering features.

It should also be noted that the 80% Protected Dynamic Allocation Fund was designed to provide a partial capital protection equal to an amount of 80% of the highest NAV achieved on any day since the launch date. For this reason, a 10% upwards movement in the value of investments would only affect the relevant allocated portion of the reference asset, and a negative 10% downward movement in the value of investments would not necessarily have the full impact on the net assets attributable to holders of redeemable participating shares as disclosed below.

| <b>Sub-fund</b>                       | <b>30 June 2018</b> | <b>30 June 2017</b> |
|---------------------------------------|---------------------|---------------------|
| 80% Protected Dynamic Allocation Fund | -                   | \$1,144,123         |
| Equity Balanced-Beta US Fund          | \$5,749,734         | \$7,520,610         |
| Equity Balanced-Beta Eurozone Fund    | €3,867,080          | €5,129,839          |
| Equity Balanced-Beta UK Fund          | £854,627            | £898,920            |

## Notes to the financial statements (continued)

For the financial year ended 30 June 2018

### 13. Financial instruments and risk management (continued)

#### Liquidity risk

Liquidity risk is the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price. The Company is exposed to daily cash redemptions of redeemable shares. The derivative contracts have a scheduled termination date with the option to extend for additional yearly terms. The sub-funds have the ability to adjust the exposure on request. The Directors have the option to limit redemptions to 10% of the total NAV of each sub-fund on a dealing day and spread the redemptions over several days. In addition each sub-fund that invests in fully funded swaps are 100% collateralised to ensure the Company is able to settle or meet its obligations. Collateral is monitored on a daily basis and additional collateral is pledged when the level falls below 100%. Collateral is either cash or bonds and the credit ratings of the bonds held as collateral is all investment grade/government debt and monitored on a monthly basis. Stress testing is also completed on a quarterly basis.

For US Municipal Bond Opportunities Fund a US Treasury Bill has been pledged as margin by the Fund to the Derivative Counterparty. This is monitored on a daily basis.

#### Credit risk

Credit risk is the risk that a sub-fund's counterparty or investment issuer will be unable or unwilling to meet a commitment that it has entered into and cause a sub-fund to incur a financial loss. A sub-fund will be exposed to settlement risk on parties with whom it trades and Depositary risk on parties with whom the sub-fund has placed its assets in custody.

It is the Company's policy to enter into financial instruments with a reputable counterparty.

Currently Citigroup Global Markets Limited is the counterparty to the derivative contracts held by Equity Balanced-Beta US Fund, Equity Balanced-Beta Eurozone Fund, Equity Balanced-Beta UK Fund and US Municipal Bond Opportunities Fund. Citigroup Global Markets Inc. is the counterparty to the interest rate swaps held by US Municipal Bond Opportunities Fund. Citibank N.A. was counterparty to the derivative contracts held by 80% Protected Dynamic Allocation Fund.

As at the reporting date, the Standard and Poor's credit rating of Citibank N.A., a part of Citigroup, is A+ (2017: A+). The Standard and Poor's credit rating of Citigroup Global Markets Limited, the "Investment Advisor", is A+ as at the reporting date (2017: A+). The Standard and Poor's credit rating of Citigroup Global Markets Inc is A+ as at the reporting date (2017: A+). All collateral relating to investments in fully funded swaps is held in a collateral account with J.P. Morgan Chase Bank plc. As at the reporting date, the Standard and Poor's credit rating of J.P. Morgan Chase Bank plc is A+ (2017: A+).

The exposure of the Company to the counterparty is reduced as a result of the collateral arrangements in place as described in the table below. The collateral held consists of government bonds, the quality of which is assessed in accordance with the requirements of the Central Bank Regulations. On a daily basis, where collateral is pledged to the sub-fund, the Manager reviews the credit rating of bond collateral to ensure it complies with the eligible collateral as per the collateral policy of the sub-fund. The S&P, Moody's and Fitch rating of each bond is reviewed, where applicable.

UCITS rules prescribe that collateral should be "high quality" although "high quality" is not defined in the Central Bank Regulations. The Manager reviews new bond collateral to ensure that it is at least Investment Grade quality and is issued from an eligible country as outlined in the ISDA. (Investment Grade bonds are defined as having a Moody's rating of Baa3 or above, S&P Rating of BBB- or a Fitch rating of BBB-).

The Manager does not accept corporate bonds as collateral. On a case by case basis, certain government bonds may be deemed unacceptable due to default risk.

Based on the analysis completed for collateral held as of the 30 June 2018 all of the bonds held on the sub-funds range from AAA rated to AAAu rated according to Fitch's rating (30 June 2017: AA rated to AAA rated according to S&P's rating).

The below table summarises the collateral held by each sub-fund and analyses the Company's maximum credit exposure to credit risk for the component of the statement of financial position, including derivatives. The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements. All collateral is held in a collateral account with J.P. Morgan Bank (Ireland) plc.

#### As at 30 June 2018

| Fund                                  | Currency | Counterparty risk exposure<br>Local currency | Collateral<br>Local currency | Collateral as a %<br>of counterparty<br>risk exposure | Regulatory<br>collateral<br>requirement in % |
|---------------------------------------|----------|--|------------------------------|---|--|
| 80% Protected Dynamic Allocation Fund | USD      | -  | -                            | -   | 90%  |
| Equity Balanced-Beta US Fund          | USD      | 57,497,344                                   | 58,301,815                   | 101%  | 90%  |
| Equity Balanced-Beta Eurozone Fund    | EUR      | 38,670,798                                   | 38,327,969                   | 99%   | 90%  |
| Equity Balanced-Beta UK Fund          | GBP      | 8,546,271                                    | 8,619,153                    | 101%  | 90%  |

#### As at 30 June 2017

| Fund                                  | Currency | Counterparty risk exposure<br>Local currency | Collateral<br>Local currency | Collateral as a %<br>of counterparty<br>risk exposure | Regulatory<br>collateral<br>requirement in % |
|---------------------------------------|----------|--|------------------------------|---|--|
| UK Autocall Fund                      | GBP      | -  | -                            | -   | 90%  |
| 80% Protected Dynamic Allocation Fund | USD      | 14,726,091                                   | 15,039,138                   | 102%  | 90%  |
| Equity Balanced-Beta US Fund          | USD      | 75,206,098                                   | 78,095,858                   | 104%  | 90%  |
| Equity Balanced-Beta Eurozone Fund    | EUR      | 51,298,390                                   | 57,861,576                   | 113%  | 90%  |
| Equity Balanced-Beta UK Fund          | GBP      | 8,989,199                                    | 9,191,069                    | 102%  | 90%  |

The Investment Manager on behalf of US Municipal Bond Opportunities Fund may invest in a portfolio of debt instruments issued by US municipal, state, local government or agency issuers, including debt securities paying fixed or floating rate interest amounts and with investment grade and non-investment grade credit ratings. The percentage of debt security issuers rated below investment grade is not expected to exceed 10% of the fund assets (inclusive of any leverage exposure generated to such instruments).

**Notes to the financial statements (continued)**

For the financial year ended 30 June 2018

**13. Financial instruments and risk management (continued)****Credit risk (continued)**

The Investment Manager on behalf of the sub-fund may invest in certain financial derivative instruments such as interest rate futures and interest rate swaps for the purpose of offsetting the effects of the risk associated with the sensitivity of the prices of debt securities to changes in interest rates in line with the investment objective.

The analysis below summarises the credit quality of the debt portfolio of US Municipal Bond Opportunities Fund as at 30 June 2018:

| <b>US Municipal Bond Opportunities Fund</b> | <b>% of debt portfolio</b> |
|---|----------------------------|
| Investment grade                            | 100.00%                    |
| <b>Total</b>                                | <b>100.00%</b>             |

**14. Net asset value**

The NAV of each class of redeemable participating shares is determined by dividing the value of the net assets of the share class by the total number of redeemable participating shares in issue at the year end.

The NAV for the last three financial years are as follows:

| <b>Net asset value</b>                       | <b>Currency</b> | <b>30 June 2018</b> | <b>30 June 2017</b> | <b>30 June 2016</b> |
|--|-----------------|---------------------|---------------------|---------------------|
| <b>UK Autocall Fund</b>                      |                 |                     |                     |                     |
| GBP Class A                                  | GBP             | -                   | -                   | £3,951,699          |
| GBP Class A2                                 | GBP             | -                   | -                   | £4,646,447          |
| <b>80% Protected Dynamic Allocation Fund</b> |                 |                     |                     |                     |
| USD Class A                                  | USD             | -                   | \$2,042,120         | \$2,244,439         |
| EUR Class A                                  | EUR             | -                   | €4,286,331          | €4,789,546          |
| GBP Class A                                  | GBP             | -                   | £3,329,215          | £3,437,142          |
| GBP Class A2                                 | GBP             | -                   | £2,672,121          | £1,799,178          |
| <b>Equity Balanced Beta US Fund</b>          |                 |                     |                     |                     |
| USD Class I                                  | USD             | \$23,576,392        | \$31,000,624        | \$73,585,715        |
| USD Class A                                  | USD             | \$303,378           | \$1,935,440         | \$2,584,285         |
| USD Class C                                  | USD             | \$33,577,178        | \$42,216,619        | \$57,146,630        |
| EUR Class I                                  | EUR             | -                   | -                   | €4,177              |
| <b>Equity Balanced Beta Eurozone Fund</b>    |                 |                     |                     |                     |
| USD Class C                                  | USD             | \$21,024,567        | \$27,891,634        | \$57,578,074        |
| EUR Class I                                  | EUR             | €12,903,708         | €15,670,078         | €30,490,895         |
| EUR Class A                                  | EUR             | -                   | €31,320             | €57,273             |
| EUR Class C                                  | EUR             | €7,577,526          | €10,624,651         | €13,321,687         |
| <b>Equity Balanced Beta UK Fund</b>          |                 |                     |                     |                     |
| USD Class I                                  | USD             | -                   | \$141,984           | \$272,294           |
| USD Class C                                  | USD             | \$1,329,877         | \$1,612,393         | \$3,208,476         |
| GBP Class I                                  | GBP             | £405,097            | £575,230            | £2,425,783          |
| GBP Class C                                  | GBP             | £7,134,056          | £7,054,446          | £7,005,775          |
| <b>US Municipal Bond Opportunities Fund</b>  |                 |                     |                     |                     |
| USD Class SD                                 | USD             | \$2,070,114         | -                   | -                   |
| EUR Class S                                  | EUR             | €5,314,774          | -                   | -                   |

The NAV per share class for the last three financial years are as follows:

| <b>Net asset value per share</b>             | <b>Currency</b> | <b>30 June 2018</b> | <b>30 June 2017</b> | <b>30 June 2016</b> |
|--|-----------------|---------------------|---------------------|---------------------|
| <b>UK Autocall Fund</b>                      |                 |                     |                     |                     |
| GBP Class A                                  | GBP             | -                   | -                   | £147.64             |
| GBP Class A2                                 | GBP             | -                   | -                   | £113.24             |
| <b>80% Protected Dynamic Allocation Fund</b> |                 |                     |                     |                     |
| USD Class A                                  | USD             | -                   | \$98.77             | \$91.45             |
| EUR Class A                                  | EUR             | -                   | €116.60             | €112.06             |
| GBP Class A                                  | GBP             | -                   | £115.45             | £101.20             |
| GBP Class A2                                 | GBP             | -                   | £135.03             | £118.93             |
| <b>Equity Balanced Beta US Fund</b>          |                 |                     |                     |                     |
| USD Class I                                  | USD             | \$194.02            | \$181.04            | \$168.52            |
| USD Class A                                  | USD             | \$147.67            | \$138.91            | \$130.35            |
| USD Class C                                  | USD             | \$186.85            | \$175.05            | \$163.60            |
| EUR Class I                                  | EUR             | -                   | -                   | €139.24             |

**Notes to the financial statements (continued)**

For the financial year ended 30 June 2018

**14. Net asset value (continued)**

The NAV per share class for the last three financial years are as follows (continued):

| Net asset value per share                   | Currency | 30 June 2018 | 30 June 2017 | 30 June 2016 |
|---|----------|--------------|--------------|--------------|
| <b>Equity Balanced Beta Eurozone Fund</b>   |          |              |              |              |
| USD Class C                                 | USD      | \$137.81     | \$129.63     | \$106.89     |
| EUR Class I                                 | EUR      | €171.04      | €163.47      | €136.35      |
| EUR Class A                                 | EUR      | -            | €156.58      | €131.65      |
| EUR Class C                                 | EUR      | €168.95      | €162.12      | €135.77      |
| <b>Equity Balanced Beta UK Fund</b>         |          |              |              |              |
| USD Class I                                 | USD      | -            | \$108.71     | \$97.58      |
| USD Class C                                 | USD      | \$114.27     | \$110.83     | \$99.86      |
| GBP Class I                                 | GBP      | £114.50      | £112.23      | £101.37      |
| GBP Class C                                 | GBP      | £137.99      | £135.80      | £123.14      |
| <b>US Municipal Bond Opportunities Fund</b> |          |              |              |              |
| USD Class SD                                | USD      | \$103.66     | -            | -            |
| EUR Class S                                 | EUR      | €101.58      | -            | -            |

**15. Net asset value reconciliation**

The published NAV is adjusted for subscriptions receivable and redemptions payable which have a value date of the last NAV of each sub-fund in the accounting year.

There were no adjustments made to the published NAV as at 30 June 2018.

**As at 30 June 2017**

|  | UK Autocall<br>Fund<br>GBP | 80%<br>Protected<br>Dynamic<br>Allocation<br>Fund<br>USD | Equity<br>Balanced<br>Beta US<br>Fund<br>USD | Equity<br>Balanced<br>Beta<br>Eurozone<br>Fund<br>EUR | Equity<br>Balanced<br>Beta UK<br>Fund<br>GBP |
|--|----------------------------|--|--|---|--|
| Net asset value per financial statements | -                          | 14,726,340   | 75,152,683                                   | 50,780,584  | 8,980,287                                    |
| Subscriptions receivable <sup>1</sup>    | -                          | -  | -  | (1,501)   | -  |
| <b>Published net asset value</b>         | <b>-</b>                   | <b>14,726,340</b>  | <b>75,152,683</b>                            | <b>50,779,083</b>                                     | <b>8,980,287</b>                             |

<sup>1</sup>Subscriptions receivable effective for the last valuation date

**16. Anti-dilution levy and Swing pricing**

Apart from US Municipal Bond Opportunities Fund, the Directors may adjust, in the case of large net subscriptions, the NAV per share by adding or, in the case of large net repurchases, the repurchase price by deducting, an anti-dilution levy of up to 1% of the NAV of the relevant sub-fund. There was no anti-dilution levy applied to any of the sub-funds during the financial year ended 30 June 2018 (2017: nil).

Swing pricing is applied to US Municipal Bond Opportunities Fund (the sub-fund<sup>1</sup>). When the sub-fund buys or sells underlying fund assets in response to a request for the issue or redemption of shares, it will generally incur a cost, made up of dealing costs and any spread between the bid and offer prices of the investment concerned, which is not reflected in the issue or redemption price paid by or to the shareholders.

Rather than reduce the effect of dilution by making a separate charge to shareholders when they buy or sell shares in the sub-fund, an adjustment will be made to move the price at which shares are bought or sold on any given day. The NAV can be swung higher or lower. This price movement from the basic midmarket price is known as a dilution adjustment. The amount of the adjustment is paid into the fund for the protection of existing/continuing shareholders. The dilution adjustment is not expected to exceed 0.50%. Total swing pricing applied to the sub-fund during the financial year ended 30 June 2018 was nil.

**17. Related party disclosures**

In accordance with IAS 24 - Related Party Disclosures the related parties of the Company and the required disclosures relating to material transactions with parties are outlined below.

**Manager**

The Manager is considered a related party to the Company as it is considered to have significant influence over the Company in its role as manager. The Manager received fees as set out in note 8.

**Investment Manager**

The Investment Manager is also deemed to be a related party as they have significant influence over the sub-funds they are appointed to. Citigroup First Investment Management Limited acted as Investment Manager to the 80% Protected Dynamic Allocation Fund. Citigroup First Investment Management Limited did not receive a fee in its capacity as Investment Manager during the financial year ended 30 June 2018 (30 June 2017: nil). Nuveen Asset Management LLC ("Nuveen") is Investment Manager to US Municipal Bond Opportunities Fund and is also considered a related party. Fees paid to Nuveen are paid out of the Fund Fees at a rate up to 0.25% for Class S EUR and class SD USD.

## Notes to the financial statements (continued)

For the financial year ended 30 June 2018

### 17. Related party disclosures (continued)

#### Distributor & Index Sponsor

Citigroup Global Markets Limited and/or affiliates (together, "Citigroup") is deemed to be a related party as they have significant influence over the sub-funds where they act as distributor and index sponsor.

As detailed in note 8 the Manager, on behalf of the Company, pays out of the Fund Fees the following: fees and expenses of the Manager, the Distributor and any other delegates and service providers appointed by the Manager, the Investment Manager (if any), the Investment Advisor, the Depositary, the Administrator, Directors' fees attributable to the relevant Fund and other fees and expenses as disclosed in the prospectus.

Given the fixed nature of the Fund Fees and under the terms of its agreement with the Manager, the Distributor and not the Shareholders takes the risk of any price increases to the cost of the services covered by the Fund Fees and takes the risk of expense levels relating to such services increasing above the Fund Fees as a result of a decrease in net assets. Conversely, the Distributor, and not the Shareholders, would benefit from any price decrease in the cost of services covered by the Fund Fees, including decreased expense levels resulting from an increase in net assets. Citigroup Global Markets Limited acts as Distributor in respect of the shares of the Company.

During the financial year ended 30 June 2018 the Distributor reimbursed the Company €311,169 due to a shortfall in Fund Fees compared to the actual operating expenses of the Company (for the year ended 30 June 2017 the Distributor reimbursed the Company €109,228 due to a shortfall in Fund Fees compared to the actual operating expenses of the Company). The cash amounts covered by the Distributor are not included within the statement of comprehensive income, as discussed in note 8, as the Distributor, and not the Shareholders, take the risk of any price increases to the cost of the services not covered by the Fund fees.

An amount of €10,162 was payable to the Distributor as at 30 June 2018 (30 June 2017: payable to the distributor €87,804).

In addition, Citigroup is entitled to receive a fee (the "Swap Fee"), in their capacity as approved counterparty, as outlined in note 5.

#### Directors

The Directors are also considered related parties of the Company. All transactions between related parties are conducted at arm's length and can be summarised as follows:

Aggregate directors' fees charged during the financial year ended 30 June 2018 amounted to €81,565 (30 June 2017: €45,000).

The Directors did not hold shares in the Company during the financial year ended 30 June 2018 (30 June 2017: nil).

#### Other related parties

John Donohoe, Director of the Company serves as the Chief Executive Office and Principal at Carne Global Financial Services Limited. Dave Burns, employed by Carne Global Financial Services Limited is the Money Laundering Reporting Officer ("MLRO") for the Company. Total fees charged by Carne Global Financial Services Limited during the financial year ended 30 June 2018 was €5,112, excluding VAT (30 June 2017: €5,000, excluding VAT).

#### Related party shareholder transactions

There were no shares held by related parties at the reporting date (30 June 2017: nil).

### 18. Distributions

The Directors decide the dividend policy and arrangements relating to each sub-fund and details are set out where applicable in the relevant supplement. Under the Articles, the Directors are entitled to declare dividends out of the relevant sub-fund being: (i) the accumulated revenue (consisting of all revenue accrued including interest and dividends) less expenses of the relevant sub-fund and/or (ii) realised and unrealised capital gains on the disposal/valuation of investments and other funds less realised and unrealised accumulated capital losses of the relevant sub-fund and/or (iii) the capital of the relevant sub-fund. Where dividends will be paid out of the capital of the relevant sub-fund, this will be disclosed in the relevant Annex.

The following table shows the distribution paid during the financial year ended 30 June 2018:

#### US Municipal Bond Opportunities Fund

| Class        | Currency | Distribution per Share | Ex-Date     | Final distribution paid | Income received on subscriptions | Income deducted on redemptions | Net distribution charge |
|--------------|----------|------------------------|-------------|-------------------------|----------------------------------|--------------------------------|-------------------------|
| Class SD USD | USD      | \$0.6483               | 03-Jan-2018 | \$12,947                | -                                | -                              | \$12,947                |

There were no dividends declared or paid during the financial year ended 30 June 2017.

### 19. Taxation

The Company qualifies as an investment undertaking as defined in Section 739B (1) of the Taxes Consolidation Act, 1997 (the "Taxes Act"). Under current Irish law and practice, the Company is not chargeable to Irish tax on its income and gains. However, tax can arise on the happening of a "chargeable event" in the Company. A chargeable event includes any distribution payments to shareholders or any encashment, redemption, cancellation, transfer or deemed disposal (a deemed disposal will occur at the expiration of an eight year period beginning with the acquisition of such shares) of shares or the appropriation or cancellation of shares of a shareholder by the Company for the purposes of meeting the amount of tax payable on a gain arising on a transfer. No tax will arise on the Company in respect of chargeable events in respect of a shareholder who is neither Irish resident nor ordinarily resident in Ireland at the time of the chargeable event provided that a relevant declaration is in place and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct and certain exempted Irish tax resident shareholders who have provided the Company with the necessary signed statutory declarations.

Dividends, interest and capital gains (if any) which the Company or any sub-fund receives with respect to their investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of investments are located. It is anticipated that the Company may not be able to benefit from reduced rates of withholding tax in double taxation agreements between Ireland and such countries. If this position changes in the future and the application of a lower rate results in a repayment to the Company the NAV will not be re-stated and the benefit will be allocated to the existing shareholders rateably at the time of the repayment.

## Notes to the financial statements (continued)

For the financial year ended 30 June 2018

### 19. Taxation (continued)

Any reclaims due to the sub-funds are accounted for on a receipt basis. In addition, where the Company invests in securities that are not subject to local taxes, for example withholdings tax, at the time of acquisition, there can be no assurance that tax may not be charged or withheld in the future as a result of any change in the applicable laws, treaties, rules or regulations or the interpretation thereof.

No stamp duty is payable in Ireland on the issue, transfer, repurchase or redemption of shares in the Company. Where any subscription for or redemption of shares is satisfied by the in specie transfer of securities, property or other types of assets, Irish stamp duty may arise on the transfer of such assets. No Irish stamp duty will be payable by the Company on the conveyance or transfer of stock or marketable securities provided that the stock or marketable securities in question have not been issued by a company registered in Ireland and provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property or to any stocks or marketable securities of a company (other than a company which is an investment undertaking within the meaning of the Taxes Act) which is registered in Ireland. Further details on tax applicable to the Company can be found in the prospectus.

Withholding tax is presented on a separate line on the statement of financial position and statement of comprehensive income for Equity Balanced Beta US Fund (the "sub-fund") due to new tax regulations introduced by US Internal Revenue with respect to exposures to US equities. It is required that the sub-fund pays withholding taxes on the underlying constituents of the total return swap.

### 20. Soft commission arrangements

There were no soft commission arrangements in place during the financial year (30 June 2017: nil).

### 21. Efficient portfolio management

The Company on behalf of a sub-fund may employ techniques and instruments for efficient portfolio management ("EPM") purposes relating to transferable securities and/or other financial instruments in which it invests.

Any over-the-counter ("OTC") derivatives must be with an approved counterparty (being a counterparty with which a UCITS may enter into OTC derivative contracts) and in accordance with the requirements of the Central Bank.

During the financial year, forward currency transactions were entered into for the purpose of EPM. Details of all open transactions at the reporting date are disclosed in the schedule of investments and in note 3.

### 22. Portfolio movements

Equity Balanced-Beta US Fund, Equity Balanced-Beta Eurozone Fund and Equity Balanced-Beta UK Fund invest in derivative swaps and therefore do not make purchases or sales of investments. For this reason portfolio movements are not available to be presented for these sub-funds. 80% Protected Dynamic Allocation Fund had the potential to invest in direct investments however, during the financial year ended 30 June 2018, no direct investments were made (30 June 2017: nil). US Municipal Bond Opportunities Fund holds direct investments in US Municipal Bonds and therefore a portfolio movement is presented for this sub-fund.

### 23. Commitments and contingent liabilities

The Directors are not aware of any commitments or contingent liabilities of the Company as at 30 June 2018 (30 June 2017: nil).

### 24. Changes to the prospectus

An updated prospectus was issued on 25 October 2017. The updated prospectus was amended generally to reflect updates necessitated by the European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016 (UCITS V) and the Central Bank Regulations and to include Annex VIII for Active Global Multi-Asset 80% Protected UCITS Fund II sub-fund.

An additional updated prospectus was issued on 9 April 2018. This updated prospectus includes the necessary disclosures for the second Markets in Financial Instruments Directive ("MiFID II") which became effective 3 January 2018 along with the necessary disclosures to ensure compliance with the Global Data Protection Regulation ("GDPR") which became effective 25 May 2018.

### 25. Significant events during the year

Effective 14 August 2017, Equity Beta-Balanced US Fund changed its index from the Citi Volatility Balanced Beta (VIBE) Equity US NET Total Return Index (CIISRLUT Index) to Citi Volatility Balanced Beta (VIBE) Equity US Gross Total Return Index (CIISRLUG Index). This was to allow for a change in the treatment of Withholding Tax on the underlying swap positions.

Effective 21 September 2017, US Municipal Bond Opportunities Fund launched.

Effective 20 October 2017, 80% Protected Dynamic Allocation Fund was fully redeemed.

### 26. Events after the reporting date

Effective 03 July 2018, Active Global Multi-Asset 85% Protected UCITS Fund was launched.

Effective 09 October 2018, Active Global Multi-Asset 85% Protected UCITS Fund II was launched.

The Directors declared the following dividends after the reporting date:

#### US Municipal Bond Opportunities Fund

| Class        | Currency | Distribution per Share | Ex-Date      | Final distribution paid | Income received on subscriptions | Income deducted on redemptions | Net distribution charge |
|--------------|----------|------------------------|--------------|-------------------------|----------------------------------|--------------------------------|-------------------------|
| Class SD USD | USD      | \$2.2245               | 02-July-2018 | \$44,423                | -                                | -                              | \$44,423                |

### 27. Approval of financial statements

The financial statements were authorised for issue by the Board of Directors on 30 October 2018.

**Schedule of investments**

As at 30 June 2018

| Equity Balanced-Beta US Fund  | Currency | Nominal holdings | Fair value USD | % of NAV          |
|---|----------|------------------|----------------|-------------------|
| Financial assets at fair value through profit or loss                                 |          |                  |                |                   |
| Equity Balanced-Beta US Fund (2017: 100.07%)  | USD      | 129,395          | 57,497,344     | 100.07%           |
|   |          |                  | 57,497,344     | 100.07%           |
| Total financial assets at fair value through profit or loss (2017: 100.07%)           |          |                  | 57,497,344     | 100.07%           |
| Cash and cash equivalents and other net liabilities (2017: (0.07%))                   |          |                  | (40,396)       | (0.07%)           |
| Net assets attributable to holders of redeemable participating shares (2017: 100.00%) |          |                  | 57,456,948     | 100.00%           |
| Analysis of total assets  |          |                  |                | % of total assets |
| OTC financial derivative instruments  |          |                  |                | 99.84%            |
| Other current assets  |          |                  |                | 0.16%             |
|   |          |                  |                | 100.00%           |

| Equity Balanced-Beta Eurozone Fund  | Currency   | Nominal holdings | Fair value EUR | % of NAV        |                |                   |
|---|------------|------------------|----------------|-----------------|----------------|-------------------|
| Financial assets at fair value through profit or loss                                 |            |                  |                |                 |                |                   |
| Equity Balanced-Beta Eurozone Fund – EUR Swap (2017: 101.02%)                         | EUR        | 149,075          | 38,670,798     | 100.47%         |                |                   |
|   |            |                  | 38,670,798     | 100.47%         |                |                   |
| Total financial assets at fair value through profit or loss (2017: 101.02%)           |            |                  | 38,670,798     | 100.47%         |                |                   |
| Financial liabilities at fair value through profit or loss                            |            |                  |                |                 |                |                   |
| Forward currency contracts (Counterparty: Citibank N.A., New York)                    |            |                  |                |                 |                |                   |
| Purchase currency   | Amount     | Sale currency    | Amount         | Settlement date | Fair value EUR | % NAV             |
| Class C USD   |            |                  |                |                 |                |                   |
| EUR   | 160,185    | USD              | (187,428)      | 31-Jul-2018     | (9)            | (0.00%)           |
| USD   | 7,634      | EUR              | (6,569)        | 31-Jul-2018     | (44)           | (0.00%)           |
| USD   | 127,028    | EUR              | (109,474)      | 31-Jul-2018     | (903)          | (0.00%)           |
| USD   | 20,898,160 | EUR              | (17,983,115)   | 31-Jul-2018     | (121,495)      | (0.32%)           |
| Total Derivatives   |            |                  |                |                 | (122,451)      | (0.32%)           |
| Total financial liabilities at fair value through profit or loss (2017: (0.18%))      |            |                  |                |                 | (122,451)      | (0.32%)           |
| Cash and cash equivalents and other net liabilities (2017: (0.85%))                   |            |                  |                |                 | (59,698)       | (0.15%)           |
| Net assets attributable to holders of redeemable participating shares (2017: 100.00%) |            |                  |                |                 | 38,488,649     | 100.00%           |
| Analysis of total assets  |            |                  |                |                 |                | % of total assets |
| OTC financial derivative instruments  |            |                  |                |                 |                | 99.63%            |
| Other current assets  |            |                  |                |                 |                | 0.37%             |
|   |            |                  |                |                 |                | 100.00%           |

**Schedule of investments (continued)**

As at 30 June 2018

| Equity Balanced-Beta UK Fund  |           | Currency      | Nominal holdings | Fair value EUR  | % of NAV       |                   |
|---|-----------|---------------|------------------|-----------------|----------------|-------------------|
| Financial assets at fair value through profit or loss                                 |           |               |                  |                 |                |                   |
| Equity Balanced-Beta UK Fund (2017: 100.10%)  |           | GBP           | 21,899           | 8,546,271       | 100.00%        |                   |
|   |           |               |                  | 8,546,271       | 100.00%        |                   |
| Total financial assets at fair value through profit or loss (2017: 100.10%)           |           |               |                  | 8,546,271       | 100.00%        |                   |
| Financial liabilities at fair value through profit or loss                            |           |               |                  |                 |                |                   |
| Forward currency contracts (Counterparty: Citibank N.A., New York)                    |           |               |                  |                 |                |                   |
| Purchase currency   | Amount    | Sale currency | Amount           | Settlement date | Fair value EUR | % NAV             |
| Class C USD   |           |               |                  |                 |                |                   |
| USD   | 5,130     | GBP           | (3,897)          | 31-Jul-2018     | (16)           | (0.00%)           |
| USD   | 7,658     | GBP           | (5,840)          | 31-Jul-2018     | (47)           | (0.00%)           |
| USD   | 1,312,830 | GBP           | (997,132)        | 31-Jul-2018     | (4,053)        | (0.05%)           |
|   |           |               |                  |                 | (4,116)        | (0.05%)           |
| Total derivatives   |           |               |                  |                 | (4,116)        | (0.05%)           |
| Total financial liabilities at fair value through profit or loss (2017: (0.05%))      |           |               |                  |                 | (4,116)        | (0.05%)           |
| Cash and cash equivalents and other net assets (2017: (0.05%))                        |           |               |                  |                 | 4,289          | 0.05%             |
| Net assets attributable to holders of redeemable participating shares (2017: 100.00%) |           |               |                  |                 | 8,546,444      | 100.00%           |
| Analysis of total assets  |           |               |                  |                 |                | % of total assets |
| OTC financial derivative instruments  |           |               |                  |                 |                | 99.86%            |
| Other current assets  |           |               |                  |                 |                | 0.14%             |
| Total assets  |           |               |                  |                 |                | 100.00%           |

**Schedule of investments (continued)**

As at 30 June 2018

| <b>US Municipal Bond Opportunities Fund</b>  | <b>Currency</b> | <b>Nominal holdings</b> | <b>Fair value USD</b> | <b>% of NAV</b> |
|--|-----------------|-------------------------|-----------------------|-----------------|
| <b>Financial assets at fair value through profit or loss</b>                                   |                 |                         |                       |                 |
| <b>Debt securities</b>   |                 |                         |                       |                 |
| <b>Municipal bond</b>  |                 |                         |                       |                 |
| <b>United States</b>   |                 |                         |                       |                 |
| American Municipal Power Inc 6.05% 02/15/2043  | USD             | 90,000                  | 114,277               | 1.38%           |
| California Statewide Communities Development Authority 4.82% 01/08/2045                        | USD             | 200,000                 | 205,663               | 2.49%           |
| City of Chicago IL Wastewater Transmission Revenue 6.90% 01/01/2040                            | USD             | 320,000                 | 413,962               | 5.00%           |
| City of Chicago IL 6.31% 01/01/2044  | USD             | 200,000                 | 244,386               | 2.95%           |
| City of Chicago IL Waterworks Revenue 6.74% 01/11/2040   | USD             | 275,000                 | 351,318               | 4.25%           |
| City of Fresno CA Water System Revenue   | USD             | 240,000                 | 314,765               | 3.80%           |
| City of Homestead FL 4.00% 01/07/2037  | USD             | 250,000                 | 250,295               | 3.02%           |
| City of Vernon CA Electric System Revenue 8.59% 01/07/2038                                     | USD             | 200,000                 | 286,590               | 3.46%           |
| Colorado Mesa University 5.80% 05/15/2040  | USD             | 100,000                 | 127,219               | 1.54%           |
| Commonwealth Financing Authority 6.22% 01/06/2039  | USD             | 85,000                  | 107,438               | 1.30%           |
| County of Miami-Dade FL Aviation Revenue 3.98% 01/10/2041                                      | USD             | 250,000                 | 247,920               | 3.00%           |
| Dallas Convention Center Hotel Development Corp 7.09% 01/01/2042                               | USD             | 305,000                 | 406,535               | 4.91%           |
| Franklin County Convention Facilities Authority 6.64% 01/12/2042                               | USD             | 55,000                  | 76,175                | 0.92%           |
| Jackson State University Educational Building Corp 3.67% 01/03/2031                            | USD             | 250,000                 | 247,523               | 2.99%           |
| Kentucky Economic Development Finance Authority 4.41% 01/12/2037                               | USD             | 350,000                 | 356,640               | 4.31%           |
| Long Island Power Authority  | USD             | 15,000                  | 17,994                | 0.22%           |
| Los Angeles County Public Works Financing Authority 7.62% 01/08/2040                           | USD             | 100,000                 | 148,571               | 1.80%           |
| Madison-Macoupin Etc Counties Community College District No 536/IL 3.80% 01/11/2030            | USD             | 100,000                 | 98,391                | 1.19%           |
| Memphis-Shelby County Industrial Development Board 5.20% 01/07/2037                            | USD             | 55,000                  | 57,026                | 0.69%           |
| Metropolitan Government of Nashville & Davidson County Convention Center Auth 7.43% 01/07/2043 | USD             | 100,000                 | 135,232               | 1.63%           |
| Metropolitan Washington Airports Authority Dulles Toll Road Revenue 7.46% 01/10/2046           | USD             | 100,000                 | 148,035               | 1.79%           |
| Municipal Electric Authority of Georgia 7.06% 01/04/2057                                       | USD             | 100,000                 | 121,681               | 1.47%           |
| Northern California Power Agency 7.31% 01/06/2040  | USD             | 100,000                 | 135,336               | 1.64%           |
| Northern Illinois University 8.15% 01/04/2041  | USD             | 85,000                  | 91,831                | 1.11%           |
| Oklahoma Development Finance Authority 4.65% 08/15/2030  | USD             | 50,000                  | 53,154                | 0.64%           |
| Oklahoma Development Finance Authority 5.45% 08/15/2028  | USD             | 50,000                  | 56,444                | 0.68%           |
| Pasadena Public Financing Authority 7.15% 01/03/2043   | USD             | 200,000                 | 289,624               | 3.50%           |
| Penn Hills School District 5.37% 09/15/2039  | USD             | 100,000                 | 104,267               | 1.26%           |
| Pennsylvania Turnpike Commission 5.85% 01/12/2037  | USD             | 100,000                 | 122,546               | 1.48%           |
| Port Authority of New York & New Jersey 4.82% 01/06/2045                                       | USD             | 250,000                 | 266,050               | 3.21%           |
| San Bernardino Community College District 7.43% 01/08/2039                                     | USD             | 100,000                 | 144,356               | 1.74%           |
| San Francisco City & County Redevelopment Financing Authority 8.41% 01/08/2039                 | USD             | 50,000                  | 72,534                | 0.88%           |
| South Carolina Public Service Authority 6.45% 01/01/2050                                       | USD             | 100,000                 | 133,563               | 1.61%           |
| Spartanburg Regional Health Services District 4.23% 04/15/2038                                 | USD             | 250,000                 | 247,738               | 2.99%           |
| St Johns County Industrial Development Authority 5.00% 08/15/2047                              | USD             | 100,000                 | 101,061               | 1.22%           |
| Triborough Bridge & Tunnel Authority 5.55% 11/15/2040  | USD             | 100,000                 | 121,525               | 1.48%           |
| Tulsa Airports Improvement Trust 3.98% 01/06/2037  | USD             | 125,000                 | 117,803               | 1.43%           |
| Upper Arlington City School District 4.07% 01/12/2055  | USD             | 250,000                 | 254,235               | 3.07%           |
| <b>Total municipal bonds</b>   |                 |                         | <b>6,789,703</b>      | <b>82.05%</b>   |
| <b>Treasury bills</b>  |                 |                         |                       |                 |
| United States Treasury Bill 0.00% 09/13/2018   | USD             | 1,433,000               | 1,427,551             | 17.25%          |
|  |                 |                         | <b>1,427,551</b>      | <b>17.25%</b>   |
| <b>Total treasury bills</b>  |                 |                         | <b>1,427,551</b>      | <b>17.25%</b>   |
| <b>Total debt securities</b>   |                 |                         | <b>8,217,254</b>      | <b>99.30%</b>   |
| <b>Derivatives (Counterparty: Citigroup Global Markets Inc.)</b>                               |                 |                         |                       |                 |
| <b>Interest rate swaps</b>   |                 |                         |                       |                 |
| IRS 2.359% October 2028  | USD             | 340,000                 | 17,445                | 0.21%           |
| IRS 2.388% January 2023  | USD             | 2,050,000               | 42,049                | 0.51%           |
| IRS 2.403% October 2028  | USD             | 440,000                 | 20,829                | 0.25%           |
| IRS 2.440% January 2029  | USD             | 1,160,000               | 52,212                | 0.63%           |
| IRS 2.452% December 2028   | USD             | 1,000,000               | 43,755                | 0.53%           |
| IRS 2.500% December 2028   | USD             | 600,000                 | 23,752                | 0.29%           |
| IRS 2.528% November 2028   | USD             | 1,500,000               | 55,489                | 0.67%           |
| IRS 2.479% November 2028   | USD             | 1,325,000               | 54,616                | 0.66%           |
| <b>Total interest rate swaps</b>   |                 |                         | <b>310,147</b>        | <b>3.75%</b>    |

**Schedule of investments (continued)**

As at 30 June 2018

**US Municipal Bond Fund (continued)****Financial assets at fair value through profit or loss (continued)****Derivatives (continued)****Forward currency contracts (Counterparty: Citibank N.A., New York)**

| Purchase currency  | Amount    | Sale currency | Amount      | Settlement date | Fair value<br>EUR | % of NAV       |
|--|-----------|---------------|-------------|-----------------|-------------------|----------------|
| <b>Class S EUR</b>   |           |               |             |                 |                   |                |
| EUR  | 5,293,316 | USD           | (6,143,719) | 31-Jul-18       | 49,481            | 0.60%          |
|  |           |               |             |                 | <b>49,481</b>     | <b>0.60%</b>   |
| <b>Total derivatives</b>   |           |               |             |                 | <b>359,628</b>    | <b>4.35%</b>   |
| <b>Total financial assets at fair value through profit or loss</b> |           |               |             |                 | <b>8,576,882</b>  | <b>103.65%</b> |

|  | Currency | Nominal<br>holdings | Fair value<br>USD | % of NAV       |
|--|----------|---------------------|-------------------|----------------|
| <b>Financial liabilities at fair value through profit or loss</b>  |          |                     |                   |                |
| <b>Total return swaps</b>  |          |                     |                   |                |
| East Bay California Municipal Utility District Taxable Subordinated Series B Build America 5.874% 12/18/2018 | USD      | 110,000             | (7,325)           | (0.09%)        |
| Bay Area Toll Authority California Toll Taxable S3 Sanitary Fran Bay 6.907% 12/21/2018                       | USD      | 100,000             | (12,626)          | (0.15%)        |
| Bay Area Toll Authority California Toll Taxable S3 Sanitary Fran Bay 6.907% 10/27/2018                       | USD      | 160,000             | (11,864)          | (0.14%)        |
| University California Revenues Taxable General Series Aj 4.601% 12/18/2018                                   | USD      | 300,000             | (12,960)          | (0.16%)        |
| California St Taxable Various Purpose 7.5% 09/27/2018  | USD      | 100,000             | (5,672)           | (0.07%)        |
| California St Taxable Various Purpose 7.5% 10/27/2018  | USD      | 70,000              | (3,319)           | (0.04%)        |
| East Bay California Municipal Utility District Taxable Subordinated Series B Build America 5.874% 11/17/2018 | USD      | 200,000             | (12,704)          | (0.15%)        |
| District Columbia Income Tax Taxable Secured Series E Build 5.591% 10/27/2018                                | USD      | 180,000             | (7,204)           | (0.09%)        |
| New Jersey St Turnpike Authority Turnpike Revenue Taxable A Build America Bds 7.102% 12/21/2018              | USD      | 100,000             | (9,037)           | (0.11%)        |
| New Jersey St Turnpike Authority Turnpike Revenue Taxable A Build America Bds 7.102% 10/27/2018              | USD      | 170,000             | (10,030)          | (0.12%)        |
| Los Angeles California Department Water And Taxable Series D Build America 6.574% 11/06/2018                 | USD      | 175,000             | (10,210)          | (0.12%)        |
| Los Angeles California Community Taxable Election 2008 E 6.6% 12/21/2018                                     | USD      | 100,000             | (7,208)           | (0.09%)        |
| Los Angeles California Community Taxable Election 2008 E 6.6% 10/27/2018                                     | USD      | 170,000             | (6,409)           | (0.08%)        |
| Maryland St Transportation Authority Transportation Taxable Build America Bds B 5.788% 12/18/2018            | USD      | 330,000             | (14,032)          | (0.17%)        |
| Massachusetts St Taxable Consolidated Loan Series E 5.456% 11/02/2018  | USD      | 200,000             | (13,238)          | (0.16%)        |
| New York New York City Municipal Water Finance Taxable Second General Series Aa 1 5.75% 10/27/2018           | USD      | 185,000             | (11,620)          | (0.14%)        |
| New York St Environmental Facilities Taxable St Revolving Fund 2010 3.751% 11/09/2018                        | USD      | 250,000             | (7,150)           | (0.09%)        |
| Pasadena California Public Financing Authority Taxable Series B Build America Bds 7.148% 12/04/2018          | USD      | 250,000             | (4,913)           | (0.06%)        |
| Port Authority New York And New Jersey Consolidated One Hundred Seventy 4.458% 11/02/2018                    | USD      | 225,000             | (13,320)          | (0.16%)        |
| Regional Transportation District Colorado Taxable Fastracks Project Series B 5.844% 12/18/2018               | USD      | 165,000             | (15,713)          | (0.19%)        |
| North Texas Thruway Authority Revenue Taxable Build America Bds B 6.718% 11/13/2018                          | USD      | 150,000             | (12,387)          | (0.15%)        |
| North Texas Thruway Authority Revenue Taxable Build America Bds B 6.718% 12/21/2018                          | USD      | 100,000             | (8,370)           | (0.10%)        |
| <b>Total return swaps</b>  |          |                     | <b>(217,311)</b>  | <b>(2.63%)</b> |

**Forward currency contracts (Counterparty: Citibank N.A., New York)**

| Purchase currency        | Amount | Sale currency | Amount  | Settlement date | Fair value<br>EUR | % of NAV       |
|--------------------------|--------|---------------|---------|-----------------|-------------------|----------------|
| <b>Class S EUR</b>       |        |               |         |                 |                   |                |
| EUR                      | 5,130  | EUR           | (4,421) | 31-Jul-2018     | (43)              | (0.00%)        |
|                          |        |               |         |                 | <b>(43)</b>       | <b>(0.00%)</b> |
| <b>Total derivatives</b> |        |               |         |                 | <b>(217,354)</b>  | <b>(2.63%)</b> |

**Schedule of investments (continued)**

As at 30 June 2018

| <b>US Municipal Bond Opportunities Fund</b>                                  | <b>Fair value<br/>USD</b> | <b>% of NAV</b> |
|--|---------------------------|-----------------|
| <b>Total financial liabilities at fair value through profit or loss</b>      | <b>(217,354)</b>          | <b>(2.63%)</b>  |
| Cash and cash equivalents and other net liabilities                          | (84,147)                  | (1.02%)         |
| <b>Net assets attributable to holders of redeemable participating shares</b> | <b>8,275,381</b>          | <b>100.00%</b>  |

| <b>Analysis of total assets</b>      | <b>% of total assets</b> |
|--------------------------------------|--------------------------|
| Transferable securities              | 94.02%                   |
| OTC financial derivative instruments | 4.11%                    |
| Other current assets                 | 1.87%                    |
|                                      | <b>100.00%</b>           |

**Statement of significant portfolio movements (unaudited)**

For the financial year ended 30 June 2018

The Central Bank Regulations requires all material changes that have occurred in the disposition of the assets of the UCITS to be documented in the annual report. A material change is defined as the aggregate purchases of a security exceeding 1 per cent of the total value of purchases for the financial year or aggregate disposals greater than 1 per cent of the total value of sales for the financial year.

**US Municipal Bond Opportunities Fund**

|   | <b>Cost<br/>USD</b>     |
|---|-------------------------|
| <b>Purchases</b>  |                         |
| United States Treasury Bill 0.00% 09/13/2018  | 3,033,265               |
| United States Treasury Note/Bond 2.25% 08/15/2027   | 2,574,457               |
| United States Treasury Note/Bond 2.25% 11/15/2027   | 1,087,195               |
| United States Treasury Note/Bond 2.38% 05/15/2027   | 907,805                 |
| United States Treasury Note/Bond 2.25% 02/15/2027   | 898,523                 |
| Spartanburg Regional Health Services District 4.23% 04/15/2038                                    | 499,380                 |
| City of Chicago IL Wastewater Transmission Revenue 6.90% 01/01/2040                               | 413,116                 |
| Dallas Convention Center Hotel Development Corp 7.09% 01/01/2042                                  | 409,594                 |
| City of Chicago IL Waterworks Revenue 6.74% 01/11/2040  | 358,241                 |
| Kentucky Economic Development Finance Authority 4.41% 01/12/2037                                  | 350,000                 |
| City of Fresno CA Water System Revenue  | 318,455                 |
| City of Vernon CA Electric System Revenue 8.59% 01/07/2038  | 292,698                 |
| Pasadena Public Financing Authority 7.15% 01/03/2043  | 283,543                 |
| Port Authority of New York & New Jersey 4.82% 01/06/2045  | 271,326                 |
| Metropolitan Government Nashville & Davidson County Health & Educational Facs Bd 4.05% 01/07/2026 | 264,663                 |
| University of Missouri 5.96% 01/11/2039   | 252,794                 |
| County of Miami-Dade FL Aviation Revenue 3.98% 01/10/2041   | 252,218                 |
| Jackson State University Educational Building Corp 3.67% 01/03/2031                               | 251,320                 |
| Metropolitan Washington Airports Authority Dulles Toll Road Revenue 7.46% 01/10/2046              | 250,973                 |
| Upper Arlington City School District 4.07% 01/12/2055   | 250,000                 |
| City of Homestead FL 4.00% 01/07/2037   | 249,435                 |
| City of Chicago IL 6.31% 01/01/2044   | 247,406                 |
| South Carolina Public Service Authority 5.78% 01/12/2041  | 246,462                 |
| State of Illinois 5.52% 01/04/2038  | 229,997                 |
| California Statewide Communities Development Authority 4.82% 01/08/2045                           | 202,688                 |
|   |                         |
|   | <b>Proceeds<br/>USD</b> |
| <b>Sales</b>  |                         |
| United States Treasury Note/Bond 2.25% 08/15/2027   | 2,579,491               |
| United States Treasury Bill 0.00% 09/13/2018  | 1,615,981               |
| United States Treasury Note/Bond 2.25% 11/15/2027   | 1,085,922               |
| United States Treasury Note/Bond 2.38% 05/15/2027   | 904,645                 |
| United States Treasury Note/Bond 2.25% 02/15/2027   | 898,658                 |
| Metropolitan Government Nashville & Davidson County Health & Educational Facs Bd 4.05% 01/07/2026 | 259,188                 |
| Spartanburg Regional Health Services District 4.23% 04/15/2038                                    | 243,750                 |
| University of Missouri 5.96% 01/11/2039   | 242,388                 |
| South Carolina Public Service Authority 5.78% 01/12/2041  | 237,374                 |
| State of Illinois 5.52% 01/04/2038  | 218,720                 |
| United States Treasury Note/Bond 3.00% 05/15/2047   | 157,318                 |
| Illinois State Toll Highway Authority 5.85% 01/12/2034  | 151,791                 |
| North Texas Tollway Authority 6.72% 01/01/2049  | 149,212                 |
| Alameda County Joint Powers Authority 7.05% 01/12/2044  | 143,697                 |
| Los Angeles Department of Water & Power Power System Revenue 5.72% 01/07/2039                     | 136,907                 |
| Metropolitan Transportation Authority 6.69% 11/15/2040  | 128,612                 |
| New Jersey Economic Development Authority 7.43% 02/15/2029  | 121,125                 |
| Orange County Local Transportation Authority 6.91% 02/15/2041                                     | 120,731                 |
| San Diego Tobacco Settlement Revenue Funding Corp 7.13% 01/06/2032                                | 109,474                 |
| Alameda Corridor Transportation Authority   | 102,072*                |

\*Total value of disposal is less than 1 per cent of the total value of sales for the financial year; however the Central Bank Regulations require a minimum of 20 purchases and sales to be disclosed.

Financial derivative instruments are excluded from the above due to no cost being attributed to purchases and sales of such instruments.

## **Appendix 1: Information to Investors in Germany and Switzerland (unaudited)**

For the financial year ended 30 June 2018

### **Information to Investors in Germany**

Investors should be informed that an application for public distribution has not been filed for the following sub-funds in Germany and shares of these sub-funds may not be offered to investors subject to the German Capital Investment Code (Kapitalanlagegesetzbuch – KAGB):

- Equity Balanced-Beta UK Fund
- 80% Protected Dynamic Allocation Fund

### **Information to Investors in Switzerland**

The Company is established as a limited liability company under Irish law.

The following sub-funds are compliant with Swiss law for distribution to qualified investors in Switzerland:

- Equity Balanced-Beta Eurozone Fund
- Equity Balanced-Beta US Fund
- US Municipal Bond Opportunities Fund

The Swiss representative is Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva.

The Swiss paying agent is Banque Cantonale de Genève, 17, quai de l'Ile, 1204 Geneva.

Investors in Switzerland can obtain the documents of the Company, such as the Prospectus (Edition for Switzerland), the KIIDs, the Memorandum and Articles of Association and the semi-annual and annual reports, and further information free of charge from the Swiss representative.

This document may only be issued, circulated or distributed so as not to constitute an offering to nonqualified investors in Switzerland. Recipients of the document in Switzerland should not pass it on to anyone without first consulting their legal or other appropriate professional adviser, or the Swiss Representative. For the shares of the Funds distributed to qualified investors in Switzerland, the place of jurisdiction is Geneva.

Each time performance data is published, it should be noted that the past performance is no indication of current or future performance and that it does not take account of the commissions and costs incurred on the issue and redemption of shares.

## Appendix 2: Securities financing transactions regulation (unaudited)

For the financial year ended 30 June 2018

The Securities Financing Regulation (Regulation (EU) 2015/2365) (the "SFT Regulation") came into force on 12 January 2016

. Its aim is to improve the transparency of securities financing transactions ("SFTs") in the shadow banking sector, giving regulators (including the European Securities and Markets Authority ("ESMA") and national regulators) access to detailed information to enable them to monitor risks in that sector on an ongoing basis.

The SFT Regulation divides SFTs into four categories, each of which has similar economic effects:

- securities or commodities lending and borrowing;
- buy-sell back transactions, and sell-buy back transactions (including collateral and liquidity swaps if they are not derivatives under the European Market Infrastructure Regulation ("EMIR"));
- repurchase and reverse repurchase transactions; and
- margin lending transactions.

Derivatives contracts, as defined in EMIR, are out of scope.

### Global Data

- There were no securities on loan during the financial year.
- Please refer to the schedule of investments for details of the amount of assets engaged in each type of total return swap.

### Data on collateral reuse

- There was no collateral reused during the financial year.

### Concentration data

- Collateral held as at 30 June 2018 consisted of cash and US Government Bonds. The counterparty for the total return swaps held by 80% Protected Dynamic Allocation Fund was Citibank N.A., New York, while Citigroup Global Markets Limited was counterparty for all swaps held by the remaining sub-funds of the Company.

### Safekeeping of collateral received

- 100% of all collateral was held with J.P. Morgan Bank (Ireland) plc.

### Aggregate transaction data for each type of total return swap

1. The collateral is invested in government bonds. Collateral ratings are detailed in the table below:

| Collateral rating | Market value<br>USD |
|-------------------|---------------------|
| AAA               | 4,590,748           |
| AAAu              | 100,853,281         |
| Cash              | 9,034,012           |
| <b>Total</b>      | <b>114,478,041</b>  |

2. Maturity range of the collateral is included in the table below:

| Maturity            | Market value<br>USD |
|---------------------|---------------------|
| >1 year             | 83,776,876          |
| 3 months to 1 year  | 21,667,153          |
| 1 month to 3 months | -                   |
| Cash                | 9,034,012           |
| <b>Total</b>        | <b>114,478,041</b>  |

3. Currency of collateral

| Currency     | Market value<br>USD |
|--------------|---------------------|
| GBP          | 1,692,549           |
| JPY          | 2,898,200           |
| USD          | 109,887,292         |
| <b>Total</b> | <b>114,478,041</b>  |

4. The total return swap and the interest rate swaps held by US Municipal Bond Opportunities Fund have a set maturity. The total return swaps held by the remaining funds have an open maturity.
5. Citigroup Global Markets Limited is established in the United Kingdom.
6. The total return swaps are settled and cleared on a bilateral basis between Citigroup Global Markets Limited and the Company and the Company. The interest rate swaps held by US Municipal Bond Opportunities Fund are entered into with Citigroup Global Markets Inc and are cleared through LCH (London Clearing House).

### Safekeeping of collateral granted by collective investment scheme as part of SFTs and total return swaps

None.

### Data on return and cost for each type of SFT and total return swap

None.