

**Annual report including audited financial statements  
as at 31st December 2017**

# **Absolute Return Strategy SICAV**

Société d'Investissement à Capital Variable  
Incorporated under the Luxembourg laws

R.C.S. Luxembourg B 90 086

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# Absolute Return Strategy SICAV

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# Absolute Return Strategy SICAV

## Organisation

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### Registered Office

11, rue Aldringen  
L-1118 LUXEMBOURG

### Board of Directors

#### *Chairman*

Peter George SIERADZKI

CEO  
INSINGERGILISSEN BANKIERS N.V.  
AMSTERDAM

#### *Directors*

Steve GEORGALA

Managing Director  
MAITLAND ADVISORY LLP  
LONDON

Marcel ERNZER

Director  
WALLBERG INVEST S.A.  
LUXEMBOURG

Marc Jan BALTUS

CFO  
INSINGERGILISSEN BANKIERS N.V.  
AMSTERDAM

### Alternative Investment Fund Manager

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

### Board of Directors of the Alternative Investment Fund Manager

#### *Chairman*

Vincent DECALF (since 17th March 2017)  
Olivier de JAMBLINNE de MEUX (until 17th March 2017)

#### *Directors*

Vincent DECALF (until 17th March 2017)  
Olivier de JAMBLINNE de MEUX (since 17th March 2017)

#### *Managing director*

Stefan VAN GEYT

### Conducting officers

Aurélien BARON  
Kristel COOLS  
Stefan VAN GEYT

### Portfolio Manager

INSINGERGILISSEN ASSET MANAGEMENT N.V.  
(previously called 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

# Absolute Return Strategy SICAV

## Organisation (continued)

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**Depository and Paying Agent**

KBL EUROPEAN PRIVATE BANKERS S.A.  
43, boulevard Royal  
L-2955 LUXEMBOURG

**Auditor**

PRICEWATERHOUSECOOPERS, Société coopérative  
2, rue Gerhard Mercator  
L-2182 LUXEMBOURG

**Distributor**

INSINGERGILISSEN BANKIERS 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

Annual report 2017 - Absolute Return Strategy SICAV Multi - Manager Hedge

### Market review 2017

While the year 2016 was characterized by many unusual events (result of the Brexit referendum, election of Donald Trump) and sharp trend reversals in both bond markets as well as equity markets, the year 2017 rather offered the opposite picture with extraordinarily calm developments in financial markets. In many markets volatility dropped to historic lows. The most remarkable development was probably the strong recovery of the euro, not only against the US dollar, against which the currency gained 14%, but against practically all other currencies as well. Due to the strong rise in the euro investment returns expressed in euros were often disappointing, while most equity markets recorded strong returns expressed in local currencies, in particular in emerging markets. MSCI World All Countries index was 21% when expressed in US dollars, but was limited to less than 9% in euros.

The Federal Reserve hiked official short rates three times by 0.25%, but this hardly seemed to affect US government bond rates, with the yield on the US 10-year Treasury trading within a tight range of around 2.1% to 2.6%, finishing the year at practically the level where it had started (2.4%).

Like in 2016, corporate bonds yielded a better return than government bonds. Supported by accelerating economic growth across the globe, risk premiums on corporate bonds continued to decline, resulting in modest price gains on most corporate bonds. Price gains on the riskiest corporate bonds (high yield) were similar to those on investment-grade bonds. With yields on government bonds roughly stable and risk premiums on corporate bonds declining, a diversified European bond portfolio consequently yielded a modestly positive return over the year as a whole.

For alternative strategies, 2017 proved to be a difficult year again for macro-strategies but in general it was a much better environment for equity selection and systematic trading strategies than in 2016. Trend followers could also benefit from a more gradual trading pattern and no major trend reversals around elections or other major events.

Most macro managers were hit as a result of a weak dollar and short duration strategies. Some of them lost money because of curve positions going against them when interest rate expectations in the US came down. Making money in an almost zero interest rate world proved to be extremely difficult once again.

Absolute Return Strategy SICAV – Multi-Manager Hedge increased holdings in equity related strategies and stock-picking from Alken and Egerton delivered double digit return. All of our market neutral managers delivered a satisfactory 5% plus net returns.

The distressed debt markets still enjoy the benefit of ample liquidity in markets and an improving economic growth outlook. Our position in Davidson Kempner Distressed Opportunity Fund enjoyed another good year and returned almost 10%.

Most of the HFR hedge fund indices finished the year 2017 within a 2% - 4% range having gained between 0-2% in 2016. For hedge funds the best performances came from distressed, fundamental value and market neutral strategies and selected macro- and relative value funds. Two of our macro-managers and one multi-strategy fund lost money in the year.

### Developments and performance

Absolute Return Strategy SICAV - Multi - Manager Hedge (the "Fund") performed 3.78% net for the year 2017. The HFRX Global Hedge EUR Index noted 3.49% and the DJ CS Hedgefund Index 5.12%.

During 2017, the Fund has made several small changes to the portfolio strategy. As we were in the process of reviewing and reducing positions in multi-strategy funds both Pine River and Hutching Hill announced a liquidation of the portfolio after disappointing results. We have found replacements in several new funds.

The Fund is building a position in R CFM, a Paris based systematic fund that invests through three diversifying strategies. Besides an equity market neutral strategy, the fund explores a trend following portfolio with equity, currency and interest rates and a risk premia allocation that is focusing on carry trades and volatility. R CFM contributed positively in 2017.

The Fund sold the position in GLG Global Equity fund and replaced it with long short equity Majedie Tortoise. We lost confidence in the GLG team after multiple changes and disappointing results. Majedie Tortoise, who focus on value stocks and is negatively correlated with other equity managers has struggled in 2017 but should deliver in 2018, if and when the market gives more room for contrarian views.

An initial small position has been acquired in Boussard & Gavaudan Absolute Return, an arbitrageur in different markets that should benefit from possible more volatile markets in 2018.

Total portfolio turnover was less than 25%.

# Absolute Return Strategy SICAV

## Report on activities of the Board of Directors (continued)

In 2017, the best performing fund within the Fund was the H2O Allegro Fund with 19.7% followed by Alken Absolute Return Europe with a performance of 17.6%. The least performing underlying fund was Hutchin Hill Diversified Alpha, who lost 7.6% as a result of impairments on some less liquid holdings. The fund has started an orderly liquidation process and we expect some positive results and full pay-out in 2018.

### Outlook

We anticipate that in 2018 the developed equity markets will face some valuation hurdles but they will continue to act as safe havens in a world dominated by high levels of debt, moderate growth, extreme low yields and rising currency tensions. However, global macro indicators look even better than one year ago and we could anticipate further reduction of extreme monetary stimulus from the FED and perhaps later in the year also from the ECB.

We believe that dispersion and volatility should continue in 2018, 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 2018. Most fixed income managers will struggle in this environment but distressed managers could continue to benefit from still attractive valuations and newly developed markets. 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 - 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, 27 March 2018

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**

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### *Our opinion*

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Absolute Return Strategy SICAV (the "Fund") as at 31st December 2017, 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 and presentation of the financial statements.

### **What we have audited**

The Fund's financial statements comprise:

- the statement of net assets as at 31st December 2017;
- the statement of investments and other net assets as at 31st December 2017;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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### *Basis for opinion*

We conducted our audit in accordance with the Law of 23rd July 2016 on the audit profession (Law of 23rd July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under those Law and standards are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements" section of our report.

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

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

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### *Other information*

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated 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 identified above 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 that fact. We have nothing to report in this regard.

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### *Responsibilities of the Board of Directors of the Fund for the financial statements*

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

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T: +352 494848 1, F: +352 494848 2900, www.pwc.lu*

*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)  
R.C.S. Luxembourg B 65 477 - TVA LU25482518*



## Audit report (continued)

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund'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 Board of Directors of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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### *Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements*

The objectives of our audit 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 audit 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 the Law of 23rd July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 the Law of 23rd July 2016 and with ISAs as adopted for Luxembourg by the CSSF, 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 Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund;
- conclude on the appropriateness of the Board of Directors of the Fund's 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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit 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 our audit report. However, future events or conditions may cause the Fund 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 we identify during our audit.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 25th April 2018

Thierry Blondeau

## Absolute Return Strategy SICAV

### Combined statement of net assets (in USD)

as at 31st December 2017

#### **Assets**

##### **Investments**

Securities portfolio at market value	58,555,856.23
	<u>58,555,856.23</u>

##### **Cash and cash equivalents**

Cash at banks	1,156,549.41
	<u>1,156,549.41</u>

##### **Receivables**

Receivable on sales of securities	885,828.71
Unrealised gain on forward foreign exchange contracts	143,765.29
Equalisation factor	2,677.17
	<u>1,032,271.17</u>

##### **Total assets**

60,744,676.81

#### **Liabilities**

##### **Payables**

Payable on redemptions of shares	1,137,374.19
Expenses payable	99,001.27
	<u>1,236,375.46</u>

##### **Total liabilities**

1,236,375.46

##### **Total net assets at the end of the year**

59,508,301.35

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

# Absolute Return Strategy SICAV

## Combined statement of operations (in USD)

from 1st January 2017 to 31st December 2017

### Income

#### Realised gain on investments

- on securities portfolio	693,917.51
- on forward foreign exchange contracts	1,580,215.29
	<hr/>
	2,274,132.80

#### Appreciation of unrealised results on investments

- on securities portfolio	6,297,223.15
- on forward foreign exchange contracts	256,583.58
	<hr/>
	6,553,806.73

#### Other income

Equalisation	2,745.32
	<hr/>
	2,745.32

#### Total income

8,830,684.85

### Expenses

#### Investment advisory or management fees

Portfolio management fees	367,127.42
	<hr/>
	367,127.42

#### Other expenses

Depository fees	37,518.37
Banking charges and other fees	70.25
Central administration costs	49,161.48
Professional fees	37,798.09
Other administration costs	9,420.68
Subscription duty ("taxe d'abonnement")	23,264.80
Bank interest paid	7,006.64
Other fees	24,778.34
	<hr/>
	189,018.65

#### Realised loss on investments

- on securities portfolio	138,241.13
- on forward foreign exchange contracts	278,895.84
- on foreign exchange	84,697.59
	<hr/>
	501,834.56

#### Depreciation of unrealised results on investments

- on securities portfolio	5,481,535.66
	<hr/>
	5,481,535.66

#### Total expenses

6,539,516.29

#### Net income

2,291,168.56

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 2017 to 31st December 2017

Net income	2,291,168.56
Subscriptions	21,336,234.05
Redemptions	-27,179,312.26
Total changes in net assets	-3,551,909.65
Total net assets at the beginning of the year	55,380,190.48
Revaluation difference	7,680,020.52
<b>Total net assets at the end of the year</b>	<b>59,508,301.35</b>

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 2017

#### Assets

##### Investments

Securities portfolio at market value	48,762,008.66
	<u>48,762,008.66</u>

##### Cash and cash equivalents

Cash at banks	963,109.00
	<u>963,109.00</u>

##### Receivables

Receivable on sales of securities	737,668.10
Unrealised gain on forward foreign exchange contracts	119,719.61
Equalisation factor	2,229.40
	<u>859,617.11</u>

##### Total assets

50,584,734.77

#### Liabilities

##### Payables

Payable on redemptions of shares	947,140.96
Expenses payable	82,442.66
	<u>1,029,583.62</u>

##### Total liabilities

1,029,583.62

##### Total net assets at the end of the year

49,555,151.15

#### Breakdown of net assets per share class

Share class	Number of shares	Currency of share class	NAV per share in currency of share class	Net assets per share class (in EUR)
B Share Class	388,946.191	EUR	127.41	49,555,151.15
				<u>49,555,151.15</u>

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 2017 to 31st December 2017

### Income

#### Realised gain on investments

- on securities portfolio	577,855.30
- on forward foreign exchange contracts	1,315,914.01
	<hr/>
	1,893,769.31

#### Appreciation of unrealised results on investments

- on securities portfolio	5,243,971.65
- on forward foreign exchange contracts	213,668.31
	<hr/>
	5,457,639.96

#### Other income

Equalisation	2,286.15
	<hr/>
	2,286.15

#### Total income

7,353,695.42

### Expenses

#### Investment advisory or management fees

Portfolio management fees	305,722.97
	<hr/>
	305,722.97

#### Other expenses

Depository fees	31,243.18
Banking charges and other fees	58.50
Central administration costs	40,938.90
Professional fees	31,476.11
Other administration costs	7,845.01
Subscription duty ("taxe d'abonnement")	19,373.61
Bank interest paid	5,834.73
Other fees	20,634.00
	<hr/>
	157,404.04

#### Realised loss on investments

- on securities portfolio	115,119.40
- on forward foreign exchange contracts	232,248.70
- on foreign exchange	70,531.37
	<hr/>
	417,899.47

#### Depreciation of unrealised results on investments

- on securities portfolio	4,564,713.19
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	4,564,713.19

#### Total expenses

5,445,739.67

#### Net income

1,907,955.75

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 2017 to 31st December 2017

Net income	1,907,955.75
Subscriptions	17,767,610.22
Redemptions	-22,633,395.62
Total changes in net assets	-2,957,829.65
Total net assets at the beginning of the year	52,512,980.80
<b>Total net assets at the end of the year</b>	<b>49,555,151.15</b>

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 2017

<b>Total net assets</b>	<b>Currency</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>31.12.2017</b>
	EUR	49,692,388.92	52,512,980.80	49,555,151.15
<b>Net asset value per share</b>	<b>Currency</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>31.12.2017</b>
B Share Class	EUR	123.34	122.77	127.41
<b>Number of shares</b>	<b>outstanding at the beginning of the year 01.01.2017</b>	<b>issued</b>	<b>redeemed</b>	<b>outstanding at the end of the year 31.12.2017</b>
B Share Class	427,732.456	139,821.521	-178,607.786	388,946.191

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 2017

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
<b>Investments in securities</b>					
<b>Other transferable securities</b>					
<b>Closed-ended investment funds</b>					
USD	6,854.671384	Advent Enh Phoeni Fd Off (the) Ser 1	0.00	0.00	0.00
USD	332.4649	Altima Restructure Fd Ltd Ser 10 B Sub 10	242,941.07	156,050.31	0.31
USD	1,059.8194	Altima Restructure Fd Ltd Ser 11 B Sub 10	774,438.69	150,975.35	0.30
USD	77.1248	Altima Restructure Fd Ltd Ser 4 B Sub 10	56,357.18	6,680.67	0.01
USD	713.0462	Altima Restructure Fd Ltd Ser 6 B Sub 10	521,042.14	22,159.92	0.04
USD	1,283.941	Hutchin Hill Cap Offsho Fd Ltd C-Init Ser Restricted	1,427,214.74	1,302,105.26	2.63
USD	230.4471	Pine River Fd Ltd B Initial Ser 1	600,034.06	708,654.44	1.43
USD	176.2564	Raptor Private Hgs Ltd (The)	103,244.63	58,313.56	0.12
<b>Total closed-ended investment funds</b>			<b>3,725,272.51</b>	<b>2,404,939.51</b>	<b>4.84</b>
<b>Open-ended investment funds</b>					
<b>Investment funds (UCITS)</b>					
EUR	18,373.88303	Alken Fd Abs Ret Europe EU1 Cap	2,190,000.00	2,562,605.47	5.17
EUR	9,381.585	Aviva Investors Multi-Strateg Target Return Fd I Cap	1,000,000.00	994,857.99	2.01
EUR	439.59	Boussard & Gavaudan SICAV Absolute Return Z EUR Cap	499,998.46	489,430.71	0.99
EUR	196,210.31	GAM Star Fd Plc Global Rates Intl EUR Cap	2,340,000.00	2,132,335.16	4.30
EUR	20.4562	H2O Allegro I Cap	2,000,006.04	2,655,499.92	5.36
EUR	9,257.185	InRIS UCITS Plc R CFM Diversified Fd I EUR Cap	999,999.90	1,054,485.94	2.13
EUR	22,180.184	Muzinich Fds LongShortCreditYield Units N Hedged EUR Cap	2,225,726.53	2,288,773.19	4.62
EUR	1,498,114.682	Old Mutual GI Inv Ser Plc Equity Abs Return I Hedg EUR Cap	2,300,000.00	2,500,503.22	5.05
EUR	17,912.32	Schroder GAIA Sirios US Equity C EUR Hedged Cap	2,220,000.00	2,453,450.47	4.95
EUR	224,581.71	Standard Life Inv GI SICAV Absolute Return Str Fd D Cap	2,605,147.84	2,873,522.98	5.80
EUR	19,541.326	U Access (I) UCITS Fd Plc Trend Macro B EUR Hedged Cap	2,000,000.00	2,106,222.74	4.25
			<b>20,380,878.77</b>	<b>22,111,687.79</b>	<b>44.63</b>
GBP	857,469.5122	Majedie Asset Mgt (Intl) Inv Fd Co Plc Tortoise Z GBP Dist	1,019,945.60	983,267.83	1.98
<b>Total investment funds (UCITS)</b>			<b>21,400,824.37</b>	<b>23,094,955.62</b>	<b>46.61</b>
<b>Investment funds (UCI)</b>					
EUR	12,778.2287	Arrowgrass Intl Fd Ltd B EUR NNI S0308	1,876,595.20	2,181,922.16	4.40
EUR	42,550.255	Eger L-S Fd (EUR, GBP&NOK) Ltd B1 EUR	1,115,088.81	4,032,801.13	8.14
EUR	14,115.1918	Marshall Wace Fds Plc Market Neutral TOPS A EUR	1,800,000.00	3,139,567.30	6.34
EUR	1,458.04	Northwest Fd Ltd Ser B	2,502,961.04	2,775,583.27	5.60
EUR	906.1598	Taconic Opportunity Off Fd Ltd M Ser 1	1,395,887.00	1,525,183.02	3.08
EUR	8,985.23509	Winton Fd Ltd C EUR - Lead Series	1,142,814.89	2,648,933.94	5.35
			<b>9,833,346.94</b>	<b>16,303,990.82</b>	<b>32.91</b>
USD	1,959,995.586	AHL Alpha (Cayman) Ltd A USD	2,319,012.88	2,154,632.28	4.35
USD	758.1173	David Kempn Dis Opp Intl C Ltd A Tr 2 01 Jan 2017	585,628.36	2,137,504.23	4.31
USD	10,504.97	Horizon Portfolio I Ltd Fd USD Non voting	2,778,205.44	2,665,986.20	5.38
			<b>5,682,846.68</b>	<b>6,958,122.71</b>	<b>14.04</b>
<b>Total investment funds (UCI)</b>			<b>15,516,193.62</b>	<b>23,262,113.53</b>	<b>46.95</b>
Total investments in securities			40,642,290.50	48,762,008.66	98.40
Cash at banks				963,109.00	1.94
Other net assets/(liabilities)				-169,966.51	-0.34
<b>Total</b>				<b>49,555,151.15</b>	<b>100.00</b>

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

# Absolute Return Strategy SICAV

## Notes to the financial statements

as at 31st December 2017

### 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 and with generally accepted accounting principles in Luxembourg.

#### 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 2017

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	=	0.8327435	EUR	Euro
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i) Transaction fees

Any 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 Company and of fees relating to liquidation of transactions paid to the depositary as well as of transaction fees on financial instruments and derivatives and of fees relating to term deposits. At the date of the financial statements, there were no transaction fees.

### 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 2017 are 0.60% p.a. of the average net assets attributable to Class B.

### Note 3 - Performance fees

In addition to the Management Fee, the Portfolio Manager receives a Performance Fee of the absolute performance of the Sub-Funds net assets during a month, at the following rate:

- (a) 10% p.a. on the net assets attributable to Class A, Class B and Class D;
- (b) no performance fee will be calculated for Class C.

The Performance Fee is calculated and accrued on each Valuation Day for each Share Class in the currency of that Share Class and is payable on each Valuation Day. 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 isn't refunded should future losses occur.

At the date of the financial statements, no performance fee was recorded for the sub-fund.

As per circular resolution, the Board of Directors has unanimously approved to abolish the performance fee for the Fund with effect 30th November 2017.

### Note 4 - Depositary, AIFM, Domiciliary Agent, administrative Agent and Registrar and Transfer Agent

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. This fee is reflected in the "Statement of operations" in the caption "Depositary fees".

## Absolute Return Strategy SICAV

### Notes to the financial statements (continued)

as at 31st December 2017

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 5 - Valuation of illiquid securities

The following underlying funds as held by Absolute Return Strategy SICAV - Multi-Manager Hedge were gated as at 31st December 2017 :

	Fair Value (in EUR)	% net assets
Advent Enh Phoeni Fd Off (the) Ser 1	0.00	0.00
Altima Restructure Fd Ltd Ser 4 B Sub 10	6,680.67	0.01
Altima Restructure Fd Ltd Ser 6 B Sub 10	22,159.92	0.04
Altima Restructure Fd Ltd Ser 10 B Sub 10	156,050.31	0.31
Altima Restructure Fd Ltd Ser 11 B Sub 10	150,975.35	0.30
Raptor Private Hgs Ltd (The)	58,313.56	0.12

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 Funds.

#### Note 6 - 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.

#### Note 7 - Forward foreign exchange contracts

As at 31 December 2017, 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	9,415,325.12	USD	11,200,000.00	01.03.2018	119,719.61
					<u>119,719.61</u>

#### Note 8 - 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.

## **Absolute Return Strategy SICAV**

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

as at 31st December 2017

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#### **Note 9 - Events**

KBL EUROPEAN PRIVATE BANKERS S.A. has acquired INSINGERGILISSEN BANKIERS N.V. (previously called BANK INSINGER DE BEAUFORT N.V.) on 1st January 2017.

TG FUND MANAGEMENT B.V. ('disappearing entity') merged with INSINGER DE DE BEAUFORT ASSET MANAGEMENT N.V. ('surviving entity') on 1st January 2018 and where the surviving entity changed its name to INSINGERGILISSEN ASSET MANAGEMENT N.V.

Both transactions have no impact on the content of this annual report

# Absolute Return Strategy SICAV

## Additional information (unaudited)

as at 31st December 2017

### 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 2017 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
<b>Absolute Return Strategy SICAV - Multi-Manager Hedge</b>	3.4%	41.5%	4.2%	50.1%	X	X	0.8%	100%

### 2 - Risks

The risk profile of the fund is given in the KIID available on the site [www.insingergilissen.nl](http://www.insingergilissen.nl)

There were no active breaches in the Absolute Return Strategy SICAV in 2017.

### 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 2017 is as follows:

	Commitment method		Gross method	
	<i>Exposure</i>	<i>Max.</i>	<i>Exposure</i>	<i>Max.</i>
<b>Absolute Return Strategy SICAV - Multi-Manager Hedge</b>	100%	105%	117.5%	200%

### 4 - Remuneration

<b>- Art.20 (2) e) of the Law of 12 July 2013</b> 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 2,662,422.94 Variable remuneration: EUR 120,900.00  Number of beneficiaries: 26 headcount
<b>- Art.20 (2) f) of the Law of 12 July 2013</b> 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 731,065.92

## **Absolute Return Strategy SICAV**

### **Additional information (unaudited) (continued)**

as at 31st December 2017

#### **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 corresponding 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 2017 is calculated by averaging the Net Asset Value of each Valuation of the Sub-Fund in the year of 2017. 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 2017
- 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 2017 is EUR 50,938,536

The Ongoing Charges Figure ("OCF") based on the information of the annual report for the period ended 31st December 2017 is as follows:

- excluding the OCF of the underlying funds is 0.90% per annum
- including the OCF of the underlying funds is 2.47% 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