

INSINGER DE BEAUFORT

**Annual report including audited financial statements
as at 31st December 2016**

Absolute Return Strategy SICAV

Société d'Investissement à Capital Variable
Luxembourg

R.C.S. Luxembourg B 90 086

Absolute Return Strategy SICAV

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Absolute Return Strategy SICAV

Organisation

Registered Office

11, rue Aldringen
L-1118 LUXEMBOURG
(since 1st November 2016)

11-13 boulevard de la Foire
L-1528 LUXEMBOURG
(until 1st November 2016)

Board of Directors

Chairman

Peter George SIERADZKI

Director
BANK INSINGER DE BEAUFORT N.V.
AMSTERDAM

Directors

Steve GEORGALA

Managing Director
MAITLAND ADVISORY LLP
LONDON

Marcel ERNZER

Director
WALLBERG INVEST S.A.
LUXEMBOURG

Marc Jan BALTUS

CFO
BANK INSINGER DE BEAUFORT N.V.
AMSTERDAM

Alternative Investment Fund Manager (since 1st November 2016)

KREDIETRUST LUXEMBOURG S.A.
11, rue Aldringen
L-2960 LUXEMBOURG

Board of Directors of Alternative Investment Fund Manager

Chairman

Olivier de JAMBLINNE de MEUX

Director

Vincent DECALF

Managing Director

Stefan VAN GEYT

Conducting officers

Aurélien BARON
Kristel COOLS
Stefan VAN GEYT

Alternative Investment Fund Manager (until 1st November 2016)

MDO MANAGEMENT COMPANY S.A.
19, rue de Bitbourg
L-1273 LUXEMBOURG

Board of Directors of the Alternative Investment Fund Manager

Chairman

Géry DAENINCK

Directors

Martin VOGEL
Yves WAGNER
John LI HOW CHEONG
Garvan Rory PIETERS

Absolute Return Strategy SICAV

Organisation (continued)

Conducting Officers	Kim KIRSCH Riccardo del TUFO Eduard van WIJK
Portfolio Manager	INSINGER DE BEAUFORT ASSET MANAGEMENT N.V. Herengracht 537 NL-1017 BV AMSTERDAM
Domiciliary Agent, Administrative Agent, Registrar and Transfer Agent	KREDIETRUST LUXEMBOURG S.A. 11, rue Aldringen L-2960 LUXEMBOURG (since 1st November 2016)
Administrative Agent, Registrar and Transfer Agent	RBC INVESTOR SERVICES BANK S.A. 14, Porte de France L-4360 ESCH-SUR-ALZETTE (until 1st November 2016)
Depository and Paying Agent	KBL EUROPEAN PRIVATE BANKERS S.A. 43, boulevard Royal L-2955 LUXEMBOURG (since 1st November 2016) RBC INVESTOR SERVICES BANK S.A. 14, Porte de France L-4360 ESCH-SUR-ALZETTE (until 1st November 2016)
Auditor	PRICEWATERHOUSECOOPERS, Société coopérative 2, rue Gerhard Mercator L-2182 LUXEMBOURG
Distributor	BANK INSINGER DE BEAUFORT N.V. Herengracht 537 NL-1017 BV AMSTERDAM

Absolute Return Strategy SICAV

General information

Absolute Return Strategy SICAV (the "Company") was incorporated in Luxembourg on 29th November 2002 for an unlimited period and is an open-ended investment company registered pursuant to Part II of the Luxembourg law of 17th December, 2010 on Undertakings for Collective Investment (the "Law of 2010"). The Company qualifies as an Alternative Investment Fund ("AIF") under the Law of 12th July 2013 on Alternative Investment Fund Managers ("AIFM") implementing Directive 2011/61/EU of the European Parliament and of the Council of 8th June 2011 on Alternative Investment Fund Managers (the "AIFMD").

The Directive 2014/91/EU of the European Parliament and of the Council of 23rd July 2014 amending the Directive 2009/65/EC had been transposed by the law of 10th May 2016 coming into force on 1st June 2016 and amending the amended law of 17th December 2010.

The Company is structured as an umbrella fund containing a variety of different portfolios ("Sub-Funds") of specific assets in various reference currencies.

At the date of the financial statements, the following Sub-Fund is offered to investors:

Absolute Return Strategy SICAV - Multi-Manager Hedge in EUR

At the date of the financial statements, only Class B Shares (EUR) is active and are available for any type of investor.

The most recent financial statements, annual report, key investor information document as well as copies of the Articles of Incorporation of the Company and the material contracts referred to in the prospectus are available for inspection during usual business hours at the registered office of the Company in Luxembourg and can be obtained free of charge upon request from the AIFM.

Absolute Return Strategy SICAV

Report on activities of the Board of Directors

Market review 2016

In many respects, 2016 was an exceedingly challenging year for investors. Both the bond and equity markets witnessed unusual events and sharp trend reversals. On the bond markets the first half of the year was markedly different from the second half. In the first half, government bond yields reached record lows in most markets, while the second half saw a clear upward trend. Over the year as a whole, bond markets ultimately earned a modest positive return in euros, whereby corporate bonds performed significantly better than government bonds. Equity markets got off to an extraordinarily poor start in 2016, driven by fears of a devaluation of China's currency and the persisting decline in oil prices. Markets subsequently underwent a rapid recovery in February, only to be followed by a second severe correction at the end of June, this time in response to the surprise result in the UK's Brexit referendum. Another remarkably rapid recovery occurred, during which major US indices such as the S&P500 index even hit new all-time highs. In early November, there was another surprise political result with Donald Trump's election as President of the United States. Equity markets underwent their third major correction of the year, but on this occasion it was much more short-lived and less dramatic than in the wake of the Brexit referendum result, after which many US indices again shot to new record highs.

With its severe corrections and dramatic recoveries, record lows and record highs, not to mention rapid sector rotations, 2016 was a year full of pitfalls for investors. It should therefore come as no surprise that very few fund managers succeeded in outperforming their benchmarks. Across the year as a whole, the global equity index earned a return of over 10% in euros, whereby the US again noted the best results. After a very poor start in January, on average emerging markets also ultimately managed to keep ahead of the global index, and once more it was the European markets that lagged furthest behind. Yet returns varied greatly within both emerging markets and within Europe. Most European markets achieved a modest positive return, but the defensive Swiss market, for instance, noted a loss of over 5%, while Italy's persisting banking sector difficulties caused its losses to be in excess of 10%. In January, the US market experienced its worst start ever to the year, and yet over the course of the year it succeeded in reaching new absolute highs as a result of declining deflation fears. Optimism rose sharply in the wake of the US presidential elections in early November, allowing the US market to end the year close to absolute record highs. In November, the sharpest price gains occurred in cyclical stocks, which profited from growing optimism about the global economy, and in financial stocks, which benefited from rising interest rates and the corresponding improvement in earnings forecasts for the financial sector. During the latter upturn, European markets again initially lagged behind, only to rise significantly in December. As a result, it was only towards the end of the year that returns on equity investments started to look positive against returns on bond investments, which were particularly negatively affected by rising government bond yields during the final two months of the year.

As far as bond investments are concerned, 2016 looked to be a very tough year as yields on most bonds had already dropped to very low levels over the previous years. Moreover, risk spreads on corporate bonds had tightened sharply. In the first half of 2016, however, long-term yields continued to decline and credit spreads continued to tighten, causing yields on the world's most important government bond, the US 10-year Treasury, to drop to an all-time low at the start of July (about 1.3%). Yields on its German counterpart even dropped to a negative 0.2%. The turning point came shortly after the surprise Brexit referendum result at the end of June. After absolute lows were reached in many government bond yields in early July, an upward trend was visible in yields in the second half of the year. This rise was initially very tentative, but after the election of Donald Trump at the start of November yields on US Treasuries in particular began an explosive rise. From the low in July, US 10-year yields rose by over one whole percent to about 2.6%, resulting in considerable losses on these bonds in the second half of the year. The remarkable reversal in yield trends was chiefly due to a decline in deflation fears, which had still been high at the start of the year when the markets were worried about a possible devaluation of the Chinese currency. The election of Donald Trump prompted a rapid upturn in inflation expectations, as almost all the new president's policy plans (tax cuts, government investments, import duties) seemed to be inflationary. Elsewhere in the world, long-term yields also displayed an upward trend in the second half of the year, albeit a less sharp one than in the US. For instance, yields on German 10-year government bonds rose from a low of -0.2% in July to +0.4% in December, closing the year at about +0.2%. Higher forecasts for economic growth and inflation had a positive effect on corporate bond spreads, which displayed a tightening trend throughout almost the entire year. As a result, corporate bonds yielded a better return than government bonds, whereby the riskiest corporate bonds (high yield) earned the highest returns, not just in the US and Europe, but also elsewhere in the world. A diversified bond portfolio consequently yielded a modest positive return over the year as a whole, although part of the return was lost in the second half of the year.

Absolute Return Strategy SICAV - Multi-Manager Hedge

With its severe corrections and dramatic recoveries, record lows and record highs, not to mention rapid sector rotations, 2016 was a year full of pitfalls for investors. It should therefore come as no surprise that very few fund managers succeeded in outperforming their benchmarks. Across the year as a whole, the global equity MSCI index earned a return of 11.4% in euros, whereby the US again noted the best results with the S&P 500 earning 15.3% in Euro's. After a very poor start in January, on average emerging markets also ultimately managed to keep ahead of the global index, and once more it was the European markets that lagged furthest behind. Yet returns varied greatly within both emerging markets and within Europe. Most European markets achieved a modest positive return, but the defensive Swiss market, for instance, noted a loss of over 5%, while Italy's persisting banking sector difficulties caused its losses to be in excess of 10%.

Absolute Return Strategy SICAV

Report on activities of the Board of Directors (continued)

Like the equity markets, the European bond markets initially responded positively to the extension of ECB's quantitative easing plans. The yield on German 10-year government bonds even dropped to -0.20% just after the Brexit vote. Yields on government bonds issued by peripheral Eurozone countries also fell further.

European government bonds posted a modest positive return, European corporate bonds on average earned 4-5% as risk spreads in all markets came down. In the riskier high yield markets, spreads came in significantly and returns exceeded 10% in most market segments.

For alternative strategies, 2016 proved to be a difficult year again and within alternatives, most equity long short manager and systematic macro trading strategies lost money amidst many unexpected trend reversals in the equity and currency markets. European real estate suffered in line with rising interest rates and lost 3-5% in 2016. The gold price remained more or less stable but commodity prices and oil in particular recovered leading to an unexpected sharp rally in most emerging markets led by Brazil and Russia.

Most macro managers were hit as a result of volatile spread movements and extreme volatility in some major currencies such as the Japanese Yen and Mexican Peso. Some of them lost money because of curve positions going against them when interest rate expectations in the US came down. Also short duration strategies did not work well in the first half of the year in a world full of deflationary pressures. Making money in a zero interest rate world proves to be extremely difficult.

The best performing hedgefund strategies were to be found in distressed debt markets, where our position in Davidson Kempner Distressed Opportunity Fund yielded almost 20%.

Most of the HFR hedge fund indices finished the year 2016 within a 0% - 1% range having lost value in 2015. For hedge funds the best performances came from distressed, market neutral strategies and selected macro- and relative value funds. The long/short Europe equity funds and our two CTA's lost money in the year.

Developments and performance

Absolute Return Strategy SICAV - Multi-Manager Hedge performed -0.46% for the year 2016. The HFRX Global Hedge EUR Index noted +0.70% and the DJ CS Hedgefund Index +0.05%.

During 2016, Absolute Return Strategy SICAV - Multi-Manager Hedge has made relatively small changes to the portfolio strategy. The Fund increased the allocation in H20 Allegro, a highly levered fixed income and currency trading strategy to further decrease correlations with equity markets and enhance the return targets slightly. H20 Allegro shows volatile monthly results but finished the year with +8.45%.

The Fund sold the position in Och Ziff Europe Overseas multi strategy fund. We lost confidence in the team after multiple changes and disappointing results. The Fund diversified further and increased daily liquidity by making a new investment in Old Mutual Global Equity Absolute return, a well-diversified market neutral fund. We also added Aviva Multi-Strategy Target Return Fund to the portfolio, a diversified and relatively low cost liquid multi-strategy fund. Total portfolio turnover was less than 25%.

In 2016, the best performing fund within the Fund was the Davidson Kempner Distressed Opportunity Fund with 19.2% as high yield credit markets opened up followed by Marshall Wace Market Neutral Tops Fund with a performance of 11.1%. The least performing underlying fund was Altima Restructure Fund with -19.1% as a result of impairments on several of the underlying private equity situations. We follow a strictly conservative method in the valuation of the investment portfolio and perhaps we can see some more positive developments in 2017. All other negatively performing funds lost 8% or less, hence we do not foresee a major portfolio review the coming year.

Outlook

We anticipate that in 2017 the US financial markets and the US dollar will continue to act as safe havens in a world dominated by high levels of debt, low growth, extreme low yields and rising currency tensions. However, global macro indicators look much better than one year ago and we could anticipate less monetary stimulus from the FED and perhaps later in the year the ECB will indicate a less extreme monetary policy going forward.

We believe that dispersion and volatility should continue in 2017, bringing a new set of opportunities for equity long /short managers. We continue to be positive on global macro strategies for the diversification feature. For CTAs the expectations of greater divergence and de-correlation among asset classes should lead to a better environment for the sector going into 2017.

Most fixed income managers will struggle in this environment but distressed managers could continue to benefit from still attractive valuations. For event driven strategies we expect to see an environment of slowing M&A deals and more difficult financing. We continue to have little investments in this area.

Absolute Return Strategy SICAV

Report on activities of the Board of Directors (continued)

Absolute Return Strategy SICAV - Multi-Manager Hedge is well-balanced and invests mostly in liquid strategies. We can expect the Fund to protect capital in difficult markets and benefit from volatility and stock selection. We therefore foresee low single digit positive returns and position Absolute Return Strategy SICAV - Multi-Manager Hedge as a well-diversified alternative for low yielding bonds.

Luxembourg, 16th March 2017

The Board of Directors

Note: The information in this report represents historical data and is not an indication of future results.



Audit Report

To the Shareholders of
Absolute Return Strategy SICAV

We have audited the accompanying financial statements of Absolute Return Strategy SICAV, which comprise the statement of net assets and the statement of investments and other net assets as at 31st December 2016 and the statement of operations and the statement of changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Board of Directors of the SICAV for the financial statements

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements and for such internal control as the Board of Directors of the SICAV determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV, as well as evaluating the overall presentation of the financial statements.



Audit Report (continued)

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Absolute Return Strategy SICAV as of 31st December 2016, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

Other information

The Board of Directors of the SICAV is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 20th April 2017

Thierry Blondeau

Absolute Return Strategy SICAV

Combined statement of net assets (in USD)

as at 31st December 2016

Assets

Investments

Securities portfolio at market value	53,518,682.39
	<hr/>
	53,518,682.39

Cash and cash equivalents

Cash at banks	2,809,414.99
	<hr/>
	2,809,414.99

Receivables

Receivable on sales of securities	96,856.74
Receivable on issues of shares	516,082.81
	<hr/>
	612,939.55
	<hr/>

Total assets

56,941,036.93

Liabilities

Payables

Payable on redemptions of shares	870,563.98
Interest payable on bank overdrafts	665.86
Unrealised loss on forward foreign exchange contracts	99,078.30
Expenses payable	77,776.36
	<hr/>
	1,048,084.50

Other liabilities

Prepaid subscriptions	512,761.95
	<hr/>
	512,761.95

Total liabilities

1,560,846.45

Total net assets at the end of the year

55,380,190.48

The accompanying notes are an integral part of these financial statements.

Absolute Return Strategy SICAV

Combined statement of operations (in USD)

from 1st January 2016 to 31st December 2016

Income

Realised gain on investments

- on securities portfolio	1,482,576.95
- on forward foreign exchange contracts	601,658.06
- on foreign exchange	10,634.37
	<hr/>
	2,094,869.38

Appreciation of unrealised results on investments

- on securities portfolio	5,409,834.54
	<hr/>
	5,409,834.54

Total income

7,504,703.92

Expenses

Investment advisory or management fees

Portfolio management fees	325,277.42
AIFM fees	13,286.25
	<hr/>
	338,563.67

Other expenses

Depositary fees	61,308.71
Banking charges and other fees	318.78
Transaction fees	1,089.00
Central administration costs	48,334.64
Professional fees	28,206.33
Other administration costs	42,557.07
Subscription duty ("taxe d'abonnement")	23,853.61
Bank interest paid	13,299.74
Restructuring fees	24,345.44
Other fees	27,575.69
	<hr/>
	270,889.01

Realised loss on investments

- on securities portfolio	103,903.71
- on forward foreign exchange contracts	833,364.36
	<hr/>
	937,268.07

Depreciation of unrealised results on investments

- on securities portfolio	5,719,960.71
- on forward foreign exchange contracts	423,506.01
	<hr/>
	6,143,466.72

Total expenses

7,690,187.47

Net expenditure

-185,483.55

The accompanying notes are an integral part of these financial statements.

Absolute Return Strategy SICAV

Combined statement of changes in net assets (in USD)

from 1st January 2016 to 31st December 2016

Net expenditure	-185,483.55
Subscriptions	9,225,183.08
Redemptions	-6,065,103.27
Total changes in net assets	2,974,596.26
Total net assets at the beginning of the year	54,301,382.00
Revaluation difference	-1,895,787.78
Total net assets at the end of the year	55,380,190.48

The accompanying notes are an integral part of these financial statements.

Absolute Return Strategy SICAV - Multi-Manager Hedge

Statement of net assets (in EUR)

as at 31st December 2016

Assets

Investments

Securities portfolio at market value	50,747,848.94
	<hr/>
	50,747,848.94

Cash and cash equivalents

Cash at banks	2,663,962.59
	<hr/>
	2,663,962.59

Receivables

Receivable on sales of securities	91,842.16
Receivable on issues of shares	489,363.55
	<hr/>
	581,205.71

Total assets

53,993,017.24

Liabilities

Payables

Payable on redemptions of shares	825,492.10
Interest payable on bank overdrafts	631.39
Unrealised loss on forward foreign exchange contracts	93,948.70
Expenses payable	73,749.63
	<hr/>
	993,821.82

Other liabilities

Prepaid subscriptions	486,214.62
	<hr/>
	486,214.62

Total liabilities

1,480,036.44

Total net assets at the end of the year

52,512,980.80

Number of Class B Shares outstanding	427,732.456
Net asset value per Class B Share	122.77

The accompanying notes are an integral part of these financial statements.

Absolute Return Strategy SICAV - Multi-Manager Hedge

Statement of operations (in EUR)

from 1st January 2016 to 31st December 2016

Income

Realised gain on investments

- on securities portfolio	1,405,819.20
- on forward foreign exchange contracts	570,508.30
- on foreign exchange	10,083.79
	<hr/>
	1,986,411.29

Appreciation of unrealised results on investments

- on securities portfolio	5,129,750.09
	<hr/>
	5,129,750.09

Total income

7,116,161.38

Expenses

Investment advisory or management fees

Portfolio management fees	308,436.77
AIFM fees	12,598.38
	<hr/>
	321,035.15

Other expenses

Depositary fees	58,134.56
Banking charges and other fees	302.28
Transaction fees	1,032.62
Central administration costs	45,832.20
Professional fees	26,746.00
Other administration costs	40,353.75
Subscription duty ("taxe d'abonnement")	22,618.63
Bank interest paid	12,611.17
Restructuring fees	23,085.00
Other fees	26,148.01
	<hr/>
	256,864.22

Realised loss on investments

- on securities portfolio	98,524.28
- on forward foreign exchange contracts	790,218.42
	<hr/>
	888,742.70

Depreciation of unrealised results on investments

- on securities portfolio	5,423,820.04
- on forward foreign exchange contracts	401,579.75
	<hr/>
	5,825,399.79

Total expenses

7,292,041.86

Net expenditure

-175,880.48

The accompanying notes are an integral part of these financial statements.

Absolute Return Strategy SICAV - Multi-Manager Hedge

Statement of changes in net assets (in EUR)

from 1st January 2016 to 31st December 2016

Net expenditure	-175,880.48
Subscriptions	8,747,565.83
Redemptions	-5,751,093.47
Total changes in net assets	2,820,591.88
Total net assets at the beginning of the year	49,692,388.92
Total net assets at the end of the year	52,512,980.80

The accompanying notes are an integral part of these financial statements.

Absolute Return Strategy SICAV - Multi-Manager Hedge

Statistical information (in EUR)

as at 31st December 2016

Total net assets	
- as at 31.12.2016	52,512,980.80
- as at 31.12.2015	49,692,388.92
- as at 31.12.2014	47,401,607.80
Number of Class B Shares	
- outstanding at the beginning of the year	402,903.736
- issued	72,100.655
- redeemed	-47,271.935
- outstanding at the end of the year	427,732.456
Net asset value per Class B Share	
- as at 31.12.2016	122.77
- as at 31.12.2015	123.34
- as at 31.12.2014	122.37

The accompanying notes are an integral part of these financial statements.

Absolute Return Strategy SICAV - Multi-Manager Hedge

Statement of investments and other net assets (in EUR)

as at 31st December 2016

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
Investments in securities					
Other transferable securities					
Closed-ended investment funds					
USD	332.4649	Altima Restructure Fd Ltd Ser 10 B Sub 10	242,941.07	243,670.32	0.46
USD	1,059.8194	Altima Restructure Fd Ltd Ser 11 B Sub 10	774,438.69	153,154.46	0.29
USD	35.5526	Altima Restructure Fd Ltd Ser 18 B Sub 10	26,028.34	29,342.46	0.06
USD	451.0617	Altima Restructure Fd Ltd Ser 4 B Sub 10	329,603.00	341,620.47	0.65
USD	44.6135	Altima Restructure Fd Ltd Ser 5 B Sub 10	32,600.29	42,419.69	0.08
USD	713.0462	Altima Restructure Fd Ltd Ser 6 B Sub 10	521,042.14	22,700.91	0.04
USD	1.76	Amaranth Int Ltd D1 Ser 9264	1,143.54	4,251.93	0.01
Total closed-ended investment funds			1,927,797.07	837,160.24	1.59
Open-ended investment funds					
Investment funds (UCITS)					
EUR	18,373.88303	Alken Fd Abs Ret Europe EU1 Cap	2,190,000.00	2,179,510.01	4.15
EUR	9,381.585	Aviva Investors Multi-Strateg Target Return Fd I Cap	1,000,000.00	1,024,788.06	1.95
EUR	196,210.31	GAM Star Fd Plc Global Rates EUR Cap	2,340,000.00	2,217,392.33	4.22
EUR	20.4562	H2O Allegro I Cap	2,000,006.04	2,218,439.09	4.22
EUR	23,550.86	Man Funds VI Plc Man Global Equity Alternative IN Cap	2,330,000.00	2,252,875.27	4.29
EUR	24,614.459	Muzinich Fds LongShortCreditYield Units N Hedged EUR Cap	2,470,000.00	2,531,350.96	4.82
EUR	1,498,114.682	Old Mutual GI Inv Ser Plc Equity Abs Return I Hedg EUR Cap	2,300,000.00	2,364,174.78	4.50
EUR	17,912.32	Schroder GAIA Sirios US Equity C EUR Hedged Cap	2,220,000.00	2,204,648.35	4.20
EUR	275,862.069	Standard Life Inv GI SICAV Absolute Return Str Fd D Cap	3,200,000.00	3,463,613.79	6.60
EUR	19,541.326	U Access (I) UCITS Fd Plc Trend Macro B EUR Hedged Cap	2,000,000.00	2,065,031.58	3.93
Total investment funds (UCITS)			22,050,006.04	22,521,824.22	42.88
Investment funds (UCI)					
EUR	9,124.612	Arrowgrass Intl Fd Ltd B EUR NNI S0308	1,242,838.76	1,536,985.23	2.93
EUR	6,000	Arrowgrass Intl Fd Ltd B EUR NNI S0616	600,000.00	607,606.20	1.16
EUR	2,500	Arrowgrass Intl Fd Ltd B1 EUR NNI S0516	250,000.00	255,850.00	0.49
EUR	42,550.255	Eger L-S Fd (EUR, GBP&NOK) Ltd B1 EUR	1,115,088.81	3,453,157.31	6.58
EUR	14,115.1918	Marshall Wace Fds Plc Market Neutral TOPS A EUR	1,800,000.00	2,950,841.54	5.62
EUR	1,458.04	Northwest Fd Ltd Ser B	2,502,961.04	2,829,822.35	5.39
EUR	1,395.8871	Taconic Opportunity Off Fd Ltd M Ser 4	1,395,887.00	1,447,114.19	2.75
EUR	8,985.23509	Winton Futures Fd Ltd C EUR - Lead Series	1,142,814.89	2,497,655.19	4.76
			10,049,590.50	15,579,032.01	29.68
USD	6,854.671384	Advent Enh Phoeni Fd Off (the) Ser 1	0.00	0.00	0.00
USD	1,959,995.586	AHL Alpha (Cayman) Ltd A USD	2,319,012.88	2,330,956.25	4.44
USD	758.1173	David Kempn Dis Opp Intl C Ltd A Tr 2 Ser 0115	585,628.36	2,221,742.42	4.23
USD	10,504.97	Horizon Portfolio I Ltd Fd USD Non voting	2,778,205.44	2,845,564.10	5.42
USD	1,490.868	Hutchin Hill Cap Offsho Fd Ltd C-Init Ser Restricted	1,657,232.52	1,878,905.62	3.58
USD	705.3861	Pine River Fd Ltd B Initial Ser 1	1,836,671.80	2,448,598.72	4.66
USD	176.2564	Raptor Private Hgs Ltd (The)	103,244.63	84,065.36	0.16
			9,279,995.63	11,809,832.47	22.49
Total investment funds (UCI)			19,329,586.13	27,388,864.48	52.17
Total investments in securities			43,307,389.24	50,747,848.94	96.64
Cash at banks				2,663,962.59	5.07
Other net assets/(liabilities)				-898,830.73	-1.71
Total				52,512,980.80	100.00

The accompanying notes are an integral part of these financial statements.

Absolute Return Strategy SICAV

Notes to the financial statements

as at 31st December 2016

Note 1 - Significant accounting policies

a) Presentation of the financial statements

The financial statements of the Company are prepared in accordance with Luxembourg legal and regulatory requirements concerning undertakings for collective investment.

b) Valuation of assets

Each share or unit in an open-ended UCI is valued at the last available Net Asset Value whether estimated or final, which is computed for such units or shares at or prior to the valuation day on which the Net Asset Value of the Shares of the Sub-Fund is determined and as approved by the Central Administration of the Company.

In assessing the valuation of the underlying funds, reliance is placed upon unaudited Net Asset Values supplied by the underlying funds or their administrators, which may be subject to adjustment upon finalisation of the audit of their financial statements.

The financial statements include investments in underlying investment funds, whose fair values have been derived from unaudited net asset values provided by such funds or their agents in accordance with the prospectus.

In respect of shares or units held by the Company, for which issues and redemptions are restricted and a secondary market trading is effected between dealers who, as main market makers, offer prices in response to market conditions, the Directors may decide to value such shares or units in line with the prices so established.

If events have occurred which may have resulted in a material change in the Net Asset Value of such shares or units in other UCI since the day on which the latest Net Asset Value was calculated, the value of such shares or units may be adjusted in order to reflect, in the reasonable opinion of the Board of Directors, such change of value.

Securities (including shares or units in closed-ended UCIs) which are quoted or dealt in on a stock exchange are valued at their latest available published stock exchange closing price or, for securities quoted or dealt on several stock exchanges, at the closing price on the stock exchange which is normally the principal market for such security.

Securities traded on another regulated market operating regularly, recognised and open to the public (a "regulated market"), are valued as near as possible as for quoted securities.

In the event that any of the securities held in any portfolio at the valuation day are not quoted or traded on a stock exchange or another regulated market or, for any one of the securities, no price quotation is available, or if the price as determined pursuant to the above mentioned paragraphs is not in the opinion of the Board of Directors representative of the fair market value of the relevant securities, the value of such securities is determined based on the reasonably foreseeable sales price determined prudently and in good faith.

If, since the valuation day there has been a material movement in the quotations on the markets on which a substantial portion of the investments of the Company attributable to a particular Sub-Fund is listed or dealt in, the Board of Directors may, in order to safeguard the interests of the Shareholders and the Company, cancel the first valuation and carry out a second valuation.

Should circumstances so require, the Board of Directors may also adopt other valuation methods in accordance with generally accepted procedures.

c) Acquisition cost of securities in the portfolio

The acquisition cost of the securities held by the Sub-Fund that are denominated in currencies other than the reference currency of the Sub-Fund is converted into this currency at the exchange rate prevailing on the date of purchase.

d) Net realised gain/(loss) on securities portfolio

The realised gains and losses on securities portfolio are calculated on the basis of the average acquisition cost. The realised gains and losses on sales of securities portfolio are recorded net in the statement of operations.

e) Investment portfolio income

Dividend income is recorded at the ex-date, net of any withholding tax.

Interest income accrued and payable are recorded, net of any withholding tax.

Absolute Return Strategy SICAV

Notes to the financial statements (continued)

as at 31st December 2016

f) Valuation of forward foreign exchange contracts

Forward foreign exchange contracts are valued at forward market rates for the remaining period from valuation date to the maturity of the contracts. Unrealised gains or losses are recorded in the statement of net assets. Variation of the unrealised gains or losses and realised gains or losses are recorded in the statement of operations.

g) Conversion of foreign currencies

Cash at banks, other net assets and liabilities and the market value of the securities in the portfolio expressed in currencies other than the reference currency of the Sub-Fund are converted into this currency at the exchange rate prevailing on the date of the report. Income and expenses expressed in currencies other than the reference currency of the Sub-Fund are converted into this currency at the exchange rate prevailing on the date of the transaction. Net realised gains or losses on foreign exchange are recorded in the statement of operations.

h) Combined financial statements

The combined financial statements of the Company are expressed in USD and are equal to the corresponding items in the financial statements of the Sub-Fund converted into this currency at the exchange rate prevailing at the date of the report.

At the date of the financial statements, the exchange rate used for the combined financial statements is the following:

1	USD	=	0.9482268	EUR
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i) Transaction fees

Transaction costs disclosed under the item "Transaction fees" in the expenses of the statement of operations are mainly composed of broker fees incurred by the Fund relating to purchases or sales of securities, of fees relating to liquidation of transactions paid to the depositary as well as of transaction fees on financial instruments and derivatives.

Note 2 - Portfolio management fee

As remuneration for its services, the Portfolio Manager receives from the Company an annual fee at the maximum annual rate of 0.60% on the average net assets of the Sub-Fund.

The actual management fees charged during the year ended 31st December 2016 are 0.60% p.a. of the average net assets attributable to Class B.

Note 3 - Performance fees

In addition to the portfolio management fee, the Portfolio Manager receives a performance fee of the absolute performance (high water mark) of the Sub-Fund's net assets during a month, at the actual rate of 10% p.a. of the net assets attributable to Class B.

The performance fee is calculated and accrued on each valuation day and is payable on each valuation day for each Share Class in the currency of that Share Class. Once the performance fee is paid out to the Portfolio Manager, the outperformance of the Sub-Fund is reset to zero for the purposes of the calculation of the subsequent performance fee. Should there be no performance fee payable on a given valuation day, there is no reset. Once paid, a performance fee will not be refunded should future losses occur.

At the date of the financial statements, no performance fee was recorded for the Sub-Fund.

Note 4 - AIFM Fees

Until 1st November 2016

As remuneration for its services, the AIFM received from the SICAV a fee between 0.02% - 0.04% p.a. on the aggregated assets under management of the AIF SICAVs subject to a minimum annual fee of EUR 10,000 per Sub-Fund.

For valuation services, the SICAV paid an annual fee of EUR 14,000 and for Risk Management services, the SICAV paid EUR 18,000 per Sub-Fund.

Absolute Return Strategy SICAV

Notes to the financial statements (continued)

as at 31st December 2016

Note 5 - Depositary, Domiciliation, Administration and Transfer Agent Fees

Until 1st November 2016

The Company paid fees to RBC Investor Services Bank S.A., for its rendering of services as Depositary and Central Administrative Agent and Registrar and Transfer Agent, in accordance with normal banking practices in Luxembourg.

The Depositary Custody fees rate was set to 0.09% annually.

Note 6 - Depositary, AIFM, Domiciliary Agent, administrative Agent and Registrar and Transfer Agent

Since 1st November 2016

As remuneration for the services of Depositary as rendered by KBL EUROPEAN PRIVATE BANKERS S.A., the Company charged an all-in fee of 0.06% per annum of the total net assets of the Company.

As remuneration for the services of AIFM, Domiciliary Agent, Administrative Agent and Registrar and Transfer Agent as rendered by KREDIETRUST LUXEMBOURG S.A. the Company charged an all-in fee of 0.08% per annum of the total net assets of the Company. The total amount fees to the Depositary and the Paying Agent, the AIFM, Domiciliary Agent, Administrative Agent and Registrar and Transfer Agent is subject to a minimum of EUR 50,000 per annum should the total net assets of the Company be below EUR 40 million.

This fee is reflected in the "Statement of operations" in the caption "Central administration costs".

The Depositary, and the Administrative Agent are also entitled to be reimbursed of reasonable disbursements and out of pocket expenses which are not included in the above mentioned fees.

Note 7 - Valuation of illiquid securities

The following underlying funds as held by Absolute Return Strategy SICAV - Multi-Manager Hedge were gated as at 31st December 2016:

	Fair Value (in EUR)	% net assets
Advent Enh Phoeni Fd Off(the) Ser 1 *	0.00	0.00
Amaranth Int Ltd - D1 Ser 9264 *	4,251.93	0.01
Altima Restructure Fd Ltd Ser 4 B Sub 10	341,620.47	0.65
Altima Restructure Fd Ltd Ser 5 B Sub 10	42,419.69	0.08
Altima Restructure Fd Ltd Ser 6 B Sub 10	22,700.91	0.04
Altima Restructure Fd Ltd Ser10 B Sub 10	243,670.32	0.46
Altima Restructure Fd Ltd Ser 11 B Sub 10	153,154.46	0.29
Altima Restructure Fd Ltd Ser 18 B Sub 10	29,342.46	0.06
Raptor Private Hgs Ltd (The)*	84,065.36	0.16

* These funds are in liquidation.

The Board of Directors approved to value the positions of Altima each month with a discount which varies from 0% to 90%. The discount is based on the latest available official NAV for the Altima Fund.

Note 8 - Subscription duty ("*taxe d'abonnement*")

The Company is governed by Luxembourg law.

Pursuant to the legislation and regulations in force, the Company is subject to an annual "*taxe d'abonnement*" of 0.05% which is payable quarterly and calculated on the basis of the net assets of the Sub-Fund on the last day of each quarter.

Pursuant to Article 175 (a) of the amended law of 17th December 2010, the net assets invested in undertakings for collective investment already subject to the "*taxe d'abonnement*" are exempt from this tax.

Absolute Return Strategy SICAV

Notes to the financial statements (continued)

as at 31st December 2016

Note 9 - Forward foreign exchange contracts

As at 31 December 2016, the following Sub-Fund has entered in the following forward foreign exchange contract with KBL EUROPEAN PRIVATE BANKERS S.A. :

Absolute Return Strategy SICAV - Multi-Manager Hedge					
Currency	Purchases	Currency	Sales	Maturity	Unrealised result (in EUR)
EUR	12,387,387.39	USD	13,200,000.00	01.03.2017	-93,948.70
					<u>-93,948.70</u>

Note 10 - Changes in investments

The statement of changes in investments for the reporting period is available free of charge at the registered office of the Company.

Note 11 - Events

With effective date 1st November 2016, KREDIETRUST LUXEMBOURG S.A. has been appointed as domiciliary agent, registrar and transfer agent and administrative agent replacing RBC INVESTOR SERVICES BANK S.A..

With effective date 1st November 2016, KREDIETRUST LUXEMBOURG S.A. has been appointed as the Alternative Investment Fund Manager replacing MDO MANAGEMENT COMPANY.

With effective date 1st November 2016, KBL EUROPEAN PRIVATE BANKERS S.A. has been appointed as depositary and paying agent replacing RBC INVESTOR SERVICES BANK S.A..

Note 12 - Subsequent event

KBL EUROPEAN PRIVATE BANKERS S.A. has acquired BANK INSINGER DE BEAUFORT N.V. on 1st January 2017. This acquisition has no impact on the contents of this annual report.

Absolute Return Strategy SICAV

Additional Information (unaudited)

as at 31st December 2016

1 - Liquidity

The investors may subscribe or redeem in the Sub-Fund of the SICAV every last business day of the month in Luxembourg ("T") and where subscription orders have to be prepaid and redemption proceeds will be paid to the investors once the Net Asset Value of respective month is calculated. We refer to the prospectus of the SICAV for more information related to the subscription and redemption procedures and applicable notice period of the Sub-Fund of this SICAV.

The below table shows the period required to redeem the total investment portfolio and where the period is based on the redemption frequency of the securities as held on 31 December 2016 by the only Sub-Fund of the SICAV:

	Investor Liquidity							
	1 day	2-7 days	8-30 days	31-90 days	91-180 days	181-365 days	Illiquid	Total
Absolute Return Strategy SICAV- Multi-Manager Hedge	54.2%	8.1%	15.5%	20.5%			1.7%	100.0%

2 - Risks

The risk profile of the fund is given in the KIID available on the site www.insinger.com.

There were no active breaches in the Absolute Return Strategy SICAV in 2016.

3 - Leverage

The level of leverage, calculated in accordance with the AIFM law, which the fund can employ and its real exposure at the end of December 2016 is as follows:

	Commitment method		Gross method	
	<i>Exposure</i>	<i>Max.</i>	<i>Exposure</i>	<i>Max.</i>
Absolute Return Strategy SICAV - Multi-Manager Hedge	100.2%	105%	118.9%	200%

4 - Remuneration

- Art.20 (2) e) of the Law of 12 July 2013 The total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the manager to its staff, and the number of beneficiaries and, where relevant, carried interest paid by the AIF.	Fixed remuneration: EUR 4,302,009.54 Variable remuneration: EUR 485,350.00 Number of beneficiaries: 50
- Art.20 (2) f) of the Law of 12 July 2013 the aggregate amount of remuneration broken down by senior management and members of staff of the manager whose actions have a material impact on the risk profile of the AIF.	Remuneration of senior management: EUR 894,754.94

Absolute Return Strategy SICAV

Additional Information (unaudited) (continued)

as at 31st December 2016

5 - Information concerning the transparency of securities financing transactions and of reuse of cash collateral (regulation EU 2015/2365, hereafter "SFTR")

At the date of the financial statements, the Company is not in the scope of the publication requirements of SFTR. No transactions were carried out during the reporting period.

6 - Ongoing Charges Figure (Expense ratio)

The Ongoing Charges Figure of the Sub-Fund is calculated by dividing the total expenses, by the average Net Asset Value of the Sub-Fund. The average Net Asset Value as at 31st December 2016 is calculated by averaging the Net Asset Value of each Valuation of the Sub-Fund in the year of 2016. The calculation of the ongoing charges figure of the underlying fund is based on available information of this underlying fund. Below ongoing charges figure exclude any performance fees, transaction costs/fees and bank interest paid.

On 1st November 2016, KBL EUROPEAN PRIVATE BANKERS S.A. is appointed as the depositary and paying agent and KREDIETRUST LUXEMBOURG S.A. as the Alternative Investment Fund Manager for Absolute Return Strategy SICAV and an all-in fee arrangement is agreed with these parties.

The below Ongoing Charges Figures are calculated based on the following information:

- the annual report for the year ended 31st December 2016
- the new fee arrangement and available information.

Absolute Return Strategy SICAV - Multi-Manager Hedge

The average Net Asset Value for the year ended 31st December 2016 is EUR 51,361,638.

The Ongoing Charges Figure ("OCF") based on the information of the annual report for the period ended 31st December 2016 is as follows:

- excluding the OCF of the underlying funds is 1.10% per annum
- including the OCF of the underlying funds is 2.89% per annum

The Ongoing Charges Figure ("OCF") based on the new fee arrangement and available information:

- excluding the OCF of the underlying funds is 0.85% per annum
- including the OCF of the underlying funds is 2.65% per annum