

< 8 . , \$ 6 , \$ 8 0 % 5 (/ / \$
) 8 1 '

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLD
6WDWHPHQWV IRU WKH ILQDQFLDO \HDU F

<8., \$6,\$ 80%5(// \$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

&RQWHQWV

3DJH

*HQHUDO ,QIRUPDWLRQ

,QYHVWPHQW 0DQDJHU¶V 5HSRUW

5HSRUW IURP WKH 'HSRVLWDU\ WR WKH 8QLWKROGHUV

6WDWHPHQW RI 5HVSRQVLELOLWLHV RI WKH 0DQDJHU

,QGHSHQGHQW \$XGLWRUV 5HSRUW

6FKHGXOH RI ,QYHVWPHQWV

6WDWHPHQW RI &RPSUHKHQVLYH ,QFRPH

6WDWHPHQW RI)LQDQFLDO 3RVLWLRQ

6WDWHPHQWV RI &KDQJHV LQ 1HW \$VVHWV \$WWULEXWDEOH WR 5HG

6WDWHPHQW RI &DVK)ORZV

1RWHV WR WKH)LQDQFLDO 6WDWHPHQWV

6FKHGXOH RI 6LJQLILFDQW 3RUWIROLR &KDQJHV XQDXGLWHG

2WKHU ,QIRUPDWLRQ

\$SSHQGL[8&,76 9 5HPXQHWDWLRQ 'LVFORVXUHV XQDXGLWHG

\$SSHQGL[\$GGLWLRQDO ,QIRUPDWLRQ IRU TXDOLILHG LQYHVWRUV L

\$SSHQGL[(8 6XVWDLQDELOLW\ 5HJXODWLRQ XQDXGLWHG

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

*HQHUDO ,QIRUPDWLRQ

7KH IROORZLQJ LQIRUPDWLRQ LV GHULYHG IURP DQG VKRXOG EH UHDO
VHFWRU RI WKH 3URVSHFWXV

<XNL \$VLD 8PEUHOOD)XQG WKH 3)XQG' ZDV FRQVWLWXWHG RQ 0D
7UXVW 7KH)XQG KDV EHHQ DXWKRULVHG LQ ,UHODQG E\ WKH &HQ
SXUVXDQW WR DQG FRPSO\LQJ ZLWK WKH SURYLVLRLQV RI WKH 8QLW 7
'8QGHUWDNLQJV IRU &ROOHFWLYH ,QYHVWPHQW LQ 7UDQVIHUDEOH 6
38&,76 5HJXODWLRQV' DQG WKH &HQWUDO %DQN 6XSHUYLVLRQ DQG
'8QGHUWDNLQJV IRU &ROOHFWLYH ,QYHVWPHQW LQ 7UDQVIHUDEOH 6
8&,76 5HJXODWLRQV'

\$V DW -XO\ WKH)XQG FRPSULVHG RI RQH DFWLYH 6XE)XQG WK
WKH 6XE)XQG' ZKLFK ODXQFKHG RQ 0DUFK \$W -XO\ V
H[LVWHQFH -3< 8QLW &ODVV 86' +HGJHG 8QLW &ODVV (XUR +HGJHG
&ODVV \$OO 8QLW &ODVVHV H[FHSW IRU WKH (XUR +HGJHG 8QLW &OD
(XURQH[W 'XEOLQ

\$GGLWLRQDO 6XE)XQGV PD\ ZLWK WKH SULRU DSSURYDO RI WKH &H
&DUQH *OREDO)XQG 0DQDJHU ,UHODQG /LPLWHG WKH 30DQDJHU'
,QYHVWPHQW 2EMHFWLYH DQG 3ROLFLHV

<XNL -DSDQ 5HERXQGLQJ *URZWK)XQG
7KH LQYHVWPHQW REMHFWLYH RI WKH 6XE)XQG LV WR DFKLHYH ERWK

<XNL 0DQDJHPPHQW 5HVHDFK &R /LPLWHG WKH 3,QYHVWPHQW 0DQ
REMHFWLYH RI WKH 6XE)XQG E\ LQYHVWLQJ SULPDULO\ LQ -DSDQHVH
DQG JURZLQJ WKURXJK WKHLU FRQWULEXWLRQ WR WKH JURZWK RI W
ZHDOWK FUHDWLRQ LQ WKH \$VLDQ FRXQWULHV LL SRVVHV VVURQ
VLJQLILFDQW JURZWK LQ WKH IXWXUH LLL DUH UHVWUXFWXULQJ W
H[SHFWHG WR VKRZ VLJQLILFDQW JURZWK LQ WKH IXWXUH DQG LY
VHFXULWLHV LQ ZKLFK WKH 6XE)XQG ZLOO LQYHVW ZLOO EH OLVWHG

7KH ,QYHVWPHQW 0DQDJHU ZLOO KDYH WKH DELOLW\ WR UHWDLQ
LQVWUXPHQWV WR LQFOXGH EXW ZLOO QRW EH OLPLWHG WR VKRU
JRYHUQPHQW ERQGV RU ELOOV LVVXH RU EDFNHG E\ WKH -DSDQHV
YRODWLOH PDUNHW VLWXDWLRQ DV ZHOO DV WR WDNH DGYDQWDJH
PDUNHWV

3ULFHV

7KH SULFH IRU EX\LQJ DQG VHOOQJ WKH 8QLWV LQ WKH 6XE)XQG LV
SHU 8QLW ,Q DGGLWLRQ D VXEVSULSWLRQ FKDUJH RI XS WR RI WK
8QLW DW WKH GLVFUHWLRQ RI WKH 0DQDJHU ZLWK WKH UHVXOWDQW
FXUUHQF\

8QLWV VKDOO EH UHGHHPHG DW WKH DSSOLFDEOH 1\$9 SHU 8QLW RQ
8QLWV LV HHHFWHG ,Q DGGLWLRQ D UHSXUFKDVH FKDUJH RI XS WR
VKDOO EH GHGXFWHG IURP WKH 1\$9 SHU 8QLW DQG WKH UHVXOWDQW
EDVH FXUUHQF\

'HDOLQJ

7KH 'HDOLQJ 'D\ IRU WKH 6XE)XQG LV HDFK %XVLQHVV 'D\ \$SSOLF
UHFHLYHG E\ WKH \$GPLQLVWUDWRU QR ODWHU WKDQ D P ,ULVK
FDVH PD\ EH RQ WKH UHOHYDQW 'HDOLQJ 'D\

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

*HQHUDO ,QIRUPDWLRQ FRQWLQXHG

'HDOLQJ FRQWLQXHG

\$SSOLFDWLRQV RU UHGHPDWLRQ UHTXHVWV UHFHLYHG DIWHU WKH WL
'D\ IROORZLQJ WKH UHOHYDQW 'HDOLQJ 'D\ XQOHVV WKH 0DQDJHU DW
WKDW DQ\ VXFK DSSOLFDWLRQ RU UHGHPDWLRQ UHTXHVW ZHUH PDGH
PDUNHWV RQ WKH UHOHYDQW 'HDOLQJ 'D\

0LQLPXP ,QYHVWPHQW DQG +ROGLQJ

7KH PLQLPXP LQLWLDO LQYHVWPHQW PLQLPXP KROGLQJ DQG PLQLPXP
WKH 6XE)XQG LV -3< RU LWV HTXLYDOHQW LQ IRUHLJQ FXUU
)XQG 86' IRU WKH 86' +HGJHG 8QLW &ODVV RI WKH 6XE)XQG (85
&ODVV DQG LV -3< IRU -3< ,QVWLWXWLRQDO 8

7KH 0DQDJHU PD\ DW LWV VROH GLVWUXWLRQ ZDLYH RU UHGXFH WKH
DQG PLQLPXP VXEHTXHQW LQYHVWPHQW

'LVWULEXWLRQV

\$Q\ GLVWULEXWLRQV RI WKH 6XE)XQG DUH H[SHFWHG WR EH GHFODU
\HDU HQG DQG SDLG ZLWKLQ WHQ %XVLQHVV 'D\ RI WKH ILQDQFLDO \

'LVWULEXWLRQV LI DQ\ ZLOO EH GHFODUHG DW WKH VROH GLVWUXWLRQ

7KHUH ZHUH QR GLVWULEXWLRQV WR 8QLWKROGHUV GXULQJ WKH ILQDQ

9DOXDWLRQ 'D\ DQG 3RLQW

7KH UHOHYDQW 9DOXDWLRQ 3RLQW LV QRRQ ,ULVK WLPH RQ WKH
HDFK 'HDOLQJ 'D\ \$V -XO\ IHOO RQ D ZHHNHQG WKH YDOXDW
ILQDQFLDO VWDWHPHQWV LV -XO\

/HYHUDJH

7KH 0DQDJHU GRHV QRW LQWHQG WKDW WKH 6XE)XQG HLWKHU ERUUR

6WDWHPHQW RI &RUSRUDWH *RYHUQDQFH

7KH 0DQDJHU LV VXEWHFW WR FRUSRUDWH JRYHUQDQFH SUDFWLFHV

x 7KH ,ULVK &RPSDQLHV \$FW ZKLFK LV DYDLODEOH IRU LQVSH
0DQDJHU DQG PD\ DOVR EH REWDLQHG DW KWWS ZZZ LULVKVWD

x 7KH \$UWLFOHV RI \$VVRFLDWLRQ RI WKH 0DQDJHU ZKLFK DUH DY
RIILFH RI WKH 0DQDJHU DW RFN (,YHDK &RXUW +DUFKXUW 5RD
WKH &RPSDQLHV 5HJLVWUDWLRQ 2IILFH LQ ,UHODQG

x 7KH &HQWUDO %DQN LQ WKHLU 8&,76 DQG *XLGDQFH ZKLFK FDQ
ZHEVLWH DW ZZZ FHQWUDOEDQN LH DQG DUH DYDLODEOH IRU L
0DQDJHU

7KH &RUSRUDWH *RYHUQDQFH &RGH IRU &ROOHFWLYH ,QYHVWPHQW
WKH '3&RGH' ZDV LVVXH E\ ,ULVK)XQGV '3,)' LQ 'HFHPEHU 7K
DGRSWHG RQ D YROXQWU\ EDVLV E\ ,ULVK DXWKRULVHG FROOHFW
FRPSDQLHV 7KH ,) &RGH PD\ EH LQVSHFWHG RQ REWDLQHG IURP ZZZ

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

*HQHUDO ,QIRUPDWLRQ FRQWLQXHG

6WDWHPHQW RI &RUSRUDWH *RYHUQDQFH FRQWLQXHG

(IIHFWLYH -DQXDU\ WKH %RDUG RI 'LUHFWRUV RI WKH 0DQDJHU
FHUWDLQ RWKHU NH\ SLOODUV RI JRYHUQDQFH ZLWKLQ WKH FROO
LQFOXGLQJ

x WKH XQLTXHQHV RI WKH LQGHSHQGHQW VHJUHJDWLRQ RI GXW
WKH \$GPLQLVWUDWRU ZLWK UHVSQRVLELOLW\ IRU WKH FDOFXO
GXWLHV DQG WKH LQGHSHQGHQW 'HSRVLWDU\ ZLWK UHVSQRVLE
6XE)XQG DQG RYHUVHHLQJ KRZ WKH 6XE)XQG LV PDQDJHG WR
GXWLHV IXQFWLRQV EHLQJ DFKLHYHG WKURXJK GHOHJDWLRQ
DSSRLQWPHQW RI VXLWDEO\ TXDOLILHG DQG DOVR UHJXODWHG
UHJXODWRU\ VXSHUYLVLRQ

7KH %RDUG RI 'LUHFWRUV RI WKH 0DQDJHU KDV UHYLHZHG DQG DV
&RGH DQG FRQVLGHUV LWV FRUSRUDWH JRYHUQDQFH SUDFWLFHV DG
DV FRQVLVWHQW WKHUHZLWK

7KH 0DQDJHU KDV QR HPSOR\HHV DQG DOO 'LUHFWRUV DUH QRQ H
UHJXODWRU\ IUDPHZRUN DSSOLFDEOH WR PDQDJHPHQW FRPSDQLHV
6XE)XQG DQG LQ FRQWUDVW WR QRUPDO RSHUDWLQJ FRPSDQLHV
HPSOR\HHV WKH 6XE)XQG FRQVHTXHQWO\ RSHUDWHV XQGHU WKH
LQYHVWPHQW PDQDJHPHQW DGPLQLVWUDWLRQ DQG GLVWULEXWLRQ
%RDUG RI 'LUHFWRUV RYHUODO UHVSQRVLELOLW\ 7KH %RDUG R
PHFKDQLVPV IRU PRQLWRULQJ WKH H[HUFLVH RI VXFK GHOHJDWHG
VXSHUYLVLRQ DQG GLUHFWLRQ RI WKH %RDUG RI 'LUHFWRUV RI WKH
WKH DSSRLQWPHQW RI UHJXODWHG WKLUG SDUW\ HQWLWLHV DUH VX

7KH 0DQDJHU KDV GHOHJDWHG WKH SHUIRUPDQFH RI WKH LQYH
RI WKH 6XE)XQG WR WKH ,QYHVWPHQW 0DQDJHU DV GHWDLOHG
,QYHVWPHQW 0DQDJHU KDV GLUHFW UHVSQRVLELOLW\ IRU WKH G
WKH 6XE)XQG ZKLFK WKH\ PDQDJH DQG WKH\ DUH DFRXQWDEO
0DQDJHU IRU WKH LQYHVWPHQW SHUIRUPDQFH RI WKH 6XE)XQG
0DQDJHU KDV LQWHUQDO FRWUROV DQG ULVN PDQDJHPHQW S
DSSOLFDEOH ULNVN SHUWDLQLQJ WR WKHLU PDQDJHPHQW RI W
PDQDJHG DW DOO WLPHV DQG DSSURSULDWH UHSRUWLQJ LV PDG
RQ D UHJXODU EDVLV 7KH ,QYHVWPHQW 0DQDJHU LV UHJXODWH
UHJXODWRU RI WKHLU RSHUDWLQJ MXULVGLFWLRQ

7KH 0DQDJHU KDV DSSRLQWHG %1< 0HOORQ)XQG 6HUYLEFHV ,U
WKH \$GPLQLVWUDWRU DV \$GPLQLVWUDWRU 5HJLVWUDU DQG
ZLWK UHVSQRVLELOLW\ IRU WKH GD\ WR GD\ DGPLQLVWUDWLRQ
WKH QHW DVVHW YDOXH 7KH \$GPLQLVWUDWRU LV UHJXODWHG F
%DQN

7KH 0DQDJHU KDV GHOHJDWHG WKH GLVWULEXWLRQ RI WKH 6X
3URVSHFWXV IRU WKH 6XE)XQG ZKLFK HQWLWLHV DUH UHJXODW
UHJXODWRU RI WKHLU UHVSFWLYH RSHUDWLQJ MXULVGLFWLRQ

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

*HQHUDO ,QIRUPDWLRQ FRQWLQXHG

6WDWHPHQW RI &RUSRUDWH *RYHUQDQFH FRQWLQXHG

7KH %DQN RI 1HZ <RUN 0HOORQ 6\$ 19 'XEOLQ %UDQFK WKH 3'H
DVVHVW DQG KDV UHVSQRVLELOLW\ IRU WKH VDIHNNHSLQJ RI V\
%DQN¶V 8&,76 5HJXODWLRQV DQG IRU H[HUFLVLQJ LQGHSHQGHQ
PDQDJHG 7KH 'HSRVLWDU\ LV DXWKRULVHG E\ WKH (XURSHDQ &
WKH &HQWUDO %DQN RI ,UHODQG 7KH %RDUG RI 'LUHFWRUV RI
DQG DW OHDVW TXDUWHUO\ EDVLV IURP HDFK RI LWV GHOHJDW
HQDEOH LW WR DVVHVW WKH SHUIRUPDQFH RI WKH GHOHJDWH V\
FDVH PD\ EH

)LQDQFLDO 5HSRUWLQJ 3URFHVV GHVFULSWLRQ RI PDLQ IHDWXUHV

7KH %RDUG RI 'LUHFWRUV RI WKH 0DQDJHU LV XOWLPDWHO\ UHVSRO
PDLQWHQDQFH RI DGHTXDWH LQWHUQDO FRQWURO DQG ULVN PDQDJ
WKH ILQDQFLDO UHSRUWLQJ SURFHVV \$V WKH 0DQDJHU KDV QR HF
H[HFXWLYH FDSDFLW\ DOO IXQFWLRQV UHODWLQJ WR WKH 6XE)XG
SUHSDUDWLRQ RI WKH 6XE)XQG¶V ILQDQFLDO VWDWHPHQWV KDYH E
UHTXLUH WR PDLQWDLQ WKH DFFRXQWLQJ UHFRUGV RI WKH 6XE)X
'LUHFWRUV RI WKH 0DQDJHU KDV SURFHGXUHV LQ SODFH WR HQVXU
SURSHUO\ PDLQWDLQH DQG DUH UHDLGLO\ DYDLODEOH LQFOXGLQJ
VWDWHPHQWV 6XEMHFW WR WKH VXSHUYLVLRQ RI WKH %RDUG RI 'L
\$GPLQLVWUDWRU LV LQWHQGHG WR PDQDJH UDWKHU WKDQ HOLPLQD
ILQDQFLDO UHSRUWLQJ REMHFWLYHV DQG FDQ RQO\ SURYLGH UH
PDWHULDO PLVVWDWHPHQW RU ORVV

7KH %RDUG RI 'LUHFWRUV RI WKH 0DQDJHU LV UHVSQRVLEOH IRU D
FDXVHG E\ IUDXG RU HUURU LQ ILQDQFLDO UHSRUWLQJ DQG IRU HQV
LGHQWLILFDWLRQ RI LQWHUQDO DQG H[HUQDO PDWWHUV ZLWK D S
'LUHFWRUV RI WKH 0DQDJHU¶V DSSRLQWPHQW RI DQ LQGHSHQGHQW
E\ WKH &HQWUDO %DQN LV LQWHQGHG WR PLWLJDWH WKRXJK QRW
PD\ LPSDFW WKH ILQDQFLDO VWDWHPHQWV RI WKH 6XE)XQG

'XULQJ WKH ILQDQFLDO \HDU RI WKHVH ILQDQFLDO VWDWHPHQWV
UHVSQRVLEOH IRU WKH UHYLHZ DQG DSSURYDO RI WKH DQQXDO ILQD
5HVSQRVLELOLWLHV RI WKH 0DQDJHU 7KH VWDWXWRU\ ILQDQFLDO
LQGHSHQGHQW DXGLWRUV ZKR UHSRUW DQQXDOO\ WR WKH %RDUG R
%RDUG RI 'LUHFWRUV RI WKH 0DQDJHU PRQLWRUV DQG HYDOXDWH
TXDOLILFDWLRQV DQG LQGHSHQGHQFH \$V SDUW RI LWV UHYLHZ SUR
UHFHLYHV SUHVHQWDWLRQV IURP UHOHYDQW SDUWLHV LQFOXGLQJ P
6WDQGDUGV 3,)56' DQG WKHLU LPSDFW RQ WKH DQQXDO ILQDQFLD
RQ WKH DXGLW SURFHVV 7KH %RDUG RI 'LUHFWRUV RI WKH 0DQD
DFFRXQWLQJ DQG UHSRUWLQJ LVVXH DV WKH QHHG DULVHV 7KH D
RI WKH 6XE)XQG DUH UHTXLUH WR EH DSSURYHG E\ WKH %RDUG RI
&HQWUDO %DQN

'LYHUVLW\

7KH %RDUG RI 'LUHFWRUV RI WKH 0DQDJHU FRQVLGHUV WKDW GLYH
WKHUHIRUH VHHNV WR HQVXUH WKDW WKH %RDUG¶V VL]H VWUXFWX
H[SHULHQFH DQG GLYHUVLW\ LV VXIILFLHQW IRU WKH HIIHFWLYH GL
DV WKH %RDUG RI 'LUHFWRUV RI WKH 0DQDJHU LV FRPLWWHG WR D
DV 'LUHFWRUV RI WKH 6XE)XQG LW KDV QRW VHW DQ\ PHDVXUDEOH

<8., \$6,\$ 80%5(// \$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

*HQHUDO ,QIRUPDWLRQ FRQWLQXHG

6LJQLILFDQW (YHQWV GXULQJ WKH)LQDQFLDO <HDU

5HIHU WR 1RWH RI WKH 1RWHV WR WKH)LQDQFLDO 6WDWHPHQW
ILQDQFLDO \HDU

6LJQLILFDQW (YHQWV DIWHU WKH)LQDQFLDO <HDU (QG

5HIHU WR 1RWH RI WKH 1RWHV WR WKH)LQDQFLDO 6WDWHPHQW
ILQDQFLDO \HDU HQG

<8., \$6,\$ 80%5(// \$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

,QYHVWPHQW 0DQDJHU¶V 5HSRUW

3ROLWLFDO

-DSDQ

7KH .LVKLG DGPLQLVWUDWLRQ LQDXJXUDWHG LQ 2FWREHU FK
UHGLVWULEXWLRQ WR D JURZWK VWUDWHJ\ EDVHG RQ WKH EDVLF SF
DGPLQLVWUDWLRQ DOVR FODULILHG LWV VWDQFH RI HPSKDVL]LQJ LV
D VKLIW WR HPSKDVL]LQJ FRPSDQLHV DQG WKH VWRFN PDUNHW 7K
GXULQJ ZKLFK HOHFWLRQ SHULRG WKH VKRFNLQJ DVVDVVLQDWLRQ F
IRUP RI JDLQLQJ SXEOLF FRQILGHQFH EXW ZH WKLQN WKH PDLQ SRL
WKH .LVKLG DGPLQLVWUDWLRQ FDQ SXW RXW XQLTXH SROLFLHV)
KRZ WR QDYLDWH EHWZHHQ WKH 8 6 DQG &KLQD IRU ZLWKRXW WK
FRXOG QRW FRQIURQW WKH WKUHDWV RI (DVW \$VLD KRZHYHU ZKLO
DQG LQYHVWPHQW UHODWLRQV ZLWK &KLQD RQ WKH HFRQRPLF IURQ
DGPLQLVWUDWLRQ VXFK DV WKH JHRSROLWLFDO ULVN RI WKH 5XV
PHDVXUHV DJDLQVW LQIODWLRQ DQG PHDVXUHV WR GHDO ZLWK WKH
ZH ZDQW WR NHHS DQ H\H RQ WKHLU IXWXUH HIIRUV

)RUHLJQ

8QLWHG 6WDWHV

7KH WHQGHHQF\ WR HPSKDVL]H HFRQRPLF VHFUXLW\ LQ WKH 8QLWHG
7UXPS DGPLQLVWUDWLRQ ZDV LQDXJXUDWHG DJDLQVW WKH EDFN
WHFKQRORJLFDO ULVH 7KLV WUHQQ KDV EHHQ LQKHULWHG E\ WK
PRYHPHQW WR ILQDOO\ HQIRUFH WKH UHJXODWLRQV LQWURGXFHG
FKDLQ RI LPSRUWDQW JRRGV DQG LQGXVWULHV ZDV UHYLHZHG DQG
DGGLWLRQ WKH 8 6 LV FXUUHQWO\ IDFLQJ QRW RQO\ GRPHVWLF SU
RI GRPHVWLF DQG LQWHUQDWLRQDO FKDOOHQJHV VXFK DV 5XVLD
7DLZDQ ZKHUH WKHUH DUH FRQFHUQV DERXW HVFDODWLQJ WHQVL
1RYHPEHU ZLOO EH DQ LPSRUWDQW PLOHVWRQH WKDW ZLOO GHWH
ZKLFK ZLOO KDYH D PDMRU LPSDFW RQ WKH LQWHUQDWLRQDO FRPPX

&KLQD

\$W WKH 1DWLRQDO 3HRSOH¶V &RQJUHVV KHOG LQ 0DUFK WKH J
VHW DW URXQG KLJKHU WKDQ H[SHFWHG 7KLV WDUJHW KRZHYH
IRUFHG ORFNGRZQ ZLWK WKH RXWEUHDN RI WKH &RURQDYLUXV LQIH
]HUR &RURQDYLUXV SROLF\ 7KH GRPHVWLF UHDO HVWDWH PDUNHW
PDNH PRUWJDJH SD\PHQWV RQ SURSHUWLHV VROG EHIRUH FRPSOHW
KDQGLQJ RYHU KRPHV WR EX\HUV DQG WKH IHDU RI D UHDO HVWDWH
EHFRPLQJ PRUH VHULRXV IRUFLQJ WKH FHQWUDO JRYHUQQHQW WR U

(FRQRP\

'RPHVWLF (FRQRP\

5HDO JURVV GRPHVWLF SURGXFW 3*3' JURZWK ZDV FRPSDUHG
UDWH RI VSXUUHG E\ D UHFRYHU\ LQ FRQVXPHU VSHQGLQJ LQ V
DQQXDOL]HG UHDO *3 ZDV WULOOLRQ \HQ H[FHHGLQJ WKH
TXDUWHU RI EHIRUH WKH VSUHDG RI WKH &RURQDYLUXV *RLQJ
FRQVXPSWLRQ DQG RWKHU DUHDV LV H[SHFWHG WR EH VOXJJLVK DG
\HDU LV H[SHFWHG WR UHPDLQ DW DURXQG 3HUVRQDO FRQVXPSW
\$SULO -XQH TXDUWHU GXH WR WKH OLIWLQJ RI WKH 3SULRULW\ PHD
VDLG DPLG ULVLQJ SULFHV GXH WR WKH KLJK HQHUJ\ DQG IRRG SU
OLNHO\ WR ZHLJK RQ SHUVRQDO FRQVXPSWLRQ JRLQJ IRUZDUG

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

,QYHVWPHQW ODQDJHU¶V 5HSRUW FRQWLQXH

(FRQRP\ FRQWLQXH

'RPHVWLF (FRQRP\ FRQWLQXH

7KH FRQVXPHU SULFH LQGH[H[FOXGLQJ IUHVK IRRG URVH \HD
\HDU RQ \HDU LQFUHDVH LQ -XQH +RZHYHU WKH %DQN RI -DSD
PRQHWDU\ HDVLQJ PHDVXUHV IRU WKH WLPH EHLQJ IURP WKH GHW
KLJK HGHUJ\ FRVWV ZLOO QRW EH VXVWDLQDEOH

&KLQD

)ROORZLQJ WKH VOXJJLVK HFRQRPLF JURZWK UDWL UHDO *'3 JURZ
HFRQRP\ LV H[SHFWHG WR SLFN XS LQ WKH VHFRQG KDOI RI WKLV
H[SDQVLRQ RI LQIUDVWUXFWXUH LQYHVWPHQW %XW WKH &RURQD
ORFNGRZQ LV VWUHQJWKHQHG DJDLQ WKHUH LV D SRVVLELOLW\ WK
\HDU \$OVR LW LV QHFHVVDU\ WR SD\ DWWHQWLRQ WR WKH WHQVLR

,QGLD

7KH UHDO *'3 JURZWK UDWL IRU WKH \$SULO -XQH TXDUWHU DFFHOHU
WR WKH IDFW WKDW WKH &RURQD FULVLV LV FRPLQJ WR DQ HQG
DQQXDO JURZWK UDWL LV DOVR ERWWRPLQJ RXW ZLWK GRXEHO G
H[WHUQDO GHPDQG WKH HPHUJHQFH RI SHQW XS GRPHVWLF GHPD
PRYHPHQW ERRVWV WKH YLUWXRXV F\FOH RI VXFK WKLQJV DV KRX
EHFRPLQJ GLIILFXOW WR ERWWRP RXW DQ HFRQRP\ GULYHQ E\ H[V
JURZLQJ XQFHUWDLQW\ VXUURXQGLQJ WKH JOREDO HFRQRP\)XUWK
KDZNLVK SUHVXUH VPROGHULQJ RQ WKH 5XSHH WR GHSUHFLDWH IU
)5%' DQG RWKHUV LQ WKH ILQDQFLDO PDUNHW FRPSRXQG HG E\ WK
WKH SDVW IHZ \HDUV ,QGLD GRHV QRW KDYH PFK URRP IRU SROLF\

6RXWK .RUHD

6RXWK .RUHD¶V HFRQRP\ LV H[SHFWHG WR H[SDQG WRZDUG WKH VHF
H[SRUWV EXW LQIODWLRQ DQG LQWHUHVW UDWL KLNHV DUH OLNI
LQYHVWPHQW

\$VVRFLDWLRQ RI 6RXWKHDVW \$VLDQ 1DWLRQV ³\$6(\$1' (FRQRPLHV

7DLZDQ LV H[SHFWHG WR FRQWLQXH LWV VWHDG\ HFRQRPLF JURZW
DERXW LQIODWLRQ DQG UHODWLRQV ZLWK &KLQD

+RQJ .RQJ¶V HFRQRP\ FDUULHG WKH ZHLJKW RI WKH VSUHDG RI LQIH
WKH PRYHPHQW WR QRUPDOL]H DFWLYLW\ LV H[SHFWHG WR VXSSRUW

6LQJDSRUH¶V HFRQRP\ LV H[SHFWHG WR H[SDQG VWHDGLO\ IRU WKH
FDSLWDO LQYHVWPHQW

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

,QYHVWPHQW 0DQDJHU¶V 5HSRUW FRQWLQXH

\$VLDQ (FRQRPLF 2XWORN

<HDU RQ <HDU 3<2<'

*'3 *URZWK 5DWH		HVWLPDWH	HVWLPDWH
&KLQD			
,QGLD			
\$6(\$1			

6RXUFH 3:RUOG (FRQRPLF 2XWORN 8SGDWH' SXEOLVKHG E\ WKH ,0) LQ -XO\

:RUOG (FRQRPLF 2XWORN

<2<

*'3 *URZWK 5DWH		HVWLPDWH	HVWLPDWH
-DSDQ			
8QLWHG 6WDWHV			
(XURSH			
:RUOG			

6RXUFH 3:RUOG (FRQRPLF 2XWORN 8SGDWH' SXEOLVKHG E\ WKH ,0) LQ -XO\

6WRFN 0DUNHW

)URP WKH HQG RI -DQXDU\ WKURXJK -XO\ WKH 723,; URVH
)RU VPDQO DQG PLG FDS VWRFNV WKH 1LNNHL 0RWKHUV ,QGH[IHOO

,Q HDUO\)HEUXDU\ WKH PDUNHW URVH DV FRQFHUQV EHJDQ WR G
SUHYLRXV PRQWK 7KH FRQFHUQV UHODWHG WR IHUV RI DQ DFFHO
PDWHULDO DQG IXHO SULFHV DQG UHVWULFWLRQV RQ DFWLYLWLHV D
XQVWDEOH IURP WKH PLGGOH RI WKH PRQWK GXH WR FRQFHUQV R
LQYDVLHQ RI 8NUDLQH 0DUFK EHJDQ ZLWK D GHFOLQH EXW WKHQ
SULFHV ZKLFK KDG EHHQ HOHYDWHG GHFOLQH 7KRXJK WKH PDUN
0D\ WKDQNV WR GHWHULRUDWLQJ FRQGLWLRQV LQ 8NUDLQH ZDULQH
SURORQJHG ORFNGRZQ LQ &KLQD GXH WR &RYLG LW EHJDQ WR UL
0DUFK ILVFDQ \HDU HQGV WKDW DQQRXQFHG JRRG HDUQLQJV UHVX
UHFHGLQJ VHQVH RI FDXWLRQ DERXW WKH DFFHOHUDWLRQ RI 8 6
&KLQD EHLQJ OLIVHG ,Q -XQH ZKHQ WKH 8 6 &RQVXPHU 3ULFH ,Q
EDQNV LQ WKH 8 6 DQG DURXQG WKH ZRUOG DQQRXQFHG UDWK K
GHYHORSHG PDUNHWV WR FRQWUDFW VKDUSO\ 7KH -DSDQHVH PDUN
PDUNHW URVH DV LQ DGGLWLRQ WR D FRQYLQFLQJ YLFWRU\ E\ WK
&RXQFLORUV HOHFWRQ DQG WKH PDLQWHQDQFH E\ WKH %DQ RI
PHDVXUHV VWRFN SULFHV LQ WKH 8 6 URVH

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

,QYHVWPHQW 0DQDJHU¶V 5HSRUW FRQWLQXH

<XNL -DSDQ 5HERXQGLQJ *URZWK)XQG WKH ³)XQG´

,QYHVWPHQW 3HUIRUPDQFH

7KH)XQG WDUJHWV JURZWK FRPSDQLHV IURP DPRQJ DOO OLVWHG
³%DE\ %RRPHU -XQLRUV´ ,Q WKH FRQWH[W RI LWV SRUWIROLR PDQ
ERWWRP XS DSSURDFK WRZDUG LQYHVWPHQW EDVHG RQ LQGLYLGXD
)XQG XQGHUWRRN WKH IROORZLQJ GLVFLSOLQH SURFHVV

(VWLDPDWLRQ RI (36 IRU WKH QH[W WKUHH \HDUV EDVHG RQ FRPSDQ
9DOXDWLRQV RI VKDUH SULFH DQG
,QYHVWPHQW LQ FRPSDQLHV ZLWK VWURQJ SRWHQWLDO IRU PLG W

	<XNL -DSDQ 5HERXQGLQJ *URZWK)XQG	723,;
\$XJXVW ± -XO\		

2XU RXWORN DV RI -XO\ IRU WKH ILVFDQ \HDU HQGLQJ 0DU
DFWXDOO\ DQQRXQFHG WKHLU IRUHFDVV IRU WKH \HDU DUH QHW V
WULOOLRQ QHW LQFRPH RI - WULOOLRQ DQG RI - WULOOLRQ
DUH XS RUGLQDU\ LQFRPH GRZQ QHW LQFRPH GRZQ D

7KH FRPSDQLHV LQFOXGHG LQ WKH IXQG H[FOXGLQJ UHVHDFK FR
RUGLQDU\ LQFRPH QHW LQFRPH GLYLGHQGV
RUGLQDU\ LQFRPH UDWLR LV DQG WKH QHW SURILW UDWLR LV
\$GGLWLRQDOO\ WKH SD\RXW UDWLR RI SRUWIROLR FRPSDQLHV LV

7KH FRUH RI WKH SRUWIROLR FRQVLVWV RI WKH IROORZLQJ W\SHV RI

&RPSDQLHV WKDW KDYH HVWDEOLVKHG EXVLQHVV PRGHV WKDW
HDUQLQJV JURZWK RYHU WKH PHGLXP WR ORQJ WHUP

&RPSDQLHV ZLWK VXVWDLQDEOH HDUQLQJV JURZWK RYHU WKH PH
DFWXDOL]DWLRQ RI ,R7 DQG * KDUGZDUH DQG VRIWZDUH DUHDV
UHYROXWLRQ

&RPSDQLHV WKDW FRQWULEXWH WR FXVWRPHU SURGXFWLYLW\ LP
DQG *

&RPSDQLHV WKDW UHVSRRG WR HQYLURQPHQWDO UHJXODWLRQV V
DUH QH[W JHQHUDWLRQ WKHPHV RI WKH DXWRPRELOH LQGXXVWU\ ZKH

&RPSDQLHV WKDW DUH UHVLVWDQW WR FXUUHQW LQIODWLRQ DQG

7KURXJK DQDO\VLV RI \HDU HVWLWKH IROORZLQJ FRPSDQLHV FRQ
)XQG¶V SHUIRUPDQFH

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

,QYHVWPHQW 0DQDJHU¶V 5HSRUW FRQWLQXH

<XNL -DSDQ 5HERXQGLQJ *URZWK)XQG WKH ³)XQG´ FRQWLQXH

.QYHVWPHQW 3HUIRUPDQFH FRQWLQXH

0DUXZD &R /WG ERDVWV D KLJK JOREDO PDUNHW VKDUH LQ F
FRPPXQLFDWLRQ UHODWHG SURGXFWV 6DOHV RI QH[W JHQHUDWLRQ
LQFUHDVLQJ GXH WR KLJK RUGHUV VLQFH ODVW \HDU 0DUXZD KDG
\HDU EXW LV DOUHDG\ DW IXOO SURGXFWLRQ FSDFLW\ DQG LV H[S
IURP WKH QH[W ILVFDO \HDU RQZDUG 7KH PDUNHW LV H[SHFWHG WR
JURZ LQ YDULRXV ILHOGV RWKHU WKDQ HOHFWULF YHKLFOHV VXF
FRPPXQLFDWLRQ EDVH VWDWLRQV VPDUWSKRQH V DQG GDWD FHQW
JURZ 7KH FRPSDQ\ ZLOO FRQWLQXH WR XVH UDZ PDWHULDOV WKDW
\HDU ZLOO FRQWLQXH WR LQFUHDVH YROXPHV GXH WR LQFUHDVHG
LQFUHDVHG SURGXFW PL[DQG UHGXFH ODERU FRVWV WKURXJK SU
ZRUNLQJ RQ VLQFH ODVW \HDU UHVXOWLQJ LQ DQ DOVR H[SDQGLQ
GRXEORGLJLW (DUQLQJV 3HU 6KDUH ³(36´ JURZWK IURP WKH QH[W
WKLW VWRFN LQ RXU SRUWIROR

1H[WDJH &R /WG LV FRQWLQXLQJ LWV JURZWK LQ WKH XVHG
XVHG FDU VDOHV PDUNHW LV GHFOLQLQJ GXH WR VHDVRQDO DQG WH
5XVVL 1H[WDJH FRQWLQXH WR JURZ VDOHV DV UHSHDW FXVWRPH
DQG WKH FRPSDQ\ XVHV LWV RZQ XVHG FDU VRXUFLQJ VWUHQJWKV
LQWHUQDO RSHUDWLRQV KDYH VXFFHHGHG LQ LQFUHDVLQJ WKH FRQ
WKH QH[W WKUHH \HDU QRW RQO\ ZLOO VDOHV LQFUHDVH GXH W
JURZWK FDQ DOVR EH H[SHFWHG RYHU WKH PHGLXP WR ORQJ WHUP
VWRUHV ,Q DGGLWLRQ HIIRUWV WR UHGXFH WKH WXUQRYHU UDWH
EHJLQQLQJ WR VKRZ UHVXOWV DQG DV ORZHU WUDLQLQJ FRVWV
LQFUHDVHG WKH ZHLJKW RI WKH SRVLWLRQ

'H[HULDOV &RUS ERDVWV D KLJK JOREDO PDUNHW VKDUH DV D
IRU GLVSOD\ VXUIDFHV VXFK DV VPDUWSKRQH WDEOHV DQG QR
LQGXVWU\ OHDGLQJ 8 6 PDQXIDFWXUHU WKH FRPSDQ\¶V VDOHV DO
FXVWRPHU DUH DOVR H[SDQGLQJ WKHLU DGRSWLRQ RI WKH FRPSDQ
GLIIHUHQWLDWLRQ LQ KLJK YDOXH DGGHG PRGOV 7KH LQGXVWU\ L
WDEOHV QRWHERRN 3&V HWF %XW VDOHV RI KLJK HQG PRGOV
FRQWLQXLQJ :H FRQWLQXH WR KROG WKH VWRFN DV (36 JURZWK LQ
LQ DXWRPRELOHV LV LQFUHDVLQJ ZKHUH WKH DSSOLFDWLRQ SHU YH

)XWXUH 6WUDWHJ\

7KH VWRFN PDUNHW HQGHG SRVLWLYH LQ -XO\ 7KH ULVLQJ WUHQG F
RXU DQDO\VLV LQGLFDWHV WKDW -XO\ ZDV D PRQWK LQ ZKLFK WKH
HDUQLQJV DQG FRPSDQLHV WUDGLQJ DW KLJK SULFH WR HDUQLQJV I
WKH -DSDQHVH PDUNHW WR PRYH LQ DQ XQFHUWDLQ GLUHFWRU XQ
WKH VWDELQJ]DWLRQ RI 8 6 LQWHUHVW UDWHV 7KH 3(5 RI FRPSDQL
YDOXH KDV GURSSHG WR WKH [OHYHO DQG ZH H[SHFW WKDW ZKH
RI WKHVH FRPSDQLHV ZLOO VHH VLJQLILFDQW DSSUHFLDWLRQ 5H
FRPSDQLHV ZLWK XQLTXH EXVLQHVV PRGOV DQG KLJK PDUNHW VKI
IURP WKH QH[W ILVFDO \HDU RQZDUG DQG ZLOO EH DEOH WR DEVR
LQFUHDVHV HYHQ LQ LQIODWLRQDU\ FRQGLWLRQV VXFK DV ULVLQJ U
VXVWDLQDEOH

2XU LQYHVWPHQW SROLF\ LV WR IRFXV RQ IXQGDPHQWDOV EXLO
XQGHUJRLQJ D KLJK UDWH RI FKDQJH ZLWK D VXSHULRU PDUNHW DGY

<8., \$6,\$ 80%5(// \$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

,QYHVWPHQW 0DQDJHU¶V 5HSRUW FRQWLQXH

)XWXUH 6WUDWHJ\ FRQWLQXH

:H ZLOO DGMXVW RXU SRVLWLRQ ZHLJKWLQJV EDVHG RQ WDUJHW SU
WKRURXJKO\ DQDO\]H DQG HYDOXDWH FRPSDQ\ HDUQLQJV WR IRFXV
H[SHFW ZLOO LPSURYH SURILWV RYHU WKH PHGLXP WR ORQJ WHUP D
RQ XQLW VDOHV JURZWK

<XNL 0DQDJHPPHQW 5HVHDUFK &R /LPLWHG
,QYHVWPHQW 0DQDJHU

2FWREHU

5(3257)520 7+('(326,7\$5< 72 7+(81,7+2/'(56

)RU WKH SHULRG IURP \$XJXVW 3HUVWRG -XO\ WKH 3

7KH %DQN RI 1HZ <RUN 0HOORQ 6\$ 19 'XSRVLEOLQ %UDXFRXZWKHDV
HQTXLUH LQWR WKH FRQGXFWR RI &DUQH *OREDO)XQG ODQDJHUV ,U
<XNL \$VLD 8PEUHOOD)XQG WKH 37UXVW' IRU WKH 3HULRG LQ RXU F

7KLV UHSRUW LQFOXGLQJ WKH RSLQLRQ KDV EHHQ SUHSDUHG IRU D
DFFRUGDQFH ZLWK 5HJXODWLRQ RI WKH (XURSHDQV &RPPXQLWLHV
LQ 7UDQVIHUDEOH 6HFXULWLHV 5HJXODWLRQ 6, 1R RI
IRU QR RWKHU SXUSRVH :H GR QRW LQ JLYLQJ WKLW RSLQLRQ DF
SXUSRVH RU WR DQ\ RWKHU SHUVRQ WR ZKRP WKLW UHSRUW LV VKRZ

5HVSQRVLELOLWLHV RI WKH 'HSRVLWDU\

2XU GXWLHV DQG UHVSQRVLELOLWLHV DUH RXWOLQHG LQ 5HJXODWLRQ
HQTXLUH LQWR WKH FRQGXFWR RI WKH ODQDJHU LQ WKH PDQDJHPHQW
DQG UHSRUW WKHUHRQ WR WKH XQLWKROGHUV

2XU UHSRUW PXVW VWDWH ZKHWKHU LQ RXU RSLQLRQ WKH ODQDJHU
DFFRUGDQFH ZLWK WKH SURYLVLQRQV RI WKH 7UXVW V 7UXVW 'HH
UHVSQRVLELOLW\ RI WKH ODQDJHU WR FRPSO\ ZLWK WKHVH SURYLVL
GRQH VR ZH DV 'HSRVLWDU\ PXVW VWDWH LQ ZKDWH UHVSHFWV LW K
WDNHQ LQ UHVSHFW WKUHRI

%DVLV RI 'HSRVLWDU\ 2SLQLRQ

7KH 'HSRVLWDU\ FRQGXFWRV VXFU UHYLHZV DV LW LQ LWV UHVRQD
FRPSO\ ZLWK LWV GXWLHV DV RXWOLQHG LQ 5HJXODWLRQ RI WKH
UHVSHFWV WKH PDQDJHPHQW KDV PDQDJHG WKH 7UXVW L LQ DFFR
LQYHVWPHQW DQG ERUURZLQJ SRZHUV RI WKH ODQDJHU DQG 'HSRVLV
UHJXODWLRQV DQG LL RWKHUZLVH LQ DFFRUGDQFH ZLWK WKH SUR
UHJXODWLRQV

2SLQLRQ

,Q RXU RSLQLRQ WKH PDQDJHPHQW KDV PDQDJHG WKH 7UXVW GXULQ

D LQ DFFRUGDQFH ZLWK WKH OLPLWDWLRQV LPSRVHG RQ WKH
ODQDJHU DQG WKH 'HSRVLWDU\ E\ WKH 7UXVW 'HHG DQG WKH 5H

E RWKHUZLVH LQ DFFRUGDQFH ZLWK WKH SURYLVLQRQV RI WKH 7U

)RU DQG RQ %HKDOI RI 7KH %DQN RI 1HZ <RUN 0HOORQ 6\$ 19 'XEOLQ
5LYHUVLGH 7ZR
6LU -RKQ 5RJHUVRQ V 4XD\
*UDQG &DQDO 'RFN
'XEOLQ
'DWH 1RYHPEHU

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

6WDWHPHQW RI 5HVSQRVLELOLWLHV RI WKH 0D

7KH 0DQDJHU LV UHVSQRVLEOH IRU SUHSDULQJ WKH \$QQXDO 5HSR
DFFRUGDQFH ZLWK ,QWHUQDWLRQDO)LQDQFLDO 5HSRUWLQJ 6WDQGD
,ULVK 6WDWXWH FRPSULVLQJ WKH 8QLW 7UXVWV \$FW WKH (XURS
,QYHVWPHQW LQ 7UDQVIHUDEOH 6HFXULWLHV 5HJXODWLRQV DV
&HQWUDO %DQN 6XSHUYLVLRQ DQG (QIRUFPHQW \$FW VHFWL
,QYHVWPHQW LQ 7UDQVIHUDEOH 6HFXULWLHV 5HJXODWLRQV W
SUHSDULQJ WKHVH ILQDQFLDO VWDWHPHQWV WKH 0DQDJHU LV UHTXL

x VHOHFW VXLWDEOH DFFRXQWLQJ SROLFLHV DQG WKHQ DSSO\ WKH

x PDNH MXGJHPHQWV DQG HVWLPDWHV WKDW DUH SUXGHQW DQG U

x VWDWH ZKHWHU WKH ILQDQFLDO VWDWHPHQWV KDYH EHHQ SU
DFFRXQWLQJ VWDQGDUGV LGHQWLI\ WKRVH VWDQGDUGV DQG Q
GHSDUWXUH IURP WKRVH VWDQGDUGV DQG

x SUHSDUH WKH ILQDQFLDO VWDWHPHQWV RQ WKH JRLQJ FRQFH
SUHVXPH WKDW WKH)XQG ZLOO FRQWLQXH LQ RSHUDWLRQ

7KH 0DQDJHU LV UHVSQRVLEOH IRU NHSLQJ DGHTXDWH DFFRXQWLQ
DFFXUDF\ DW DQ\ WLPH WKH ILQDQFLDO SRVLWLRQ RI WKH)XQG DQ
VWDWHPHQWV DUH SUHSDUH LQ DFFRUGDQFH ZLWK ,)56 DQG FRPSO
8QLW 7UXVWV \$FW WKH 8&,76 5HJXODWLRQV DQG WKH &HQWUDO

7KH 0DQDJHU LV DOVR UHVSQRVLEOH ZLWK UHVSHFW WR LWV GXWLHV
5HJXODWLRQV WR WDNH UHVRQDEOH VWHSV IRU WKH SUHYHQWLRQ

&RQQHFWHG SHUVRQV WUDQVDFWLRQV
5HJXODWLRQ RI WKH &HQWUDO %DQN 8&,76 5HJXODWLRQV 35HV
SHUVRQV VWDWHV WKDW 3\$ UHVSQRVLEOH SHUVRQ VKDOO HQVXUH
FRQQHFWHG SHUVRQ LV FRQGXFWHG D DW DUPV OHQJWK DQG E
8&,76'

\$V UHTXLHG XQGHU WKH &HQWUDO %DQN 8&,76 5HJXODWLRQ W
UHVSQRVLEOH SHUVRQV DUH VDWLVILHG WKDW WKHUH DUH DUUDQJHP
HQVXUH WKDW REOLJDWLRQV VHW RXW LQ 5HJXODWLRQ DUH DSS
DQG DOO WUDQVDFWLRQV ZLWK D FRQQHFWHG SHUVRQ WKDW ZHUH H
UHSRUW UHODWHV FRPSOLHG ZLWK WKH REOLJDWLRQV WKDW DUH SU

&DUQH *OREDO)XQG 0DQDJHU ,UHODQG /LPLWHG

'DWH 1RYHPEHU

, QGSHSQGHQW DXGLWRUV UHSRUW WR WKN XQLWKRROGHUV RI <XNL \$VLD
 5HSRUW RQ WKN DXGLW RI WKN ILQDQFLDO VWDWHPHQW

2SLQLRQ RQ WKN ILQDQFLDO VWDWHPHQW RI <XNL \$VLD 8PEUHOOD)XQG WKN
 , Q RXU RSLQLRQ WKN)XQG IV ILQDQFLDO VWDWHPHQW
 x JLVH D WUXH DQG IDLU YLHZ RI WKN DVVHWV OLDELQWLHV DQG ILQDQFL
 DQG RI WKN UHVXOWV IRU WKN ILQDQFLDO HDU WKNQ HQGHG DQG
 x KDYH EHHQ SURSHUO\ SUHSDUHG LQ DFFRUGDQFH ZLWK WKN UHOHYDQW IL
 LQ SDUWLFXODU ZLWK WKN UHTXLUPHQWV RI WKN 8QLW 7UXVW \$FW

7KH ILQDQFLDO VWDWHPHQWV ZH KDYH DXGLWHG FRPSULVH
 x WKN 6WDWHPHQW RI &RPSUHKKHQVLYH , QFRPH
 x WKN 6WDWHPHQW RI)LQDQFLDO 3RVLWLRLQ
 x WKN 6WDWHPHQW RI &KDJHV LQ 1HW \$VVHWV DWULEXWDEOH WR +ROGHU
 x 8QLW
 x WKN 6WDWHPHQW RI &DVK)ORZY DQG
 x WKN UHODWHG QRWHV WR LQFOXGLQJ D VXPDU\ RI VLJQLILFDQW D
 QRWH

7KH UHOHYDQW ILQDQFLDO UHSRUWLQJ IUDPHZRUN WKDWH KDV EHHQ DSSOLHG
)LQDQFLDO 5HSRUWLQJ 6WDQGDUGV ,)56 DV DGRSWHG E\ WKN (XURSHDQ 8QLRQ
 IUDPHZRUN
 7KH DSSOLFDEOH UHJXODWLRLQV WKDWH KDYH EHHQ DSSOLHG LQ WKNLU SUHSE
 8QGHUWDNLQJ IRU &ROOHFWLYH , QYHVWPHQW LQ 7UDQVHUDEOH 6HFXLWLWHV
 6XSHUYLVLRQ DQG (QIRUFHQW \$FW 6HFWLRLQ 8QGHUWDNLQJ IRU
 7UDQVHUDEOH 6HFXLWLWHV 5HJXODWLRLQV 3WKN DSSOLFDEOH 5HJXODWLRLQ

%DVLV IRU RSLQLRQ

:H FRQGXFWHG RXU DXGLW LQ DFFRUGDQFH ZLWK , QWNUQDWLRLQDO 6WDQGDUGV
 DQG DSSOLFDEOH ODZ 2XU UHVSROVLELOLWHV XQGHU WKRVH \$WLVWV D
 UHVSROVLELOLWHV IRU WKN DXGLW 'RHHW W\H R QDQDQF X D Q M B\BUWH PHQW

:H DUH LQGHSHQGHQW RI WKN)XQG LQ DFFRUGDQFH ZLWK WKN HWKLFDO UHTXL
 RI WKN ILQDQFLDO VWDWHPHQWV LQ , UHODQJ LQFOXGLQJ WKN (WKLFDO 6WDQ
 \$FFRXQWLQJ 6XSHUYLVRLU \$XWKRULW\ , \$\$6\$ DV DSSOLHG WR SXEOLF LQWUHU
 RWKHU HWKLFDO UHVSROVLELOLWHV LQ DFFRUGDQFH ZLWK WKNVH UHTXLUPHQW
 KDYH REWDLQHG LV VXILFLHQW DQG DSSURSULDWH WR SURYLGH D EDVLY IRU R

6XPRDU\ RI RXU DXGLW DSSURDFK

.H\ DXGLW PDWV	7KH NH\ DXGLW PDWVHUW WKDWH ZH LGHQWLILHG LQ WKN FXUUHQW x 9DOXDWLRLQ RI LQYHVWPHQWV) (LVWHQFH RI LQYHVWPHQWV
ODWHULDOLWV	7KH PDWHULDOLWV WKDWH ZH XVHG LQ WKN FXUUHQW \$VVHWV RI WKN 6XE)XQG RI WKN)XQG
6FRSLQJ	2XU DXGLW LV D ULVN EDVHG DSSURDFK WDNLQJ LQWR DFFRXX)XQG WISHV RI LQYHVWPHQWV WKN LQROYHPHQW RI WKN V SURYLGHUV WKN DFFRXQWLQJ SURFHVHV DQG FRQWUROV LQ \$ ZLFLK WKN)XQG RSHUDWHV 7KH)XQG LV HVWDEOLVKHG DV DQ RSHQ HQGHG XPEUHOOD 8QLW

	<p>7UXVWV \$FW :H KDYH FRQGXFHWG RXU DXGLW EDVHG RQ UHFRUGV PDLQWDLQHG E\ WKH DGPLQLVWUDWRU %1< 0HOORQ) /LPLWHG *XLOG +RXVH *XLOG 6WUHHW ,)6& 'XEOLQ ,UHODQQ</p>
<p>6LJQLILFDQW F LQ RXU DSSURD</p>	<p>7KLV LV RXU VHFRQG \H DU DXGLW RI WKH)XQG</p>

&RQFOXVLRQV UHODWLQJ WR JRLQJ FRQFHUQ

,Q DXGLWLQJ WKH ILQDQFLDO VWDWHPHQWV ZH KDYH FRQFOXGHG WKDW WKH 0D RI DFFRXQWLQJ LQ WKH SUHSDUDWLRQ RI WKH ILQDQFLDO VWDWHPHQWV LV DSS

%DVHG RQ WKH ZRUN ZH KDYH SHUIRUPHG ZH KDYH QRW LGHQWLILHG DQ\ PD HYHQWV RU FRQGLWLRQV WKDW LQGLYLGXDOO\ RU FROOHFWLYHO\ PD\ FDVW FRQWLQXH DV D JRLQJ FRQFHUQ IRU D SHULRG RI DW OHDVW WZHOYH PRQWKV IU DXWKRULVHG IRU LVVXH

2XU UHVSQRVLELOLWLHV DQG WKH UHVSQRVLELOLWLHV RI WKH 0DQDJHU ZLWK U WKH UHOHYDQW VHFWRQV RI WKLV UHSRUW

.H\ \$XGLW 0DWWHUV

.H\ DXGLW PDWWHUV DUH WKRVH PDWWHUV WKDW LQ RXU SURIHVVLRQDO MXGJH DXGLW RI WKH ILQDQFLDO VWDWHPHQWV RI WKH FXUUHQW ILQDQFLDO \H DU DQ ULVNV RI PDWHULDO PLVVWDWHPHQW ZKHWKHU RU QRW GXH WR IUDXG ZH LGH JUHDWHVW HIIHFW RQ WKH RYHUDOO DXGLW VWUDWHJ\ WKH DOORFDWLRQ RI HIIRUWV RI WKH HQJDJHPHQW WHDP 7KHVH PDWWHUV ZHUH DGGUHVHG LQ WKH VWDWHPHQWV DV D ZKROH DQG LQ IRUPLQJ RXU RSLQLRQ WKUHRQ DQG ZH G WKHVH PDWWHUV

<p>9DOXDWLRQ RI)LQDQFLDO \$VVHWV DQG /LELOLWLHV DW)DLU 9DOXH</p>	
<p>.H\ DXGLW PDWWHU GHVFULSWLRQ</p>	<p>7KH YDOXDWLRQ RI /HYHO LVLELWPHQWV D NH\ DXGLW PDWWHU LQYHVWPHQWV UHSUHVHQW D VLJQLILFDQW EDODQFH RQ WKH 6WDWLRQV LQ WKH DOVR WKH PDLQ GULYHU RI WKH)XQG\ V SHUIRUPDQFH DQG PRVW VLJQLILFDQW ULVN RI PDWHULDO PLVVWDWHPHQW</p>
<p>+RZ WKH VFRSH RI RXU DXGLW UHVSRRGHG WR WKH NH\ DXGLW PDWWHU</p>	<p>:H KDYH SHUIRUPHG WKH IROORZLQJ DXGLW SURFHGXUHV WR DGGUHV :H REWDLQHG DQ XQGHUVWDQGLQJ DQG DVVHVHG WKH GHVLWKDW KDYH EHHQ LPSOHPHQWHG RYHU WKH YDOXDWLRQ LQYHVWPHQWV</p> <p>x :H REWDLQHG %DQN RI 1HZ <RUN 0HOORQ\ V VHUYLFH DXGLW LGHQWLILHG WKH NH\ FRQWUROV LQ SODFH RYHU WKH YDOXDWLRQ WKRVH NH\ FRQWUROV IRU DQ\ H[FHSLRQV</p> <p>x :H FRQLGHUHG LI WKH)XQG\ V YDOXDWLRQ SROLF\ IRU LQYHV\ 56</p> <p>x :H DJUHHG WKH SULFHV RI /HYHO LQYHVWPHQWV LQ WKH L\H DU HQG WR SULFHV SXEOLVKHG E\ LQGHSHQGHHQ SULFLQJ V</p>

([LVWHQFH RI)LQDQFLDO \$VVHWV DQG /LDELWLHV DW)DLU 9DOXH 7

.H\ DXGLW PDWWHU GHVFULSWLRQ 7KH LQYHVWPHQW SRUWIROLR DW WKH \HDU HQG FRPSULVHG OLVV LQYHVWPHQWV LV FRQVLGHUHG D NH\ DXGLW PDWWHU DV WKH RQJQLILFDQW EDODQFH RQ WKH 6WDWPHQW RI)LQDQFLDO 3RVLWL RI WKH)XQG\ V SHUIRUPDQFH DQG KDV EHHQ LGHQWLILHG DV D PLVVWDWHPHQW

7KH H[LVWHQFH RI DQG JRRG WLWOH WR WKH)XQG\ V LQYHVWPHQW ILQDQFLDO VWDWHPHQWV DUH IUHH IURP PDWHULDO PLVVWDWHPHQW LQYHVWPHQWV PD\ QRW H[LVW DW \HDU HQG

+RZ WKH VFRSH RI RXU DXGLW UHVSRRGHG WR WKH NH\ DXGLW PDWWHU :H KDYH SHUIRUPHG WKH IROORZLQJ DXGLW SURFHGXUHV WR DGGUH :H REWDLQHG %1< 0HOORQ VHU\LFH DXGLWRU\ V UHSRUW 62& WKH NH\ FRQWUROV LQ SODFH RYHU WKH YDOXDWLRQ SURFHV FRQWUROV IRU DQ\ H[FHSLRQV

x :H REWDLQHG LQGHSHQGHQW FRQILUPDWLRQV IURP WKH G FRXQWHUSDUWLHV DW WKH ILQDQFLDO \HDU HQG DQG DJUHHQ LQYHVWPHQW SRUWIROLR

2XU DXGLW SURFHGXUHV UHODWLQJ WR WKHVH PDWWHUV ZHUH GHVLJQHG LQ W VWDWHPHQWV DV D ZKROH DQG QRW WR H[SUHVV DQ RSLQLRQ RQ LQGLYLGXDO RQ WKH ILQDQFLDO VWDWHPHQWV LV QRW PRGLILHG ZLWK UHVSHFW WR DQ\ RI W H[SUHVV DQ RSLQLRQ RQ WKHVH LQGLYLGXDO PDWWHUV

:H KDYH FRQGXFWHG RXU DXGLW EDVHG RQ WKH ERNV DQG UHFRUGV PDLQWDLQ DW 2QH 'RFNODQG &HQWUDO *XLOG 6WUHHW ,)6& 'XEOLQ ,UHODQG

2WKHU LQIRUPDWLRQ

7KH 0DQDJHU LV UHVSRRVLEOH IRU WKH RWKHU LQIRUPDWLRQ 7KH RWKHU LQ LQFOXGHG LQ WKH \$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQWV R RXU DXGLWRU\ V UHSRUW WKUHRQ 2XU RSLQLRQ RQ WKH ILQDQFLDO VWDWHPHQW DQG H[FHSLRQ WR WKH H[WHQW RWKHUZLVH H[SOLFLO\ VWDWHG LQ RXU UHS DVVXUDQFH FRQFOXVLRQ WKUHRQ

,Q FRQQHFWRQ ZLWK RXU DXGLW RI WKH ILQDQFLDO VWDWHPHQWV RXU UHVSRR DQG LQ GRLQJ VR FRQVLGHU ZKHWKHU WKH RWKHU LQIRUPDWLRQ LV PDWHULDO VWDWHPHQWV RU RXU NQRZOHGJH REWDLQHG LQ WKH DXGLW RU RWKHUZLVH DSS LGHQWLI\ VXFK PDWHULDO LQFRQVLVWHQFLHV RU DSSDUHQW PDWHULDO PLVVW ZKHWKHU WKUH LV D PDWHULDO PLVVWDWHPHQW LQ WKH ILQDQFLDO VWDWHPHQW RWKHU LQIRUPDWLRQ ,I EDVHG RQ WKH ZRUN ZH KDYH SHUIRUPHG ZH FRQ PLVVWDWHPHQW RI WKLV RWKHU LQIRUPDWLRQ ZH DUH UHTXLUHG WR UHSRUW W

:H KDYH QRWKLQJ WR UHSRUW LQ WKLV UHJDUG

5HVSRRVLEOLWLHV RI WKH 0DQDJHU

7KH 0DQDJHU LV UHVSRRVLEOH IRU WKH SUHSDUDWLRQ RI WKH ILQDQFLDO VWDWHPHQW JLYH D WUXH DQG IDLU YLHZ DQG RWKHUZLVH FRPSO\ ZLWK WKH UHOHYDQW IL VXFK LQWHUQDO FRQWURO DV WKH 0DQDJHU GHWHUPLQHV LV QHFHVVDU\ WR VWDWHPHQWV WKDW DUH IUHH IURP PDWHULDO PLVVWDWHPHQW ZKHWKHU GXH V

,Q SUHSDULQJ WKH ILQDQFLDO VWDWHPHQW WKH 0DQDJHU LV UHVSRRVLEOH FRQWLQXH DV D JRLQJ FRQFHUQ GLVFORVLRQ DV DSSOLFDEOH PDWWHUV UH

JRLQJ FRQFHUQ EDVLV RI DFFRXQWLQJ XQOHVV WKH 0DQDJHU HLWKHU LQWHQ
RSHUDWLRQV RU KDYH QR UHDOLVWLF DOWHUQDWLYH EXW WR GR VR

\$XGLWRU¶V UHVSQRVLELOLWLHV IRU WKH DXGLW RI WKH ILQDQFLDO VWDWHPHQW

2XU REMHFWLYHV DUH WR REWDLQ UHDVRQDEOH DVVXUDQFH DERXW ZKHWKHU W
IUHH IURP PDWHULDO PLVVWDWHPHQW ZKHWKHU GXH WR IUDXG RU HUURU DQ
LQFOXGHV RXU RSLQLRQ 5HDVRQDEOH DVVXUDQFH LV D KLJK OHYHO RI DVVXU
DXGLW FRQGXFHWG LQ DFFRUGDQFH ZLWK ,6\$V ,UHODQG ZLOO DOZD\V GHW
H[LVWV 0LVVWDWHPHQWV FDQ DULVH IURP IUDXG RU HUURU DQG DUH FRQVLGH
DJJUHJDWH WKH\ FRXOG UHDVRQDEO\ EH H[SHFWHG WR LQIOXHQFH WKH HFRQR
EDVLV RI WKHVH ILQDQFLDO VWDWHPHQWV

\$V SDUW RI DQ DXGLW LQ DFFRUGDQFH ZLWK ,6\$V ,UHODQG ZH H[HUFLVH SUR
SURIHVVRQDO VFHSWLFVP WKURXJKRXW WKH DXGLW :H DOVR

x ,GHQWL\ DQG DVVHV WKH ULNV RI PDWHULDO PLVVWDWHPHQW RI WKH IL
IUDXG RU HUURU GHVLJQ DQG SHUIRP DXGLW SURFHGXUH UHVSQRVLYH
HYLGHQFH WKDW LV VXIILFLHQW DQG DSSURSULDWH WR SURYLGH D EDVLV IRU
D PDWHULDO PLVVWDWHPHQW UHVXOWLQJ IURP IUDXG LV KLJKHU WKDQ IRU R
LQYROYH FROOXVLRQ IRUJHU\ LQWHQWLRQDO RPLVLRQV PLVHSHVHVQW
FRQWURO

x 2EWDLQ DQ XQGHUVWDQGLQJ RI LQWHUQDO FRQWURO UHOHYDQW WR WKH DX
WKDW DUH DSSURSULDWH LQ WKH FLUFXPVWDQFHV EXW QRW IRU WKH SXUS
HIIHFWLYHQHV RI WKH)XQG¶V LQWHUQDO FRQWURO

x (YDOXDWH WKH DSSURSULDWHQHVV RI DFFRXQWLQJ SROLFLHV XVHG DQG V
HVWLPDWHV DQG UHODWHG GLVFORVXUHV PDGH E\ WKH 0DQDJHU

x &RQFOXGH RQ WKH DSSURSULDWHQHVV RI WKH 0DQDJHU¶V XVH RI WKH JRLQJ
EDVHG RQ WKH DXGLW HYLGHQFH REWDLQH ZKHWKHU D PDWHULDO XQFHU
FRQLWLRQV WKDW PD\ FDXV VLJQLILFDQW GRXEW RQ WKH)XQG¶V DELOLW\
FRQFOXGH WKDW D PDWHULDO XQFHUWDLQW\ H[LVWV ZH DUH UHTXLUH WR
WR WKH UHODWHG GLVFORVXUHV LQ WKH ILQDQFLDO VWDWHPHQWV RU LI VX
RXU RSLQLRQ 2XU FRQFOXVLRQV DUH EDVHG RQ WKH DXGLW HYLGHQFH REW
UHSRUW +RZHYHU IXWXUH HYHQWV RU FRQLWLRQV PD\ FDXVH WKH HQWLW
FHDVH WR FRQWLQXH DV D JRLQJ FRQFHUQ

x (YDOXDWH WKH RYHUDOO SUHVHQWDWLRQ VWUXFWXUH DQG FRQWHQW RI W
GLVFORVXUHV DQG ZKHWKHU WKH ILQDQFLDO VWDWHPHQWV UHSHVHVQW WKH
D PDQQHU WKDW DFKLHYHV IDLU SUHVHQWDWLRQ

:H FRPPXQLFDWH ZLWK WKRVH FKDUJHG ZLWK JRYHUQDQFH UHJDUGLQJ DPRQJ R
DQG WLPLQJ RI WKH DXGLW DQG VLJQLILFDQW DXGLW ILQGLQJ LQFOXGLQJ D
FRQWURO WKDW WKH DXGLWRU LGHQWLILHV GXULQJ WKH DXGLW

)RU OLVWHG HQWLWLHV DQG SXEOLF LQWHUHVW HQWLWLHV WKH DXGLWRU DO
ZLWK D VWDWHPHQW WKDW WKH DXGLWRU KDV FRPSOLHG ZLWK UHOHYDQ
LQGHSHQGQFH LQFOXGLQJ WKH (WKLFDQ 6WDQGDUG IRU \$XGLWRU ,UHODQG
UHODWLRQV KLSV DQG RWKHU PDWWHUV WKDW PD\ UHDVRQDEO\ EH WKRXJKW W
DQG ZKHUH DSSOLFDEOH UHODWHG VDIHJDUGV

:KHUH WKH DXGLWRU LV UHTXLUH WR UHSRUW RQ NH\ DXGLW PDWWHUV IURP V
FKDUJHG ZLWK JRYHUQDQFH WKH DXGLWRU GHWHUPLQHV WKRVH PDWWHUV WKD
RI WKH ILQDQFLDO VWDWHPHQWV RI WKH FXUUHQW SHULRG DQG DUH WKUHIR
GHVFULEHV WKHVH PDWWHUV LQ WKH DXGLWRU¶V UHSRUW XQOHVV ODZ RU UHJ
WKH PDWWHU RU ZKHQ LQ H[WUHPHO\ UDUH FLUFXPVWDQFHV WKH DXGLWRU GH
FRPPXQLFDWHG LQ WKH DXGLWRU¶V UHSRUW EHFDXVH WKH DGYHUVH FRQVHTXH
H[SHFWHG WR RXWZHLJK WKH SXEOLF LQWHUHVW EHQHILWV RI VXFK FRPPXQLFDV

7KLV UHSRUW LV PDGH VROHO\ WR WKH)XQG¶V XQLWKROGHUV DV D ERG\ LQ DF
SURYLVLRQV RI WKH 7UXVW 'HHG 2XU DXGLW ZRUN KDV EHHQ XQGHUWDNHQ VR
XQLWKROGHUV WKRVH PDWWHUV ZH DUH UHTXLUHG WR VWDWH WR WKHP LQ
SXUSRVH 7R WKH IXOOHVW H[WHQW SHUPLWWHG E\ ODZ ZH GR QRW DFFHSW
RWKHU WKDQ WKH)XQG DQG WKH)XQG¶V XQLWKROGHUV DV D ERG\ IRU RXU D
RSLQLRQV ZH KDYH IRUPHG

5HSRUW RQ RWKHU OHJDO DQG UHJXODWRU\ UHTXLUHPHQWV

2SLQLRQ RQ RWKHU PDWWHUV SUHVFULHG E\ WKH DSSOLFDEOH 5HJXODWLRQV

%DVHG VROHO\ RQ WKH ZRUN XQGHUWDNHQ LQ WKH FRXUVH RI WKH DXGLW ZH U

- x :H KDYH REWDLQHG DOO WKH LQIRUPDWLRQ DQG H[SODQDWLRQV ZKLFK ZH FR
- RI RXU DXGLW
- x ,Q RXU RSLQLRQ WKH DFFRXQWLQJ UHFRUGV RI WKH)XQG ZHUH VXIILFLHQW W
- EH UHOGLO\ DQG SURSHUO\ DXGLWHG
- x 7KH ILQDQFLDO VWDWHPHQWV DUH LQ DJUHHPHQW ZLWK WKH DFFRXQWLQJ UH

&RUSRUDWH *RYHUQDQFH 6WDWHPHQW

:H UHSRUW LQ UHODWLRQ WR LQIRUPDWLRQ JLYHQ LQ WKH &RUSRUDWH *RYHUQ

- x ,Q RXU RSLQLRQ EDVHG RQ WKH ZRUN XQGHUWDNHQ GXULQJ WKH FRXUV
- JLYHQ LQ WKH &RUSRUDWH *RYHUQDQFH 6WDWHPHQW SXUVXDQW WR VXEVH
- &RPSDQLHV \$FW LV FRQVLVWHQW ZLWK WKH)XQG¶V VWDWXWRU\ ILQDQ
- ILQDQFLDO \HDU FRQFHUQH G DQG VXFK LQIRUPDWLRQ KDV EHHQ SUHS
- &RPSDQLHV \$FW

%DVHG RQ RXU NQRZOHGJH DQG XQGHUWDQGLQJ RI WKH)XQG DQG LWV

FRXUVH RI WKH DXGLW ZH KDYH QRW LGHQWLILHG DQ\ PDWHULDO PLVVWDV

- x ,Q RXU RSLQLRQ EDVHG RQ WKH ZRUN XQGHUWDNHQ GXULQJ WKH FRXUV
- *RYHUQDQFH 6WDWHPHQW FRQWDLQV WKH LQIRUPDWLRQ UHTXLUHG E\ 5H
- 8QLRQ 'LVFORVXUH RI 1RQ)LQDQFLDO DQG 'LYHUVLW\ ,QIRUPDWLRQ E\ F
- JURXS 5HJXODWLRQV DV DPHQG G DQG
- x ,Q RXU RSLQLRQ EDVHG RQ WKH ZRUN XQGHUWDNHQ GXULQJ WKH FRXUV
- UHTXLUHG SXUVXDQW WR VHFWRQ D E H DQG I RI WKH &RPSDQ
- WKH &RUSRUDWH *RYHUQDQFH 6WDWHPHQW

2XU DXGLW RSLQLRQ LV FRQVLVWHQW ZLWK WKH DGGLWLRQDO UHSRUW WR WK
DFFRUGDQFH ZLWK ,6\$,UHODQG

&KULVWLDQ 0DF0DQXV

)RU DQG RQ EHKDOI RI 'HORLWWH ,UHODQG //3

&KDUWHUH G \$FFRXQWDQWV DQG 6WDWXWRU\ \$XGLW)LUP

'HORLWWH 7RXFKH +RXVH (DUOVIRUW 7HUUDFH 'XEOLQ

1RYHPEHU

<8., \$6,\$ 80%5(// \$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

<XNL -DSDQ 5HERXQGLQJ *URZWK)XQG
6FKHGXOH RI ,QYHVWPHQWV DV DW -XO\

)DLU 9DOX1HW
-3- \$VVHWV

1RPLQDO 6HFXULW\ 1DPH
7UDQVIHUDEOH 6HFXULWLHV -XO\
\$HURVSDFH 'HIHQVH 1LO -XO\
\$XWR 0DQXIDFWXUHUV -XO\
0DJGD 0RWRU &RUS
6XEDUX &RUS
7R\RWD 0RWRU &RUS
\$XWR 3DUWV (TXLSPHQW -XO\
'HQVR &RUS
0XVDVKL 6HLPLWVX ,QG XVWU\ &R /WG
%HYHUDJHV -XO\
.LULQ +ROGLQJV &R /WG
%XLOGLQJ 0DWHULDOV -XO\
'DLNLQ ,QG XVWULHV /WG
&KHPLFDOV -XO\
7RNDL &DUERQ &R /WG
&RDO -XO\ 1LO
0LWVXL 0DWVXVKLPD +ROGLQJV &R /WG
&RPPHUFDO 6HUylFHV -XO\
\$=220 &R /WG
*02 3D\PHQW *DWHZD\ ,QF
,7\$, &2 ,QF
1LVVR &RUS
6 3RRO ,QF
&RPSXWHUV -XO\
%D\&XUUHQW &RQVXOWLQJ ,QF
&KDQJH ,QF
)HUURWHF +ROGLQJV &RUS
)XMLWVX /WG
0LWVXELVKL 5HVHDFK ,QVWLWXWH ,QF
1(& &RUS
1(7 2QH 6\VWHPV &R /WG
2ELF &R /WG
3ROH 7R :LQ +ROGLQJV ,QF
6&6. &RUS
6\VWHQD &RUS
&RVPHWLFV 3HUVRQDO &DUH 1LO -XO\
'LVWULEXWLRQ :KROHVDOH -XO\ 1LO
0LWVXELVKL &RUS
(OHFWULFDO &RPSRQHQWV (TXLSPHQWV -XO\ 1LO
.RKRNX .RJ\R &R /WG

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

<XNL -DSDQ 5HERXQGLQJ *URZWK)XQG
6FKHGXOH RI ,QYHVWPHQWV DV DW -XO\

FR

)DLU 9DOX1HW
-3- \$VVHWV

1RPLQDO 6HFXULW\ 1DPH
7UDQVIHUDEOH -XO\ FR

(OHFWURQLFV -XO\
 \$OSV \$OSLQH &R /WG
 \$QULWVX &RUS
 'H[HULDOV &RUS
 +R\D &RUS
 ,ELGHQ &R /WG
 -HRO /WG
 0DUXZD &R /WG \$LFKL
 6KLPDG]X &RUS

(QJLQHHULQJ &RQVWUXFWLRQ -XO\
 2ED\DVKL &RUS
 3HQWD 2FHDQ &RQVWUXFWLRQ &R /WG
 6+2 %21' +ROGLQJV &R /WG

(QWHUWDLQPHQW -XO\
 9HFWRU ,QF

(QYLURQPHQWDO &RQWURO 1LO -XO\
)RRG -XO\
 .REH %XVVDQ &R /WG
 3ULPD 0HDW 3DFNHUV /WG
 <DRNR &R /WG

+DQG 0DFKLQH 7RROV -XO\ 1LO
 '0* 0RUL &R /WG

+HDOWKFDUH 3URGXFWV -XO\
 2O\PSXV &RUS
 7HUXPR &RUS
 7RSFRQ &RUS

+HDOWKFDUH 6HUYLEFHV -XO\
 &KDUP &DUH &RUS ..

+RPH %XLOGHUV -XO\ 1LO
 .L 6WDU 5HDO (VWDWH &R /WG

+RPH)XUQLVKLQJV -XO\
 6RQ\ *URXS &RUS

,QWHUQHW -XO\
 %X\6HOO 7HFKQRORJLHV &R /WG
 0RQRWD52 &R /WG
 606 &R /WG
 =2=2 ,QF

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

<XNL -DSDQ 5HERXQGLQJ *URZWK)XQG
6FKHGXOH RI ,QYHVWPHQWV DV DW -XO\

FR

)DLU 9DOX1HW
-3- \$VVHWV

1RPLQDO 6HFXULW\ 1DPH

7UDQVIHUDEOH -XO\ FR

,URQ 6WHHO 1LO -XO\

/HLVXUH 7LPH -XO\ 1LO
5RXQG 2QH &RUS

ODFKLQHU\ 'LYHUVLILHG -XO\
.H\HQFH &RUS
2.80\$ &RUS
60& &RUS

0HWDO)DEULFDWH +DUGZDUH -XO\
0LWVXL +LJK 7HF ,QF

0LQLQJ -XO\ 1LO
7RKR 7LWDQLXP &R /WG

0LVFHOOHQHRXV 0DQXIDFWXULQJ -XO\
\$PDQR &RUS
-65 &RUS

2IILFH %XVLQHV (TXLSPHQW 1LO -XO\
2LO *DV -XO\ 1LO
,QSH[&RUS

3KDUPDFHXWLFDOV -XO\ 1LO
2QR 3KDUPDFHXWLFDO &R /WG

5HDO (VWDWH -XO\ 1LO
0LWVXL)XGRVDQ &R /WG
7RN\R 7DWHPRQR &R /WG

5HWDLO -XO\
%DOQLEDUEL &R /WG
)DVW 5HWDLOLQJ &R /WG
.RPHK\R +ROGLQJV &R /WG
0DUXL *URXS &R /WG
1H[WDJH &R /WG
8QLWHG \$UURZV /WG

6HPLFRQGXFWRUV -XO\
(, :\$,QF
)DVHUWHF &RUS 8QLWV
5HQHV DV (OHFWURQLFV &RUS
5RU]H &RUS
6DQNHQ (OHFWULF &R /WG
6KLQNR (OHFWULF ,QG XVWULHV &R /WG
680&2 &RUS
7HUD 3UREH ,QF
7RN\R (OHFWURQ /WG

<8., \$6,\$ 80%5(// \$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

<XNL -DSDQ 5HERXQGLQJ *URZWK)XQG
6FKHGXOH RI ,QYHVWPHQW DV DW -XO\ FR

1RPLQDO 6HFXULW\ 1DPH)DLU 9DOXH
7UDQVIHUDEOH -XO\ FR -3- \$VVHWV
6RIWZDUH -XO\
&DSFRP &R /WG
7R\V *DPHV +REELHV 1LO -XO\
7UDQVSRUWDWLRQ -XO\
7UDQFRP &R /WG

)LQDQFLDO 'HULYDWLYH ,QVWUXPHQW -XO\
)RUZDUG)RUHLJQ &XUUHQF\ ([FKDQJH &RQWUDFW -XO\
8QUHDOLVHG
6HWWOHPHQW &XUUHQF\ \$PRXQW &XUUHQF\ \$PRXQW *DLQ /RVV 1H
'DWH %RXJKW %RXJKW 6ROG 6ROG -3- \$VVHWV
-3< 86'

8QUHDOLVHG JDLQ RQ IRUZDUG IRUHLJQ FXUUHQF\ H[FKDQJH FRQWUDFW
(85 -3<
86' -3<

8QUHDOLVHG ORVV RQ IRUZDUG IRUHLJQ FXUUHQF\ H[FKDQJH FRQWUDFW
1HW XQUHDOLVHG ORVV RQ IRUZDUG IRUHLJQ FXUUHQF\ H[FKDQJH FRQWUDFW

)DLU 9DOXH
-3- \$VVHWV
)LQDQFLDO \$VVHWV DQG)LQDQFLDO /LDELOLWLHV DW IDLU YDOXH W
ORVV
5HFHLYDEOHV -XO\
&DVK DQG FDK HTXLYDOHQWV -XO\
3D\DEOHV -XO\
1HW \$VVHWV

7KH FRXQWHUSDUW\ IRU WKH IRUZDUG IRUHLJQ H[FKDQJH FRQWUDFW

\$QDO\VLV RI 7RWDO \$VVHWV 8QDXGLWHG

7UDQVIHUDEOH 6HFXULWLHV DGPLWWHG WR DQ RIILFLDO VWRFN H[FKDQJH
)LQDQFLDO GHULYDWLYH LQVWUXPHQW
&DVK DQG FDK HTXLYDOHQWV
2WKHU \$VVHWV

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

<XNL -DSDQ 5HERXQGLQJ *URZWK)XQG
6FKHGXOH RI ,QYHVWPHQWV DV DW -XO\ FR

1HW \$VVH

-3< 8QLW &ODVV

-XO\ -XO\ -XO\

1HW \$VVHW 9DOXH -3- -3- -3-
1XPEHU RI 8QLWV LQ LVVXH
1HW \$VVHW 9DOXH SHU 8QLW -3- -3-

86' +HGJHG 8QLW &ODVV

-XO\ -XO\ -XO\

1HW \$VVHW 9DOXH 86 86 86
1XPEHU RI 8QLWV LQ LVVXH
1HW \$VVHW 9DOXH SHU 8QLW 86 86

(XUR +HGJHG 8QLW &ODVV

-XO\ -XO\ -XO\

1HW \$VVHW 9DOXH (85 (85 (85
1XPEHU RI 8QLWV LQ LVVXH
1HW \$VVHW 9DOXH SHU 8QLW (85 (85

-3< ,QVWLWXWLRQDO 8QLW &ODVV

-XO\ -XO\ -XO\

1HW \$VVHW 9DOXH -3- -3- -3-
1XPEHU RI 8QLWV LQ LVVXH
1HW \$VVHW 9DOXH SHU 8QLW -3- -3-

<8., \$6,\$ 80%5(// \$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

6WDWHPHQW RI &RPSUHKHQVLYH ,QFRPH

<XNL -I <XNL -I
5HERXQ 5HERXQ
*URZWK)XQGURZWK)XQG
)LQDQFLI)LQDQFLI
HQQHG HQHG
-XO\ -XO\

1RWHV

-3-

-3-

1HW ORVV JDLQ RQ ILQDQFLDO DVVHWV DQG ILQDQFLDO
OLDELWLHV DW IDLU YDOXH WKURXJK SURILW RU ORVV
*URVV ,QFRPH
7RWDO ,QYHVWPHQW LQFRPH

2SHUDWLQJ H[SHQVHV

1HW ORVV LQFRPH IRU WKH ILQDQFLDO \HDU

)LQDQFH &RVVV
,QWHUHVW H[SHQVH

2SHUDWLQJ ORVV SURILW EHIRUH WD[

/HVV ZLWKKROGLQJ WD[

/RVV SURILW IRU WKH ILQDQFLDO \HDU DIWHU
ZLWKKROGLQJ WD[

1HW GHFUHDVH LQFUH
\$WWULEXWDEOH WR 5HGHPDEOH 3DUWLFLSDWLQJ
8QLWKROGHUV UHVXOWLQJ IURP RSHUDWLRQV

\$OO DPRXQWV DULVH VROHO\ IURP FRQLQXLQJ RSHUDWLRQV 7KHU
WKR VH GHDO ZLWK LQ WKH 6WDWHPHQW RI &RPSUHKHQVLYH ,QFRPH

7KH DFFRPSDQ\LQJ QRWHV DUH DQ LQWHJUDO SDUW RI WKH ILQDQFL

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

6WDWHPHQW RI)LQDQFLDO 3RVLWLRQ

<XNL -I <XNL -I
5HERXQ 5HERXQ
*URZWK)XQGURZWK)XQG
\$V DW \$V DW
-XO\ -XO\

1RWHV

-3-

-3-

&XUUHQW DVVHWV

)LQDQFLDO \$VVHWV DW IDLU YDOXH WKURXJK SURILW RU
ORVV

7UDQVIHUDEOH 6HFXULWLHV E LLL
)LQDQFLDO 'HULYDWLYH ,QVWUXPHQWV E YL

5HFHLYDEOHV
&DVK DQG FDK HTXLYDOHQWV

7RWDO FXUUHQW DVVHWV

&XUUHQW OLDELWLHV

)LQDQFLDO /LDELWLHV DW IDLU YDOXH WKURXJK SURILW RU
ORVV

)LQDQFLDO GHULYDWLYH LQVWUXPHQWV E YL
3D\DEOHV

7RWDO OLDELWLHV H[FOXGLQJ QHW DVVHWV
DWWULEXWDEOH WR 5HGHPDEOH 3DUWLFLSDWLQJ

8QLWKROGHUV

1HW DVVHWV DWWULEXWDEOH WR 5HGHPDEOH

3DUWLFLSDWLQJ 8QLWKROGHUV

7KH DFFRPSDQLQJ QRWHV DUH DQ LQWHJUDO SDUW RI WKH ILQDQFLD

2Q EHKDOI RI WKH %RDUG RI 'LUHFWRUV RI WKH ODQDJHU

BBBBBBBBBBBBBBBBBBBB
1HLO &OLIIRUG

BBBBBBBBBBBBBBBBBBBB
6DUDK 0XUSK\

1RYHPEHU

<8., \$6,\$ 80%5(// \$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

6WDWHPHQW RI &KDQJHV LQ 1HW \$VVHWV \$WWULEXWDEO
8QLWKROGHUV

<XNDS <XNL -I
5HERXQ 5HERXQ
*URZWK)XQGURZWK)XQG
)LQDQFLI)LQDQFLI
HQQHG HQHG
-XO\ -XO\
-3- -3-

1HW \$VVHWV \$WWULEXWDEOH WR 5HGHPDEOH 3DUWLFLSDWLQJ
8QLWKROGHUV DW EHJLQQLQJ RI WKH ILQDQFLDO \HDU

0RYHPHQW GXH WR VXEVFULSWLRQV DQG UHGHPSWLRQV RI
5HGHPDEOH 3DUWLFLSDWLQJ 8QLWV

\$PRXQV UHFHLYHG RQ VXEVFULSWLRQV RI 5HGHPDEOH
3DUWLFLSDWLQJ 8QLWV

\$PRXQV SDLG RQ UHGHPSWLRQV RI 5HGHPDEOH
3DUWLFLSDWLQJ 8QLWV

1HW GHFUHDVH LQFUHDVH LQ 1HW \$VVHWV \$WWULEXWDEOH WR
5HGHPDEOH 3DUWLFLSDWLQJ 8QLWKROGHUV UHVXOWLQJ IURP
RSHUDWLQV

1HW \$VVHWV \$WWULEXWDEOH WR
8QLWKROGHUV DW HQG RI WKH ILQDQFLDO \HDU

7KH DFFRPSDQ\LQJ QRWHV DUH DQ LQWHJUDO SDUW RI WKH ILQDQFL

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

6WDWHPHQW RI &DVK)ORZV

<XNL -I	<XNL -I
5HERXQ	5HERXQ
*URZWK)XQ	GURZWK)XQG
)LQDQFLI)LQDQFLI
HQGHG	HQGHG
-XO\	-XO\
-3-	-3-

&DVK IORZV IURP RSHUDWLQJ DFWLYLWLHV
1HW GHFUHDVH LQFUHDVH LQ 1HW \$VVHWV
\$WWULEXWDEOH WR 5HGHHHPDEOH 3DUWLFLSDWLQJ
8QLWKROGHUV

\$GMXVW

1HW GHFUHDVH LQ 7UDQVIHUDEOH 6HFXULWLHV
1HW GHFUHDVH LQFUHDVH LQ)LQD
,QVWUXPHQWV
,QFUHDVH LQ UHFHLYDEOHV
,QFUHDVH 'HFUHDVH LQ SD\DEOHV
&DVK IORZV SURYLGHG E\ RSHUDWLQJ DFWLYLWLHV

&DVK IORZV IURP ILQDQFLQJ DFWLYLWLHV
,VVXH RI UHGHHHPDEOH SDUWLFLSDWLQJ XQLWV

5HGHPSWLRQ RI UHGHHHPDEOH SDUWLFLSDWLQJ XQLWV
1HW FDKV XVHG LQ ILQDQFLQJ DFWLYLWLHV

0RYHPHQW LQ FDKV DQG FDKV HTXLYDOHQWV
GXULQJ WKH ILQDQFLDO \HDU

&DVK DQG FDKV HTXLYDOHQWV DW WKH VWDUW RI WKH
ILQDQFLDO \HDU
&DVK DQG FDKV HTXLYDOHQWV DW WKH HQG RI WKH
ILQDQFLDO \HDU

6XSSOHPHQWDU\ LQIRUPDWLRQ
'LYLGHQGV UHFHLYHG
%DQN ,QWHUHVW SDLG
%DQN ,QWHUHVW UHFHLYHG
7D[DWLRQ SDLG

±

7KH DFFRPSDQ\LQJ QRWHV DUH DQ LQWHJUDO SDUW RI WKH ILQDQFL

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

1RWHV WR WKH)LQDQFLDO 6WDWHPHQWV

6LJQLILFDQW DFFRXQWLQJ SROLFLHV

7KH SULQFLSDO DFFRXQWLQJ SROLFLHV DQG HVWLPDWLRQ WHFKQLT
VWDWHPHQWV DUH VHW RXW EHORZ 7KHVH SROLFLHV KDYH EHHQ
SUHVHQWHG XQOHVV RWKHUZLVH VWDWHG

%DVLV RI 3UHSUDWLRQ
7KH ILQDQFLDO VWDWHPHQWV KDYH EHHQ SUHSDUHG LQ DFFRUGDQ
6WDQGDUGV DV DGRSWHG E\ WKH (XURSHDQ 8QLRQ³,)56' ,ULVK 6
WKH (XURSHDQ &RPPXQLWLHV 8QGHUWDLQJ IRU &ROOHFWLY
5HJXODWLRQV DV DPHQG HG WKH³8&,76 5HJXODWLRQV' DQG
(QIRUFHQW \$FW VHFWRQ 8QGHUWDLQJ IRU &RO
6HFXULWLHV 5HJXODWLRQV WKH³&HQWUDO %DQN 8&,76 5HJX
SUHSDUHG RQ D JRLQJ FRQFHUQ EDVLV

1HZ DFFRXQWLQJ VWDQGDUGV DPHQGPHQWV DQG LQWHUSUHWDWL
ILQDQFLDO SHULRGV EHJLQQLQJ RQ RU DIWHU \$XJXVW

\$W WKH GDWH RI DSSURYDO RI WKHVH ILQDQFLDO VWDWHPHQWV
LQWHUSUHWDWLRQV WR H[LVWLQJ VWDQGDUGV ZHUH DGRSWHG E\ WK
\$PHQGPHQW WR ,)56 ,)56 DQG , \$6 3KDVH

7KH DPHQGPHQWV DGGUHV LVVXH WKDW PLJKW DIIHFW ILQDQFLDO
UDWH EHQFKPDUN LQFOXGLQJ WKH HIIHFW RI FKDQJHV WR FRQW
DULVLQJ IURP WKH UHSODFHQW RI DQ LQWHUHVW UDWH EHQFK
UHSODFHQW LVVXH 7KH DPHQGHG UHTXLUHQWV LQ ,)56 ,)56

x &KDQJHV LQ WKH EDVLV IRU GHWHUPLQLQJ FRQWUDFWXDO FDU
OLDELOLWLHV

x +HGJH DFFRXQWLQJ DQG

x 'LVFORVXUHV

7KH 3KDVH DPHQGPHQWV DSSO\ RQO\ WR FKDQJHV UHTXLUH E\ W
ILQDQFLDO LQVWUXPHQWV DQG KHGJLQJ UHODWLRQV KLSV

7KH DPHQGPHQWV DSSO\ UHWURVSHFWLYHO\ ZLWK HDUOLHU DSSO
SUHYLRXVO\ GLVFRQLQXHG VROHO\ EHFDXVH RI FKDQJHV UHVXOWL
FRQLWLQJ DUH PHW

7KH DPHQGPHQW LV HIIHFWLYH IRU DQQXDO UHSRUWLQJ SHULRGV E
RQ WKH DVVHVPHQW WKH DGRSWLRQ RI WKHVH DPHQGPHQWV DQG
WKH &RPSDQ\

7KHUH ZHUH QR RWKHU VWDQGDUGV ZKLFK KDYH KDG DQ\ LPSDFW RQ
6WDQGDUGV LQWHUSUHWDWLRQV DQG DPHQGPHQWV WR H[LVWLQJ V

7KH VWDQGDUGV DQG LQWHUSUHWDWLRQV WKDW DUH LVVXH EXW C
)XQG V ILQDQFLDO VWDWHPHQWV DUH GLVFORVHG EHORZ H[FHSW IR
%RDUG ZLOO FOHDUO\ QRW LPSDFW WKH)XQG 7KH)XQG LQWHQGV
WKH\ EHFRPH HIIHFWLYH

2QHURXV &RQWUDFWV²&RVW RI)XOILQQLQJ D &RQWUDFW \$PHQGPHQ
, \$6 3URYLVLRQV &RQLQJHQW /LDELOLWLHV DQG &RQLQJHQW \$V
HVWLPDWLQJ WKH FRVW RI IXOILQQLQJ D FRQWUDFW IRU WKH SXUSR

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

1RWHV WR WKH)LQDQFLDO 6WDWHPHQWV FRQ

6LJQLILFDQW DFFRXQWLQJ SROLFLHV FRQWLQXHG

6WDQGDUGV LQWHUSUHWDWLRQV DQG DPHQGPHQWV WR H[LVLWLQJ V
FRQWLQXHG

2QHURXV &RQWUDFWV²&RVW RI)XOILQOLQJ D &RQWUDFW \$PHQGPHQ

5HVHDUFK FRQGXFWHG E\ WKH ,)56 ,QWHUSUHWDWLRQV &RPPLWWHH
FRVWV WR LQFOXGH FRXOG OHDG WR PDWHULDO GLIIHUHQFHV LQ W
VRPH W\SHV RI FRQWUDFWV

,Q WKLV SURMHFW WKH , \$6% GHYHORSHG DPHQGPHQWV WR , \$6 W
ZKHWKHU D FRQWUDFW LV RQHURXV WKH FRVW RI IXOILQOLQJ WKH
IXOILQOLQJ WKDW FRQWUDFW DQG DQ DOORFDWLRQ RI RWKHU FRVWV

7KH , \$6% LVVXHG WKH DPHQGPHQWV LQ 0D\ 7KH DPHQGPHQWV D
DQ HQWLW\ KDV QRW \HW IXOILQOHG DOO LWV REOLJDWLRQV RQ R
SHUPLWWHG 7KH)XQG LV FXUUHQWO\ HYDOXDWLQJ WKH LPSDFW L
ILQDQFLDO VWDWHPHQWV

\$QQXDO ,PSURYHPHQWV WR ,)56 6WDQGDUGV ±

7KH IRXU SURSRVHG DPHQGPHQWV LQFOXGHG LQ WKH DQQXDO LPSUR

x ,)56)LUVW WLPH \$GRSWLRQ RI ,QWHUQDWLRQDO)LQDQFLDO 5H
6LPSOLI\ WKH DSSOLFDWLRQ RI ,)56 E\ D VXEVLGLDU\ WKDW E
6WDQGDUGV DIWHU LWV SDUHQW FRPSDQ\ KDV DOUHDG\ DGRS
UHODWHV WR WKH PHDVXUHPHQW RI FXPXODWLYH WUDQVODWLR

x ,)56)LQDQFLDO ,QVWUXPHQWV
&ODULI\ WKH IHHV D FRPSDQ\ LQFOXGHV LQ DVVHVVLQJ WKH V
OLDELOLW\ WR GHWHUPLQH ZKHWKHU WR GHUFRJQLVH D ILQDQ

x ,OOXVWUDWLYH ([DPSOHV DFFRPSDQ\LQJ ,)56 /HDVHV
5HPRYH WKH SRWHQWLDO IRU FRQIXVLRQ UHJDUGLQJ OHDVH L
([DPSOH DFFRPSDQ\LQJ ,)56

x , \$6 \$JULFXOWXUH
\$OLJQ WKH IDLU YDOXH PHDVXUHPHQW UHTXLUHPHQWV LQ , \$6

7KH DPHQGPHQWV DUH HIIHFWLYH IRU DQQXDO UHSRUWLQJ SHULRGV
HDUOLHU DSSOLFDWLRQV SHUPLWWHQWO\ HYDOXDWLQJ WKH LPSDFW
ZLOO KDYH RQ LWV ILQDQFLDO VWDWHPHQWV

&ODVVLILFDWLRQ RI /LDELOLWLHV DV &XUUHQW RU 1RQ FXUUHQW \$F

7KH DPHQGPHQWV FODULI\ D FULWHULRQ LQ , \$6 IRU FODVLI\LQJ D
DQ HQWLW\ WR KDYH WKH ULJKW WR GHIHU VHWWOHPHQW RI WKH O
SHULRG

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

1RWHV WR WKH)LQDQFLDO 6WDWHPHQWV FRQ

6LJQLILFDQW DFFRXQWLQJ SROLFLHV FRQWLQXH

6WDQGDUGV LQWHUSUHWDLRQV DQG DPHQGPHQWV WR H[LVLWQLQJ V
FRQWLQXH

&ODVVLILFDWLRQ RI /LDELOLWLHV DV &XUHQW RU 1RQ FXUHQW \$F
7KH DPHQGPHQWV

x VSHFLI\ WKDW DQ HQWLW\¶V ULJKW WR GHIHU VHWWOHPHQW PX

x FODULI\ WKDW FODVVLILFDWLRQ LV XQDIIHFWHG E\ PDQDJHPHQW
ZKHWHKHU WKH HQWLW\ ZLOO H[HUFLVH LWV ULJKW WR GHIHU VH

x FODULI\ KRZ OHQGLQJ FRQGLWLRQV DIIHFV FODVVLILFDWLRQ D

x FODULI\ UHTXLUHPHQWV IRU FODVVLILQJ OLDELOLWLHV DQ HQW
LQVWUXPHQWV

,Q LWV 3ULPDU\)LQDQFLDO 6WDWHPHQWV SURMHFW WKH ,6% LV
LQIRUPDWLRQ LV FRPPXQLFDWHG LQ ILQDQFLDO VWDWHPHQWV 7KH
QHZ ,)56 6WDQGDUG WKDW ZRXOG UHSODFH ,6

7KH DPHQGPHQWV DSSO\ UHWURVSHFWLYHO\ IRU DQXDO UHSRUWL
ZLWK HDUOLHU DSSOLFDWLRQ SHUPLWWHG 7KH)XQG LV FXUHQW
DPHQGPHQW ZLOO KDYH RQ LWV ILQDQFLDO VWDWHPHQWV

7KHUH DUH QR RWKHU VWDQGDUGV DPHQGPHQWV DQG LQWHUSUHW
HIIHFWLYH WKDW ZRXOG EH H[SHFWHG WR KDYH D VLJQLILFDQW LPSD

%DVLV RI DFFRXQWLQJ

7KH ILQDQFLDO VWDWHPHQWV DUH SUHSDUHG XQGHU WKH KLVWR
UHYDOXDWLRQ RI ILQDQFLDO DVVHWV DQG OLDELOLWLHV LQFOXGLQJ
WKURXJK WKH SURILW RU ORVV

8VH RI HVWLPDWHV DQG MXGJHPHQWV

7KH SUHSDUDWLRQ RI ILQDQFLDO VWDWHPHQWV LQ FRQIRUPLW\ ZLW
HVWLPDWHV DQG DVVXPSWLRQV WKDW DIIHFV WKH UHSRUWHG DPRX
ILQDQFLDO VWDWHPHQWV DQG WKH UHSRUWHG DPRXQWV RI LQFRPH

\$OWKRJK WKHVH HVWLPDWHV DUH EDVHG RQ PDQDJHPHQW V EHVW
DFWXDO UHVXOWV XOWLPDWHO\ PD\ GLIIHU IURP WKRVH HVWLPDWHV
MXGJHPHQW RU FRPSOH[LW\ RU DUHDV ZKHUH HVWLPDWHV DQG DVV
VWDWHPHQWV DUH GLVFXVVHG ZLWKLQ 1RWH G WR WKH ILQDQFL
DVVXPSWLRQV DUH UHYLHZHG RQ DQ RQ JRLQJ EDVLV

D)RUHLJQ &XUHQF\ 7UDQVODWLRQ

7KH IXQFWLRQDO DQG SUHVHQWDWLRQ FXUHQF\ RI WKH)XQG LV -3
ODQDJHU KDYH GHWHUPLQHG WKDW WKLV UHIOHFWV WKH)XQG SULI
IRUHLJQ FXUHQFLHV DUH WUDQVODWHG DW WKH IRUHLJQ FXUHQW
WUDQVDFWLRQ

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

1RWHV WR WKH)LQDQFLDO 6WDWHPHQWV FRQ

6LJQLILFDQW DFFRXQWLQJ SROLFLHV FRQWLQXHG

D)RUHLJQ &XUUHQF\ 7UDQVODWLRQ FRQWLQXHG

ORQHWDU\ DVVHWV DQG OLDELWLHV GHQRPLQDWHG LQ IRUHLJQ FX
FORVLQJ H[FKDQJH UDWX UXOLQJ DW WKH UHSRUWLQJ GDWH

)RUHLJQ FXUUHQF\ H[FKDQJH GLIIHUHQFHV DULVLQJ RQ WUDQVODV
GLVSRVDOV RU VHWWOHPHQWV RI PRQHWDU\ DVVHWV DQG OLDEL
&RPSUHKHQVLYH ,QFRPH

1RQ PRQHWDU\ DVVHWV DQG OLDELWLHV GHQRPLQDWHG LQ IRUHL
DUH WUDQVODWHG DW WKH IRUHLJQ FXUUHQF\ H[FKDQJH UDWXV
GHWHUPLQH)RUHLJQ FXUUHQF\ H[FKDQJH GLIIHUHQFHV UHODWLQJ
RU ORVV DUH LQFOXGHG LQ JDLQV DQG ORVVHV RQ LQYHVWPHQW
GLIIHUHQFHV UHODWLQJ WR PRQHWDU\ LWHPV LQFOXGLQJ FDK
&RPSUHKHQVLYH ,QFRPH

E)LQDQFLDO DVVHWV DQG ILQDQFLDO OLDELWLHV DW IDLU YDOXH

L &ODVVLILFDWLRQ

7KH)XQG FODVVLILHV LWV LQYHVWPHQW SRUWIROLR EDVHG RQ LWV
DVVHWV DQG WKH FRQWUDFWXDO FDK IORZ FKDUDFWHULVWLFV RI
DVVHWV LV PDQDJHG DQG SHUIRUPDQFH LV HYDOXDWHG RQ D IDLU
RQ IDLU YDOXH LQIRUPDWLRQ DQG XVHV WKDW LQIRUPDWLRQ WR D
GHFLVLRQV 7KH)XQG KDV QRW WDNHQ WKH RSWLRQ WR LUUHYRDE
WKURXJK RWKHU FRPSUHKHQVLYH LQFRPH \$V VXFK WKH)XQG FOD
ILQDQFLDO DVVHWV RU ILQDQFLDO OLDELWLHV DW IDLU YDOXH WK

)LQDQFLDO DVVHWV WKDW DUH QRW FODVVLILHG DW IDLU YDOXH
HTXLDOHQWV DQG UHFHLYDEOHV)LQDQFLDO OLDELWLHV WKDW
EDQN RYHUGUDIW LI DQ\ DQG SD\DEOHV 7KHVH RWKHU ILQDQFLDO
DPRUWLHG FRVW 7KH)XQG V SROLF\ UHTXLUHV <XNL ODQDJHPHQW
ODQDJHU' DQG WKH %RDUG RI 'LUHFWRUV RI WKH ODQDJHU WR HYD
DVVHWV DQG ILQDQFLDO OLDELWLHV RQ D IDLU YDOXH EDVLV WRJ

LL 0HDVXUHPHQW

)LQDQFLDO LQVWUXPHQWV DUH PHDVXUH LQLWLDOO\ DW IDLU YDOX

6XEVTXHQW WR LQLWLDO UHFRJQLWLRQ DOO LQVWUXPHQWV FOD
PHDVXUH DW IDLU YDOXH *DLQV DQG ORVVHV DULVLQJ IURP FDKQJ
ILQDQFLDO OLDELWLHV DW IDLU YDOXH WKURXJK SURILW RU ORVV
,QFRPH ZLWKLQ 3QHW JDLQ ORVV RQ ILQDQFLDO DVVHWV DW IDLU Y

)LQDQFLDO OLDELWLHV DULVLQJ IURP WKH UHGHPDEOH SDUWLFL
UHGHPSWLRQ DPRXQW UHSUHVHQWLQJ WKH LQYHVWRUV ULJKW WR D

LLL)DLU YDOXH PHDVXUHPHQW SULQFLSOHV

(TXLW\ LQVWUXPHQWV OLVWHG RQ D UHFRJQLVHG VWRFN H[FKDQJH
PDUNHW DUH YDOXH DW IDLU YDOXH \$VVHWV OLVWHG RU WUDGHG
IRU ZKLFK PDUNHW TXRWDWLRQV DUH UHGLQ\ DYDLODEOH VKDOO E
SULFH RQ WKH SULQFLSDO H[FKDQJH RU PDUNHW IRU VXFK LQYHVWPH
GHDOLQJ GD\ RU LI QRW DYDLODEOH DW WKH ODVW TXRWHG WUDG
GHDOLQJ GD\ RQ WKH SULQFLSDO H[FKDQJH RU PDUNHW IRU VXFK LQ

,I D TXRWHG PDUNHW SULFH LV QRW DYDLODEOH RQ D UHFRJQLVHG
QRQ H[FKDQJH WUDGHG ILQDQFLDO LQVWUXPHQWV WKH IDLU YDOXH
WHFKQLTXHV LQFOXGLQJ XVH RI UHFHQW DUPV OHQJWK PDUNHW W
RI DQRWKHU LQVWUXPHQW WKDW LV VXEVDQWLDQO\ WKH VDPH G
PRGHV RU DQ\ RWKHU YDOXDWLRQ WHFKQLTXH WKDW SURYLGHV D
PDUNHW WUDQVDFWLRQV

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

1RWHV WR WKH)LQDQFLDO 6WDWHPHQWV FRQ

6LJQLILFDQW DFFRXQWLQJ SROLFLHV FRQWLQXH

E)LQDQFLDO DVVHWV DQG ILQDQFLDO OLDELWLHV DW IDLU YDOXH
LLL)DLU YDOXH PHDVXUHPHQW SULQFLSOHV FRQWLQXH
,I IRU VSHFLILF DVVHWV WKH ODWHVW RIILFLDO FORVH RI EXVLQHVV
RSLQLRQ RI WKH \$GPLQLVWUDWRU UHIOHFW WKHLU IDLU YDOXH RU
ZLWK FDUH DQG LQ JRRG IDLWK E\ WKH \$GPLQLVWUDWRU EHLQJ D
SHUVRQ IRU VXFK SXUSRVH LQ FRQVXOWDWRU ZLWK WKH ,QYHVW
SUREDEOH UHDOVDWRU YDOXH IRU VXFK DVVHWV DV DW WKH YDOX

LY 5HFRJQLWLRQ DQG 'HUHFRJQLWLRQ
7KH 6XE)XQG UHFRJQLVHV ILQDQFLDO DVVHWV DQG ILQDQFLDO OLDF
WR WKH EHQHILWV IURP WKH DVVHWV DQG WKH H[SRVXUH WR WKH U
WR WKH 6XE)XQG 7KH 6XE)XQG GHUFRJQLVHV ILQDQFLDO DVVHW
EHQHILWV DQG ULNV DUH WUDQVIHUHG IURP WKH 6XE)XQG

Y ,PSDLUPHQW
\$W HDFK UHSRUWLQJ GDWH WKH 6XE)XQG VKDOO PHDVXUH WKH OR
DPRXQW HTXDO WR WKH OLHWLPH H[SHFWHG FUHGLW ORVVHV LI W
LQLWLDO UHFRJQLWLRQ ,I DW WKH UHSRUWLQJ GDWH WKH FUHGL
UHFRJQLWLRQ WKH 6XE)XQG VKDOO PHDVXUH WKH ORVV DOORZDQF
FUHGLW ORVVHV 6LJQLILFDQW ILQDQFLDO GLILFXOWLHV RI WKH FR
HQWHU EDQNUXSWF\ RU ILQDQFLDO UHRUJDQLVDWRU DQG GHIDXOV
D ORVV DOORZDQFH PD\ EH UHTXLUHG

,I WKH FUHGLW ULVN LQFUHDVHV WR WKH SRLQW WKDW LW LV FRQVL
FDOFXODWHG EDVHG RQ WKH JURVV FDUU\LQJ DPRXQW DGMXVWHG IR
FUHGLW ULVN LV GHILQH E\ PDQDJHPHQW DV DQ\ FRQWUDFWXDO SD
\$Q\ FRQWUDFWXDO SD\PHQW ZKLFK LV PRUH WKDQ GD\ SDVW GXH

YL)RUZDUG IRUHLJQ FXUUHQF\ H[FKDQJH FRQWUDFWV
)RUZDUG IRUHLJQ FXUUHQF\ H[FKDQJH FRQWUDFWV DUH PHDVXUHG D
WKH IRUZDUG IRUHLJQ FXUUHQF\ H[FKDQJH FRQWUDFWV\ FRQWUDF
PDUNHW RQ D GDLO\ EDVLV

5HDOLVHG DQG FKDQJH LQ XQUHDOLVHG JDLQV DQG RU ORVVHV DUH
&RPSUHKHQVLYH ,QFRPH

F ,QFRPH
'LYLGHQG LQFRPH UHODWLQJ WR H[FKDQJH WUDGHG HTXLW\ LQYHV
&RPSUHKHQVLYH ,QFRPH RQ WKH H[GLYLGHQG GDWH

'LYLGHQG LQFRPH UHFHLYHG E\ WKH 6XE)XQG PD\ EH VXEMHFW WR Z
RULJLQ 'LYLGHQG LQFRPH LV UHFRUGHG JURVV RI VXFK WD[HV ZL
GLYLGHQGV FKDUJH LQFOXGHG LQ WKH 6WDWHPHQW RI &RPSUHKHQV

,Q VRPH FDVHV WKH 6XE)XQG PD\ UHFHLYH RU FKRRVH WR UHFHL
HTXLW\ VKDUHV UDWKHU WKDQ FDVK ,Q VXFK FDVHV WKH 6XE)XQ
DPRXQW RI WKH FDVK GLYLGHQG DOWHUQDWLYH ZLWK WKH FRUU
LQYHVWPHQW

2WKHU LQFRPH UHFRJQLVHG UHODWH WR EDQN LQWHUHVW LQFRPH

G ([SHQVHV

\$OO H[SHQVHV LQFOXGLQJ 0DQDJHPHQW IHHV DQG 'HSRVLWDU\ IHH
&RPSUHKHQVLYH ,QFRPH RQ DQ DFFUXDO EDVLV

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

1RWHV WR WKH)LQDQFLDO 6WDWHPHQWV FRQ

6LJQLILFDQW DFFRXQWLQJ SROLFLHV FRQWLQXHG

H *DLQV DQG /RVVHV RQ)LQDQFLDO \$VVHWV DQG)LQDQFLDO /LDEL
ORVV

5HDOLVHG JDLQV DQG ORVVHV RQ ILQDQFLDO DVVHWV DQG ILQDQF
DYHUDJH FRVW 7KH PRYHPHQW LQ XQUHDOLVHG JDLQV DQG ORVVHV
DULVLQJ GXULQJ WKH ILQDQFLDO \HDU DUH WDNHQ WR WKH 6WDWHP
LQ 3QHW JDLQ ORVV RQ ILQDQFLDO DVVHWV DQG ILQDQFLDO OLDEL

I 7UDQVDFWLRQ &RVVV

7UDQVDFWLRQ FRVWV DUH LQFUHPHQWDO FRVWV WKDW DUH GLUHFV
RI D ILQDQFLDO DVVHW RU ILQDQFLDO OLDELOLW\ \$Q LQFUHPHQWDO
WKH HQWLW\ KDG QRW DFTXLHG LVVXHG RU GLVSRVHG RI WKH ILQD

7UDQVDFWLRQ FRVWV RQ SXUFKDVHV DQG VDOHV RI HTXLWLHV DUH
DVVHWV DQG ILQDQFLDO OLDELOLWLHV DW IDLU YDOXH WKURXJK S
,QFRPH 7UDQVDFWLRQ FRVWV RQ ILQDQFLDO DVVHWV DQG ILQDQFLD
DUH H[SHQVHG LPPHGLDWHO\ 3XUFKDVHV DQG VDOHV WUDQVDFWL
FKDUJHV FRPLVLRQV WUDQVDFWLRQ UHODWHG WD[HV DQG RWKHU

7UDQVDFWLRQ FRVWV LQFXUUHG LQ WKH SXUFKDVH DQG VDOH RI ILQ
\HDU DPRXQWHG WR -3- -XO\ -3- 'HSRVLWDU\
LQFOXGH WUDQVDFWLRQ FRVWV SDLG WR WKH 'HSRVLWDU\ DQG V
WUDQVDFWLRQV FRVWV DUH LQFOXGHG LQ RSHUDWLQJ H[SHQVHV LQ
DUH LQFOXGHG ZLWKLQ 'HSRVLWDU\ IHHV LQ 1RWH

J ,QWHUHVW H[SHQVH

,QWHUHVW H[SHQVH LV UHFRJQLVHG RQ DQ HIIHFWLYH LQWHUHVW
,QWHUHVW SDLG LV LQWHUHVW FKDUJHG RQ FDVK EDODQFHV KHOG E

K 2IIVHWWLQJ

)LQDQFLDO DVVHWV DQG OLDELOLWLHV DUH RIIVHW DQG WKH QHW D
3RVLWLRQ ZKHQ WKH)XQG KDV D OHJDOO\ HQIRUFHDEOH ULJKW W
WUDQVDFWLRQV DUH LQWHQGHHG WR EH VHWWOHG RQ D QHW EDVLV R

L 5HGHPDEOH 3DUWLFLSDWLQJ 8QLWV

5HGHPDEOH SDUWLFLSDWLQJ XQLWV DUH UHGHPDEOH DW WKH 8QL
OLDELOLWLHV LQ DFFRUGDQFH ZLWK , \$6 3XWWDEOH ILQDQFLDO L

7KH UHGHPDEOH SDUWLFLSDWLQJ XQLWV FDQ EH SXW EDFN WR WK
SURSRUWLRQDWH XQLW RI WKH UHOHYDQW 6XE)XQG 1V 1HW \$VVHW 9

7KH UHGHPDEOH SDUWLFLSDWLQJ XQLWV DUH FDUULHG DW WKH
UHSRUWLQJ GDWH LI WKH KROGHU H[HUFLVHV WKH ULJKW WR SXW W

M&DVK DQG FDVK HTXLYDOHQWV

&DVK DQG FDVK HTXLYDOHQWV LQFOXGH FDVK LQ EDQN DQG RWKHU
KDYLQJ D PDWXULW\ RI PRQWKV RU OHVV %DQN RYHUGUDIWV LI D

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

1RWHV WR WKH)LQDQFLDO 6WDWHPHQWV FRG

)HHV

0DQDJHPHQW IHHV
&DUQH *OREDO)XQG 0DQDJHUV ,UHODQG /LPLWHG WKH 0DQDJHU
RI WKH 1HW \$VVHW 9DOXH '1\$9' RI WKH 6XE)XQG SOXV UHLPL
9\$7 LI DQ\ 7KH IHH SD\DEOH WR WKH 0DQDJHU LV VXEMHFW WR D P
LI DQ\ 7KH PDQDJHPHQW IHH VKDOO DFFUXH GDLO\ DQG VKDOO EH S

7KH 0DQDJHU KDV GHOHJDWHG LWV LQYHVWPHQW PDQDJHPHQW IXQ
PDQDJHV WKH LQYHVWPHQW UHDOLVDWLRQ DQG UH LQYHVWPHQW
GLVFUHWLRQDU\ EDVLV

\$GPLQLVWUDWRU IHHV
7KH 0DQDJHU KDV DSSRLQWHG %1< 0HOORQ)XQG 6HUylFHV ,UHODQ
DV \$GPLQLVWUDWRU 5HJLVWUDU DQG 7UDQVIHU \$JHQW 7KH \$GPLQ
DGPLQLVWUDWLRQ RI WKH)XQG V DIIDLUV LQFOXGLQJ WKH FDOFX
SUHSDUDWLRQ RI WKH DFRXQWV RI WKH)XQG VXEMHFW WR RYHUDO

7KH \$GPLQLVWUDWRU LV HQWLWOHG WR DQ DQXDO IHH EDVHG RQ W
RXW RI WKH DVVHWV RI WKH 6XE)XQG DV IROORZV

RI WKH 1\$9 RI WKH 6XE)XQG RQ WKH SRUWLRQ RI WKH 1\$9 X
RI WKH 1\$9 RI WKH 6XE)XQG RQ WKH SRUWLRQ RI WKH 1\$9 I
WR 86 PLOOLRQ
RI WKH 1\$9 RI WKH 6XE)XQG RQ WKH SRUWLRQ RI WKH 1\$9 I
WR 86 ELOOLRQ
RI WKH 1\$9 RI WKH 6XE)XQG RQ WKH SRUWLRQ RI WKH 1\$9 I

7KH \$GPLQLVWUDWRU V DQXDO IHH ZLOO EH VXEMHFW WR D PLQLP
RI 86 ZKLFK VKDOO DFFUXH GDLO\ DQG EH SD\DEOH PRQWKO\ LQ
WR UHFHLYH 8QLW &ODVV IHHV RI 86 SHU 6XE)XQG SHU DQXDF
H[FHHGV WKUHH LQ WKH 6XE)XQG 7KH DQXDO IHH SD\DEOH WR WK
8QLW &ODVVHV DQG VKDOO UHSUHVHQW D GHGXFWLRQ IURP WKH
DFFRUGLQJO\ HDFK &ODVV 7KH \$GPLQLVWUDWRU LV HQWLWOHG W
SD\DEOH RXW RI WKH DVVHWV RI WKH 6XE)XQG

%1< 0HOORQ)XQG 6HUylFHV ,UHODQG 'HVLJQDWHG \$FWLYLW\ &R
IRUHLJQ DFRXQW WD[FRPSOLDQFH DFW '3)\$7&\$' VHUylFHV DQG
VHUylFHV WR WKH)XQG)HHV UHODWHG WR WKHVH VHUylFHV DUH L

'HSRVLWDU\ IHHV
7KH 'HSRVLWDU\ LV HQWLWOHG WR UHFHLYH DQ DQXDO IHH EDVHG
SD\DEOH RXW RI WKH DVVHWV RI WKH 6XE)XQG DV IROORZV

RI WKH 1\$9 RI WKH 6XE)XQG RQ WKH SRUWLRQ RI WKH 1\$9
RI WKH 1\$9 RI WKH 6XE)XQG RQ WKH SRUWLRQ RI WKH 1\$9
XS WR 86 PLOOLRQ
RI WKH 1\$9 RI WKH 6XE)XQG RQ WKH SRUWLRQ RI WKH 1\$9
XS WR 86 ELOOLRQ
RI WKH 1\$9 RI WKH 6XE)XQG RQ WKH SRUWLRQ RI WKH 1\$9

7KH 'HSRVLWDU\ IHH LV DFFUXHG GDLO\ DQG SD\DEOH PRQWKO\ LQ
DQXDO IHH RI 86 ZKLFK VKDOO DFFUXH GDLO\ DQG EH SD\DEO

7KH DQXDO IHH SD\DEOH WR WKH 'HSRVLWDU\ VKDOO EH DWWULEXV
GHGXFWLRQ IURP WKH 1HW \$VVHW 9DOXH RI WKH 6XE)XQG DQG DFF

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

1RWHV WR WKH)LQDQFLDO 6WDWHPHQWV FRQ

)HHV FRQWLQXHG

'HSRVLWDU\ IHHV FRQWLQXHG
7KH 'HSRVLWDU\ LV HQWLWOHG WR EH UHLPEXUVHG E\ 6XE)XQG IR
SURSHUO\ LQFXUUHG LQ WKH SHUIRUPDQFH RI LWV GXWLHV

,Q DGGLWLRQ WKH 'HSRVLWDU\ LV DOVR HQWLWOHG WR UHFHLYH IHH
EHKDOI RI WKH)XQG 7KLV IHH LV ODUJHO\ WUDQVDFWLRQ EDVHG D
PRQWK ZKLFK VKDOO DFFUXH GDLO\ DQG EH SD\DEOH PRQWKO\ LQ DU

,QYHVWPHQW 0DQDJPHQW IHHV DQG 3ODFLQJ \$JHQW IHHV
7KH ,QYHVWPHQW 0DQDJHU DQG 3ODFLQJ \$JHQW VKDOO UHFHLYH D F
WKH 1\$9 RI WKH 6XE)XQG DFFUXHG GDLO\ DQG SD\DEOH PRQWKO\ L
RXW RI LWV RZQ IHH WKH IHHV RI DQ\ VXE SODFLQJ DJHQW

7D[DWLRLQ

8QGHU FXUUHQW ,ULVK ODZ DQG SUDFWLFH WKH)XQG TXDOLILHV I
6HFWLRQ % RI WKH 7D[HV &RQVROLGDWLRQ \$FW DV DPHQGHHG
,ULVK WD[RQ LWV LQFRPH RU JDLQV

+RZHYHU ,ULVK WD[PD\ DULVH RQ WKH KDSSHQLQJ RI D FKDUJHDE
DQ\ GLVWULEXWLRQ SD\PHQWV WR 8QLWKROGHUV DQ\ HQFDVKPHQW
DQG WKH KROGLQJ RI 8QLWV DW WKH HQG RI HDFK HLJKW \HDU SH
8QLWV

1R ,ULVK WD[ZLOO DULVH RQ WKH)XQG LQ UHVSHFW RI FKDUJHDEOH

D D 8QLWKROGHU ZKR LV QHLWKHU ,ULVK UHVLGHQW QRU RUGLQD
WLPH RI WKH FKDUJHDEOH HYHQW SURYLGHG WKH DSSURSULDWH
SURYLVLRQV RI WKH 7D[HV &RQVROLGDWLRQ \$FW DV DPHQGHHG
EHHQ DXWKRULVHG E\ WKH ,ULVK 5HYHQXH WR PDNH JURVV SD\PH
GHFODUDWLRQV DQG

E FHUWDLQ H[HPSWHG ,ULVK UHVLGHQW 8QLWKROGHUV ZKR KDYH S
VWDWXWRU\ GHFODUDWLRQV

'LYLGHQGV LQWHUHVW DQG FDSLWDO JDLQV LI DQ\ UHFHLYHG F
VXEMHFW WR ZLWKKROGLQJ WD[HV LPSRVHG E\ WKH FRXQWU\ IURP
UHFHLYHG DQG VXFK WD[HV PD\ QRW EH UHFRYHUDEOH E\ WKH)XQG

1HW ORVV JDLQ RQ ILQDQFLDO DVVHWV DQG ILQDQFLDO OLDE
ORVV

<HDU HQGHG <HDU HQGHG
-XO\ -XO\

-3-

-3-

1HW JDLQ ORVV RQ ILQDQFLDO DVVHWV DQG ILQDQFLDO
OLDELWLHV DW)973/ GXULQJ WKH ILQDQFLDO \HDU FRPSULVH
1HW UHDOVLVHG JDLQ RQ WUDQVIHUDEOH VHFUXULWLHV
1HW UHDOVLVHG JDLQ RQ IRUZDUG IRUHLJQ FXUUHQF\ FRQWUDFWV
1HW UHDOVLVHG JDLQ RQ IRUHLJQ FXUUHQFLHV
1HW PRYHPHQW LQ XQUHDOLVHG ORVV RQ WUDQVIHUDEOH
VHFUXULWLHV
1HW PRYHPHQW LQ XQUHDOLVHG ORVV JDLQ RQ IRUZDUG
IRUHLJQ FXUUHQF\ FRQWUDFWV
1HW PRYHPHQW LQ XQUHDOLVHG ORVV RQ IRUHLJQ FXUUHQFLHV
1HW ORVV JDLQ RQ ILQDQFLDO DVVHWV DQG OLDELWLHV DW
IDLU YDOXH WKURXJK SURILW RU ORVV

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

1RWHV WR WKH)LQDQFLDO 6WDWHPHQWV FRO

*URVV ,QFRPH

<HDU HQGHG & HDU HQGHG
-XO\ -XO\
-3- -3-

'LYLGHQG LQFRPH
,QWHUHVW LQFRPH
7RWDO *URVV ,QFRPH

±

2SHUDWLQJ ([SHQVHV

<HDU HQGHG & HDU HQGHG
-XO\ -XO\
-3- -3-

0DQDJHPPHQW IHHV
\$GPLQLVWUDWLRQ IHHV
,QYHVWPHQW 0DQDJHU IHHV
3ODFLQJ \$JHQW IHHV
'HSRVLWDU\ IHHV
\$XGLW IHHV
3URIHVVLQRDO IHHV
/LVWLQJ IHHV
2WKHU H[SHQVHV
7RWDO RSHUDWLQJ H[SHQVHV

6WDWXWRU\ DXGLW IHHV DPRXQWHG WR ¼ IRU WKH ILQDQFLDO
¼ 7KHVH DPRXQWV DUH H[FOXVLYH RI 9\$7 7KHUH ZHUH QR IH
DGYLVRU\ RWKHU DVVXUDQFH RU QRQ DXGLW VHUFLFHV SURYLGHG
\HUV HQGHG -XO\ RU -XO\

5HFHLYDEOHV

\$V \$V
-XO\ -XO\
-3- -3-

\$FFUXHG GLYLGHQG LQFRPH
5HFHLYDEOH IRU LQYHVWPHQWV VROG
5HFHLYDEOH IRU IXQG XQLWV LVVXHG
2WKHU UHFHLYDEOHV
7RWDO 5HFHLYDEOHV

&DVK DQG FDVK HTXLYDOHQWV

\$V DW \$V DW
-XO\ -XO\
-3- -3-

&DVK DQG EDQN EDODQFHV

\$OO FDVK EDODQFHV DUH KHOG ZLWK 7KH %DQN RI 1HZ <RUN 0HOORC
DQG -XO\

7KH 6WDQGDUG 3RRU V 6 3 ORQJ WHUP FUHGLW UDWLQJ RI 7KH
%UDQFK ZDV \$\$ DW -XO\ -XO\ \$\$

<8., \$6,\$ 80%5(// \$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

1RWHV WR WKH)LQDQFLDO 6WDWHPHQWV FRQ

3D\DEOHV

<HDU HQGHG & HDU HQGHG
-XO\ -XO\
-3- -3-

\$FFUXHG H[SHQVHV

3D\DEOH IRU LQYHVWPHQWV SXUFKDVHG

3D\DEOH IRU IXQG XQLWV UHGHPHG

7RWDO 3D\DEOHV

3XUFKDVHV DQG 6DOHV RI ,QYHVWPHQWV

<HDU HQGHG & HDU HQGHG
-XO\ -XO\
-3- -3-

7RWDO SXUFKDVHV

7RWDO VDOHV

5HODWHG 3DUWLHV 7UDQVDFWLRQV

&DUQH *OREDO)XQG ODQDJHUV ,UHODQG /LPLWHG DV ODQDJHU RI
GXULQJ WKH ILQDQFLDO \HDU -XO\ -3- \$W WKH ILQDQFLDO
-XO\ -3- 1LO ZHUH GXH WR &DUQH *OREDO)XQG ODQDJHUV ,UHO

&DUQH *OREDO)LQDQFLDO 6HUYLEFHV /LPLWHG WKH SDUHQW &RPSDQ
ILQDQFLDO \HDU LQ UHVSHFW RI RWKHU IXQG JRYHUQQDFH VHUYLEFHV
-3- -XO\ -3- RI ZKLFK -3- -XO\ -3-
SD\DEOH DW WKH ILQDQFLDO \HDU HQG

<XNL ODQDJHPPHQW 5HVHDUFK &R /LPLWHG DV ,QYHVWPHQW ODQDJHU
WKH ILQDQFLDO \HDU -XO\ -3- \$W WKH ILQDQFLDO \HDU
-3- ZHUH GXH WR <XNL ODQDJHPPHQW 5HVHDUFK &R /LPL

<XNL ± &R //& DV ,QWHUQDWLRQDO 3ODFLQJ \$JHQW HDUQHGH IHHV RI
-XO\ -3- IRU SURYLGLQJ WKLV VHUYLEFH \$W WKH ILQDQFLDO
-XO\ -3- ZHUH GXH WR <XNL ± &R //&

<XNL ,QYHVWPHQWV &R /WG DV WKH 3URPRWHU LV DOVR FRQVLGHUH
\$V RI -XO\ <XNL \$VVHW 7DLZDQ &R /WG DQG <XNL \$VVHW OD
PHPEHUV RI WKH <XNL*URXS KHOG -XO\ RI WKH (XUR
-XO\ RI WKH (XUR +HGJHG 8QLW &ODVV XQLWV UHVSHFWLYH
-XO\ <XNL 6WUDWHJLHV 8PEUHOOD)XQG ZKLFK VKDUHV WKH VDF
WKH)XQG KHOG XQLWV RI WKH -3< 8QLW &ODVV -XO\

&OHDUVWUHPD %DQNLQJ 6\$ \$WWUD[6\$ 4XLQWHW /X[HPERXUJ &XVWR
/LPLWHG DQG ,QWHUQDWLRQDO)XQG 6HUYLEFHV -XO\)XQG
&OHDUVWUHPD %DQNLQJ 6\$ ZKR DUH QRW RWKHUZLVH UHODWHG SDU
8QLW &ODVV LQ WKH 6XE)XQG DV RI -XO\

7KH %RDUG RI 'LUHFWRUV RI WKH ODQDJHU DUH DOVR FRQVLGHUHGH W

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

1RWHV WR WKH)LQDQFLDO 6WDWHPHQWV FRQ

8QLWV LQ LVVXH

<XNL -DSDQ 5HERXQGLQJ *URZWK)XQG

-3< 8QLW &ODVV
<HDU HQGHG
-X

-3< 8QLW &ODVV
<HDU HQGHG
-X

2SHQLQJ %DODQFH
6XEVFULSWLRQV
5HGHPswLRQV
&ORVLQJ %DODQFH

86' +HGJHG 86' +HGJHG
&ODVV &ODVV
<HDU HQGHG <HDU HQGHG
-X -X

2SHQLQJ %DODQFH
6XEVFULSWLRQV
5HGHPswLRQV
&ORVLQJ %DODQFH

(XUR +HGJH (XUR +HGJH
&ODVV &ODVV
<HDU HQGHG <HDU HQGHG
-X -X

2SHQLQJ %DODQFH
6XEVFULSWLRQV
5HGHPswLRQV
&ORVLQJ %DODQFH

-3< ,QVWL' -3< ,QVWL'
8QLW &ODVV8QLW &ODVV
<HDU H <HDU H
-XO\ -XO\

2SHQLQJ %DODQFH
6XEVFULSWLRQV
5HGHPswLRQV
&ORVLQJ %DODQFH

± ± ±
± ± ±

6RIW FRPPLVLRQ DQG GLUHFwhG EURNHUDJH DUUDQJHPHQWV

7KHUH ZHUH QR VRIW FRPPLVLRQ DQG GLUHFwhG EURNHUDJH DUUD
(HUV -XO\ DQG -XO\

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

1RWHV WR WKH)LQDQFLDO 6WDWHPHQWV FRQ

)LQDQFLDO LQVWUXPHQWV

*HQHUDO 5LVN 0DQDJHPPHQW 3URFHVV
7KH ,QYHVWPHQW 0DQDJHU <XNL 0DQDJHPPHQW 5HVHDUFK &R /
PDQDJHPPHQW SURFHVV XQGHU WKH VXSHUYLVLRQ RI WKH ,QYHVWPHQW
IXQFWLRQV LV FDUULHG RXW E\ ERWK WKH 'HSRVLWDU\ DQG E\ WKH %

7KH ,QYHVWPHQW 0DQDJHU LV RUJDQLVHG E\ IXQFWLRQ ZLWK GLVW
6XE)XQG 0DQDJHUV WUDGHUV DQG LQYHVWPHQW DGPLQLVWUDWLR
HPSOR\HG E\ WKH ,QYHVWPHQW 0DQDJHU WR HQVXUH JRRG FRUSRUD

x WKH PDQDJHPPHQW SURFHVV LV PRQLWRUHG E\ PHPEHUV RI WKH %
x VWDWXWRU\ DXGLWRUV RI WKH ,QYHVWPHQW 0DQDJHU -DSDQHV
8QLWKROGHUV ZLWK RYHUVHHLQJ DQG DXGLWLQJ WKH EXVLQHVV
DUH RIWHQ H[HFXYLH RIILFHUV
x ,QYHVWPHQW 3ROLF\ &RPPLWVHH
x &RPSOLDQFH &RPPLWVHH DQG &RPSOLDQFH 2IILFHU

7KH ULVN PDQDJHPPHQW SURFHVV FRQVLVWV RI D PXOWL OD\HUG D
V\WHP RI FKHFNV DQG EDODQFHV DV VWLSXODWHG LQ D VHULHV RI
,QYHVWPHQW 0DQDJHPPHQW *XLGHOLQH DQG 0DQXDO 7UDGHU *XLGHOL

5LVNV VSHFLILF WR WKH 6XE)XQG DUH PDQDJHG E\ WKH UHOHYDQW
WUDGLQJ WHDPV LQYHVWPHQW DGPLQLVWUDWLRQ WHDPV DQG F
PDQDJHPPHQW WHDPV DUH WR PDNH LQYHVWPHQW MXGJHPPHQWV DQG
ZLWK LQWHUQDO LQYHVWPHQW PDQDJHPPHQW UXOHV DQG SURFHGXU
LQKHUHQWO\ EXLOW LQWR D 6XE)XQG E\ PHDQV RI SRUWIROLR FRQV
ZLWK WKH LQWHUQDO JXLGHOLQHV DQG PDQXDOV

,QWHUQDO DXGLWV DUH FRQGXFWHG RQ D UHJXODU DQG WLPHO\ I
SURFHVVHV DUH RSHUDWLQJ HIIHFWLYHO\

5LVN FDQ EH VHSUDUDWHG LQWR WKH IROORZLQJ FRPSRQHQWV PDU
W\SH RI ULVN LV GLVFXVVHG LQ WXUQ DQG TXDOLWDWLYH DQG TXDQ
JLYH WKH UHGHU DQ XQGHUVWDQGLQJ RI WKH ULVN

7KH)XQG FDOFXODWHV JOREDO H[SRVXUH XVLQJ WKH FRPPLWPHQW I
D 0DUNHW 5LVN

7KLV LV WKH ULVN WKDW WKH IDLU YDOXH RU IXWXUH FDVK IORZV R
FKDQJHV LQ PDUNHW YDULDEOHV RU IDFWRUV 0DUNHW ULVN FRPS
FXUUHQF\ ULVN DQG LQWHUHVW UDWL ULVN

7KH 6XE)XQG V LQYHVWPHQWV DUH VXVHSHWLEOH WR PDUNHW UL
SULFHV RI WKH LQVWUXPHQWV 7KH 6XE IXQG V PDUNHW SULFH ULV
LQYHVWPHQW SRUWIROLR

L 0DUNHW 3ULFH 5LVN

7KLV LV WKH ULVN WKDW WKH IDLU YDOXH RU IXWXUH FDVK IORZV R
FKDQJHV LQ PDUNHW SULFHV RWKHU WKDQ WKRVH DULVLQJ IURP F
WKRVH IDFWRUV DUH FDXVHG E\ IDFWRUV VSHFLILF WR LQGLYLGXD
IDFWRUV DIIHFWLQJ VLPLODU ILQDQFLDO LQVWUXPHQWV WUDGHG LQ

<XNL -DSDQ 5HERXQGLQJ *URZWK)XQG

:KLOH WKH 6XE)XQG GRHV QRW IROORZ D EHQFKPDUN IRU WKH S
FRPSDULVRQ WKH 723,; LQGH[ZLOO EH XVHG

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

1RWHV WR WKH)LQDQFLDO 6WDWHPHQWV FRQ

)LQDQFLDO LQVWUXPHQWV FRQWLQXH

D 0DUNHW 5LVN FRQWLQXH

L 0DUNHW 3ULFH 5LVN FRQWLQXH

6LQFH WKH LQFHSWLRQ RI WKH 6XE)XQG LQ 0DUFK WKH 723,; L
ZKLOVW WKH 6XE)XQG KDV DSSUHFLDWHG E\ -XO\

,Q WKH FXUUHQW ILQDQFLDO \HDU WKH ,QYHVWPHQW 0DQDJHU KDV
UHODWLYH WR WKH 723,; EHQFKPDUN 7KH PDUNHW SULFH
IRU WKH IXOO ILVFDO \HDU DV DQ LQGLFDWLRQ DV WR KRZ WKH)XQ
723,; ,I WKH 723,; KDG LQFUHDVHG E\ RQ -XO\ -XO\
YDULDEOHV UHPDLQLQJ FRQVWDQW EDVHG RQ WKH 6XE)XQG V SH
LQFUHDVH LQ 1HW \$VVHWV ZRXOG EH DSSUR[LPDWHO\ -3-
&RQYHUVHO\ LI WKH 723,; KDG GHFUHDVHG E\ WKLV ZRXOG KDYH
E\ WKH VDPH DPRXQW -XO\ -3-

,I WKH SULFHV RI WKH 6XE)XQG V SRUWIROLR LQFUHDVHG E\ DV
-XO\ WKH LQFUHDVH LQ 1HW \$VVHWV RI WKH 6XE)XQG ZRXOG
-XO\ -3-

/LPLWDWLRQV RI 6HQVLWLYLW\ \$QDO\VLV
7KHUH DUH OLPLWDWLRQV LQ UHODWLRQ WR WKH VHQVLWLYLW\ DQ
EDVHG RQ KLVWRULFDO GDWD DQG FDQQRW WDNH DFFRXQW RI WK
FRUUHODWLRQV EHWZHHQ PDUNHWV DQG OHYHOV RI PDUNHW OLTXL
UHODWLRQ WR KLVWRULFDO SDWWHUQV 7KH PDUNHW SULFH ULVN L
D SUHFLVH DQG DFFXUDWH QXPEHU DQG IXWXUH PDUNHW FRQGLW
H[SHULHQFH LQ WKH SDVW 7KH VHQVLWLYLW\ DQDO\VLV DVVXPHV
)XQG WR 723,; UHPDLQV XQFKDQJH

LL &XUUHQF\ 5LVN

&XUUHQF\ ULVN LV GHILQH D V WKH ULVN WKDW WKH IDLU YDOXH RI
FKDQJHV LQ IRUHLJQ H[FKDQJH UDWHV 7KLV ULVN DULVHV RQ ILQDQ
FXUUHQF\ RWKHU WKDQ WKH IXQFWLRQDO FXUUHQF\ LQ ZKLFK LW LV
ILQDQFLDO DVVHWV RI WKH 6XE)XQG DUH GHQRPLQDWHG LQ WKH IX
H[SHQVHV DQG GHULYDWLYHV DUH SDLG SD\DEOH LQ FXUUHQFLHV RV
\$V DW -XO\ KDG WKHUH EHHQ D -XO\ LQFUHDVH
UDWHV DJDLQVW WKH -DSDQHVH <HQ ZLWK DOO RWKHU YDULDEOHV
IROORZLQJ LPSDFW RQ WKH QHW DVVHWV DWVULEXWDEOH WR KR
GLVFORVHG LQ WKH WDEOHV EHORZ \$Q HTXDO DQG RSSRVLWH HIIH
H[FKDQJH UDWHV GHFUHDVHG

7KH WDEOH EHORZ VHWV RXW WKH 6XE)XQG V WRWDO H[SRVXUH WR
IRUHLJQ FXUUHQFLHV RI WKH PRQHWDU\ DQG QRQ PRQHWDU\ DVVHWV

)RUZI
					IRUH
					FXUI
	0RQH\ 1RQH\ 0RQH\				H[FKD
	\$VVHWV	\$VVHWV	FRQWUDFWV	1HW (6SRVXUH)	VHLYLW\
	-3-	-3-	-3-	-3-	-3-

&XUUHQF\
(85
86'

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± ±

<8., \$6,\$ 80%5(// \$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

1RWHV WR WKH)LQDQFLDO 6WDWHPHQWV FRQ

)LQDQFLDO LQVWUXPHQWV FRQWLQXH

D 0DUNHW 5LVN FRQWLQXH

LL &XUUHQF\ 5LVN FRQWLQXH

7KH WDEOH EHORZ VHWV RXW WKH 6XE)XQG VWRWDO H[SRVXUH WR
IRUHLJQ FXUUHQFLHV RI WKH PRQHWDU\ DQG QRQ PRQHWDU\ DVVHWV

		0RQH\ 1RQH\	0RQH\ 1RQH\	0RQH\ 1RQH\	0RQH\ 1RQH\	0RQH\ 1RQH\	0RQH\ 1RQH\	0RQH\ 1RQH\
		\$VVHWV	\$VVHWV	\$VVHWV	\$VVHWV	\$VVHWV	\$VVHWV	\$VVHWV
		-3-	-3-	-3-	-3-	-3-	-3-	-3-

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LLL ,QWHUHVW 5DWH 5LVN

7KLV LV WKH ULVN WKDW WKH IDLU YDOXH RI WKH IXWXUH FDVK IORZ
RI FKDQJHV LQ PDUNHW LQWHUHVW UDWNV

7KH PDMRWLW\ RI WKH 6XE)XQG V ILQDQFLDO DVVHWV DUH HTXLW\
SD\ LQWHUHVW QRU KDYH D PDWXULW\ GDWH &DVK EDODQFHV RI W
LQWHUHVW UDWNV ULVN

E &UHGLW 5LVN

7KLV LV WKH ULVN WKDW RQH SDUW\ WR D ILQDQFLDO LQVWUXPHQW
IDLQLQJ WR GLVFKDUJH DQ REOLJDLWRQ &UHGLW ULVN LQ WKH 6X
H[FKDQJH WUDGHG GHEW VHFUULWLHV IXWXUH RU GHULYDWLYH LQ
H[FKDQJH FRQWUDFWV

\$OO RI WKH DVVHWV DQG FDVK RI WKH 6XE)XQG DUH KHOG ZLWKL
%DQNUXSWF\ RU LQVROYHQF\ RI WKH 'HSRVLWDU\ RU RI LWV SDUH
ZLWK UHVSHFW WR LWV LQYHVWPHQWV LQ HTXLW\ VHFUULWLHV KHO
H[SRVXUH WR WKLV ULVN DW -XO\ DQG -XO\ LV WKH W
6WDWHPHQW RI)LQDQFLDO 3RVLWRQ

,Q DFFRUGDQFH ZLWK WKH UHTXLUHPHQWV RI WKH 7UXVW 'HHG DQ
VHFUULWLHV DUH PDLQWLQH ZLWKL WKH 'HSRVLWDU\ V FXVWR
'HSRVLWDU\ ZLOO HQVXUH WKDW DQ\ DJHQV LW DSSRLQWV WR DVV
VHJUHJDWH WKH DVVHWV RI WKH)XQG 7KXV LQ WKH HYHQW RI LQV
)XQG V DVVHWV DUH VHJUHJDWHG DQG SURWHFWHG DQG WKLV IXUW
ZLOO KRZHYHU EH H[SRVHG WR WKH ULVN RI WKH 'HSRVLWDU\ RU
LQ UHODWRQ WR WKH)XQG V FDVK KHOG E\ WKH 'HSRVLWDU\ ,Q W
'HSRVLWDU\ WKH 6XE)XQG ZLOO EH WUHDWHG DV D JHQHUDO FUH
KROGLQJ RI WKH 6XE)XQG

7KH 6WDQGDUG 3RRU V 6 3 ORQJ WHUP FUHGLW UDWLQJ RI 7KH
%UDQFK ZDV \$\$ DW -XO\ -XO\ \$\$

7KH 6XE)XQG V ILQDQFLDO DVVHWV VXEMLFW WR WKH H[SHFWHG F
RWKHU UHFHLYDEOHV DQG FDVK /RVV DOORZDQFHV IRU RWKHU UH
DPRXQW HTXDO WR OLIHWLPH (&/ LI WKHUH LV VLJQLILFDQW LQFUH
(&/V DUH WKH (&/V WKDW UHVXOW IURP DOO SRVVLEOH GHIDXOW H
LQVWUXPHQW 1R DVVHWV DUH FRQVLGHUHG LPSDLUHG DQG QR DPRX

<8., \$6,\$ 80%5(// \$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

1RWHV WR WKH)LQDQFLDO 6WDWHPHQWV FRQ

)LQDQFLDO LQVWUXPHQWV FRQWLQXH

F /LTXLGLW\ 5LVN

7KLV LV WKH ULVN WKDW WKH)XQG ZLOO HQFRXQWHU GLIILFXOW\ I
OLDELWLHV

7KH DELOLW\ WR VHOO HTXLW\ VKDUHV TXLFNO\ WR PHHW UHGHPSW
ULVN WKDW WKH ,QYHVWPHQW ODQDJHU PDQDJHV 7R PHHW WKH UH
UHTXLUH WR VHOO VHFUXULWLHV

7KH 6XE)XQG HQGHYRXUV WR DFTXLUH RQO\ VXFK ILQDQFLDO LQV
+RZHYHU QRW DOO VHFUXULWLHV LQYHVWHG LQ E\ WKH 6XE)XQG ZLO
PD\ EH ORZ 0RUHRYHU WKH DFFXPXODWLRQ DQG GLVSRVDO RI KRQ
FRQVXPLQJ DQG PD\ QHHG WR EH FRQGXFWHG DW XQIDYRXUDEOH SU
GLIILFXOWLHV LQ GLVSRVLQJ RII DVVHWV DW WKHLU IDLU PDUNHW S
OLPLWHG OLTXLGLW\

7KH ODQDJHU LV HQWLWOHG WR OLPLW WKH QXPEHU RI 8QLWV RI WK
WR RI WKH WRWDO QXPEHU RI 8QLWV RI WKH 6XE)XQG LQ LVVXH
H[FHHGLQJ RI WKH WRWDO QXPEHU RI 8QLWV RI WKH 6XE)XQG LQ
RI D 6XE)XQG RU LWV 8QLWKROGHUV ,Q WKLV HYHQW WKH OLPLW
ZLVKLQJ WR KDYH WKHLU 8QLWV UHSXUFKDVHG RQ WKDW 'HDOLQJ 'D
DQG 8QLWV QRW UHSXUFKDVHG EXW ZKLFK ZRXOG RWKHUZLVH KDYH
IRU UHSXUFKDVH RQ WKH QH[W 'HDOLQJ 'D\ SURYLGHG WKDW UHTXH
IRUZDUG IURP DQ HDUOLHU 'HDOLQJ 'D\ VKDOO VXEMHFW DOZD\ W
SULRULW\ WR ODWHU UHTXHVWV

7KH ODQDJHU RU WKH \$GPLQLVWUDWRU PD\ ZLWK WKH FRQVHQW
VXVSHQG WKH FDOFXODWLRQ RI WKH 1HW \$VVHW 9DOXH RI WKH 6XE
RI 8QLWV RI WKH 6XE)XQG DQG WKH LVVXH DQG UHSXUFKDVH RI
8QLWKROGHUV VXEMHFW WR YDULRXV FRQGLWLRQV DV VWLSXODWHG

\$OO RI WKH ILQDQFLDO OLDELWLHV DW -XO\ DQG -XO\

G)DLU YDOXH HVWLPDWLRQ

,)56 3)DLU YDOXH PHDVXUHPHQW' UHTXLUH WKH)XQG WR FODV
YDOXH KLHUDUFK\ WKDW UHIOHFWV WKH VLJQLILFDQFH RI WKH LQS
YDOXH KLHUDUFK\ KDV WKH IROORZLQJ OHYHOV

x /HYHO 4XRWHG PDUNHW SULFH XQDGMXVWHG LQ DQ DFWLYH P

x /HYHO 9DOXDWLRQ WHFKQLTXHV EDVHG RQ REVHUYDEOH LQS
LQGLUHFWO\ L H GHULYHG IURP SULFHV 7KLV FDWHJRU\ LQFOX
IRU LGHQWLFDO RU VLPLODU LQVWUXPHQWV LQ PDUNHWV WKDW
VHFUXULWLHV SULFHG XVLQJ TXRWDWLRQV UHFHLYHG IURP EURN
UHQDEOH RU RWKHU YDOXDWLRQ WHFKQLTXHV ZKHUH DOO V
REVHUYDEOH IURP PDUNHW GDWD

x /HYHO 9DOXDWLRQ WHFKQLTXHV XVLQJ VLJQLILFDQW XQREVHU
LQVWUXPHQWV ZKHUH WKH YDOXDWLRQ WHFKQLTXH LQFOXGHV LQ
XQREVHUYDEOH LQSXWV KDYH D VLJQLILFDQW HIIHFW RQ WKH LQ
LQVWUXPHQWV WKDW DUH YDOXHG EDVHG RQ TXRWHG SULFHV IRU

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

1RWHV WR WKH)LQDQFLDO 6WDWHPHQWV FRQ

)LQDQFLDO LQVWUXPHQWV FRQWLQXHG

G)DLU YDOXH HVWLPDWRQ FRQWLQXHG

7KH OHYHO LQ WKH IDLU YDOXH KLHUDUFK\ ZLWKLQ ZKLFK WKH ID
HQWLUHW\ LV GHWHUPLQHG RQ WKH EDVLV RI WKH ORZHVW OHYH
PHDVXUHPHQW LQ LWV HQWLUHW\)RU WKLV SXUSRVH WKH VLJQLIL
YDOXH PHDVXUHPHQW LQ LWV HQWLUHW\

,I D IDLU YDOXH PHDVXUHPHQW XVHV REVHUYDEOH LQSXWV WKDW
XQREVHUYDEOH LQSXWV WKDW PHDVXUHPHQW LV D OHYHO PHDVX
SDUWLFXODU LQSXW WR WKH IDLU YDOXH PHDVXUHPHQW LQ LWV H
VSHFLILF WR WKH DVVHW RU OLDELWLW\ 7KH GHWHUPLQDWRQ RI Z
MXGJHPHQW E\ WKH)XQG

)RU HDFK FODVV RI DVVHWV DQG OLDELWLWLV QRW PHDVXUHG DW I
EXW IRU ZKLFK IDLU YDOXH LV GLVFORVHG ,)56 UHTXLUHV WKH)X
KLHUDUFK\ ZKLFK WKH IDLU YDOXH PHDVXUHPHQW ZRXOG EH FDWJ
WHFKQLTXH DQG LQSXWV XVHG LQ WKH WHFKQLTXH \$VVHWV DQG OL
DPRUWLTVHG FRVW WKHLU FDUU\LQJ YDOXHV DUH D UHVRQDEOH DS

&DVK DQG FDKV HTXLYDOHQWV LQFOXGH GHSRVLWV KHOG ZLWK EDC
DFWLYH PDUNHW DQG WKH\ DUH FDWHJRULVHG DV /HYHO

5HFHLYDEOHV DQG SD\DEOHV UHSUHVHQW FRQWUDFW DPRXQWV DQ
UHFHLYDEOH DQG SD\DEOH EDODQFHV DUH FDWHJRULVHG DV /HYHO

7KH)XQG FRQVLGHUV REVHUYDEOH GDWD WR EH WKDW PDUNHW
GLVWULEXWHG RU XSGDWHG UHOLDEOH DQG YHULILDEOH QRW SUP
WKDW DUH DFWLYHO\ LQYROYHG LQ WKH UHOHYDQW PDUNHW

\$OO ILQDQFLDO DVVHWV DW IDLU YDOXH WKURXJK SURILW RU ORVV
IRUZDUG IRUHLJQ FXUUHQF\ H[FKDQJH FRQWUDFWV ZKLFK DUH FODV
HQQHG -XO\ DQG -XO\

7UDQVIHUV EHWZHHQ OHYHOV RI WKH IDLU YDOXH KLHUDUFK\ DUH
ILQDQFLDO \HDU RU ZKHQ WKH SULFLQJ VRXUFH RU PHWKRGORJ\)
ZKLFK WULJJHUV D FDKQJH LQ OHYHO DV GHILQH XQGHU ,)56 'X
DQG -XO\ WKHUH ZHUH QR WUDQVIHUV EHWZHHQ OHYHOV R

([FKDQJH UDWHV

\$V DOO DVVHWV DQG OLDELWLWLV KHOG DW WKH ILQDQFLDO \HD
H[FKDQJH UDWHV KDYH EHQXVHG IRU WUDQVODWRQ SXUSRVHV

,Q UHVSHFW RI FHUWDLQ IHHV SDLG GXULQJ WKH ILQDQFLDO \HDU D
HQQ WKH IROORZLQJ H[FKDQJH UDWHV DSSO\

<HDU HQG H[FKDQJH UDWH

\$V DW -XO\ \$V DW -XO\

(XUR
86 'ROODU

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

1RWHV WR WKH)LQDQFLDO 6WDWHPHQWV FRQ

([FKDQJH UDWHV FRQWLQXH

\$YHUDJH H[FKDQJH UDWH

)LQDQFLDO \HDU)HQQHGLDO \HDU HQG
-XO\ -XO\

(XUR
86 'ROODU

(IILFLHQW SRUWIROLR PDQDJHPHQW

7KH)XQG PD\ RQ EHKDOI RI WKH 6XE)XQG DQG VXEMHFW WR WKH F
E\ WKH &HQWUDO %DQN RI ,UHODQG HPSOR\ WHFKQLTXHV DQG LQVW
HIILFLHQW SRUWIROLR PDQDJHPHQW SXUSRVHV 7UDQVDFWLRQV
PDQDJHPHQW PD\EH XQGHUWDNHQ ZLWK D YLHZ WR DFKLHYLQJ D UH
LQFUHDVH LQ FDSLWDO RU LQFRPH UHWXUQV WR D 6XE)XQG DQG PD

7KHVH WHFKQLTXHV DQG LQVWUXPHQWV PD\ LQFOXGH LQYHVWPHQWV
IXWXUHV ZKLFK PD\ EH XVHG WR PDQDJH LQWHUHVW UDWH ULVN R
HIILFLHQFLHV IRU H[DPSON ZKHUH WKH DFTXLVLWLRQ RI WKH RSWL
WKH XQGHUO\LQJ DVVHW VZDSV DQG IRUZDUG FXUUHQF\ H[FKDQJH
PDQDJH FXUUHQF\ ULVN DJDLQVW WKH EDVH FXUUHQF\ RI D 6XE)XQ
6XE)XQG 6XFK WHFKQLTXHV DQG LQVWUXPHQWV ZLOO EH XWLQVH
&HQWUDO %DQN RI ,UHODQG 1HZ WHFKQLTXHV DQG LQVWUXPHQWV F
XVH E\ WKH)XQG DQG WKH)XQG VXEMHFW DV DIRUHVDLG PD\ HPSO
6XE)XQG PD\ HQWHU LQWR VWRFN OHQGLQJ UHSXUFKDVH DQG RU
SXUSRVHV RI HIILFLHQW SRUWIROLR PDQDJHPHQW LQ DFFRUGDQFH Z

7KH 6XE)XQG GLG QRW XVH ILQDQFLDO GHULYDWLYH LQVWUXPHQW
FXUUHQF\ H[FKDQJH FRQWUDFWV GXULQJ WKH ILQDQFLDO \HDU

'HWDLOV RI IRUZDUG IRUHLJQ FXUUHQF\ H[FKDQJH FRQWUDFWV DV D
WKH 6FKHG XOH RI ,QYHVWPHQWV *DLQV DQG ORVVHV UHODWHG WR
DUH UHIOHFWHG LQ WKH 6WDWHPHQW RI &RPSUHKHQVLYH ,QFRPH

2IIVHWWLQJ

7KHUH DUH QR RII VHWWLQJ DJUHHPHQWV LQ SODFH IRU WKH)XQG
GHULYDWLYH SRVLWLRQV LQ WKH 6WDWHPHQW RI)LQDQFLDO 3RVLW

&RQWLQJHQW OLDELQV

\$V DW -XO\ DQG -XO\ WKH)XQG GLG QRW KDYH DQ\ FRQW

6LJQLILFDQW HYHQWV GXULQJ WKH ILQDQFLDO \HDU

7KH RXWEUHDN RI &RURQDYLUXV &29,' GHFODUH E\ WKH :RUC
SDQGHPLF LQ KDV LPSDFWHG PDQ\ DVSHFWV RI GDLO\ OLIH DQG
DQG RSHUDWLRQDO UHVWULFWLRQV ZHUH LPSOHPHQWHG E\ PDQ\ FR
PRVW HFRQRPLHV JOREDOO\ KDYH IXOO\ UHRSHQH DQG WKH SI
WR FRXQWU\ &RXQWULHV DQG WKHLU ZRUNIRUFH KDYH VXFFHVVIX
SDQGHPLF HQYLURQPHQW \$V ZH PRYH LQWR WKH ODWWHU KDOI F
XQIRUHVHHQ HFRQRPLF FRQVHTXHGHV IURP WKLV YLUXV DQG PDUN
EH UDSLQ XQSUHGLFWDEOH DQG YDU\ VLJQLILFDQWO\ IURP FRXQWU

7KH 'LUHFWRUV WRJHWKHU ZLWK WKH 0DQDJHU ZLOO FRQWLQXH W
SURFHVVHV ZLWK WKH REMHFVLYH RI PLWLJDWLQJ DQ\ SRWHQWLDO

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

1RWHV WR WKH)LQDQFLDO 6WDWHPHQWV FRQ

6LJQLILFDQW HYHQWV GXULQJ WKH ILQDQFLDO \HDU FRQWLQX
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(IIHFWLYH 6HSWHPEHU 0U &KULVWRSKH 'RXFKH ZDV DSSRLQW
WKH DSSRLQWPHQW ZDV DSSURYHG E\ WKH &HQWUDO %DQN RI ,UHOD

(IIHFWLYH 'HFHPEHU D QHZ 3URVSHFWXV ZDV DSSURYHG E\ WK

(YHQWV DULVLQJ LQ 8NUDLQH DV D UHVXOW RI PLOLWDU\ DFWLRQ
LPSDFW RQ VHFUXULWLHV GLUHFWO\ RU LQGLUHFWO\ UHODWHG WR
H[FKDQJHV ORFDWHG LQ 5XVVLQ 35XVVLQ 6HFXULWLHV \$V DW
WKH)XQG KDV QR H[SRVXUH WR 5XVVLQ 6HFXULWLHV 7KH 'LUHF
GHYHORSHPHQWV UHODWHG WR WKLV PLOLWDU\ DFWLRQ LQFOXGLQ
IRUHLJQ JRYHUQPHQWV DQG HFRQRPLF VDDFWLRQV

,QWHUHVW UDWHV LQ -DSDQ UHPDLQ ORZ DORQJ ZLWK LQIODWLR
,QYHVWPHQW 0DQDJHU PRQLWRUV WKHVH SRVLWLRQV

2WKHU WKDQ WKH DERYH WKHUH ZHUH QR RWKHU VLJQLILFDQW HYH
ILQDQFLDO \HDU

6LJQLILFDQW HYHQWV DIWHU WKH ILQDQFLDO \HDU HQG

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(IIHFWLYH 6HSWHPEHU 0U &KULVWRSKH 'RXFKH ZDV DSSRLQW
WKH DSSRLQWPHQW ZDV DSSURYHG E\ WKH &HQWUDO %DQN RI ,UHOD

7KHUH ZHUH QR RWKHU VLJQLILFDQW HYHQWV DIIHFWLQJ WKH)XQG F

\$SSURYDO RI WKH \$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6

7KH \$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQWV ZHUH
0DQDJHU RQ 1RYHPEHU

<8., \$6,\$ 80%5(// \$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

6FKHGXOH RI 6LJQLILFDQW 3RUWIROLR &KDQJHV

)RU WKH ILQDQFLDO-~~WDO~~ HQG HG

0DMRU 3XL
'0* 0RUL &R /WG
0DUXL *URXS &R /WG
)XMLWVX /WG
0DUXZD &R /WG \$LFKL
5HQHV DV (OHFWURQLFV &RUS
6KLPDQR ,QF
.DGRNDZD &RUS
6KLPDG]X &RUS
7HUXPR &RUS
2.80\$ &RUS
680&2 &RUS
-65 &RUS
2O\PSXV &RUS
-HRO /WG
7RNDL &DUERQ &R /WG
2QR 3KDUPDFHXWLFDO &R /WG
6&6. &RUS
6RQ\ *URXS &RUS
1(7 2QH 6\VWHPV &R /WG
6XEDUX &RUS
.LQWHWVX :RUOG ([SUHVV ,QF
7DL\R <XGHQ &R /WG
7RSFRQ &RUS
6HLUHQ &R /WG
&HQWUDO -DSDQ 5DLOZD\ &R
0DJGD 0RWRU &RUS
'DLVKLQNX &RUS
1LSSRQ <XVHQ ..
'HQVR &RUS
0LWVXL 26. /LQHV /WG
0LWVXL)XGRVDQ &R /WG

&R -3-

0DWHULDO SRUWIROLR FKDQJHV DUH GHILQH DV DJJUHJDWH SXUFK
WKH WRWDO YDOXH RI SXUFKDVHV IRU WKH ILQDQFLDO \HDU RU D.
SHUFHQW RI WKH WRWDO YDOXH RI VDOHV IRU WKH ILQDQFLDO \HDU
ODUJHVW VDOHV PXVW EH GLVFORVHG

<8., \$6,\$ 80%5(// \$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

6FKHG XOH RI 6LJQLILFDQW 3RUWIROLR &KDQJHV XQD

)RU WKH ILQDQFLDO-\HDU HQGHG

ODMRU

3URFF-3-

\$LVLQ &RUS

6KLQNR (OHFWULF ,QG XVULHV &R /WG

1* . ,QVXODWRUV /WG

)HUURWHF +ROGLQJV &RUS

7R\RWD 0RWRU &RUS

0,1(%(\$ 0,7680, ,QF

(EDUD &RUS

'H[HULDOV &RUS

.DGRNDZD &RUS

\$VDKL .DVHL &RUS

6DQ\R 'HQNL &R /WG

,VX]X 0RWRUV /WG

7RN\R (OHFWURQ /WG

'DLVKLQNX &RUS

1LQWHQGR &R /WG

6KLPDQR ,QF

.LQWHWVX :RUOG ([SUHVV ,QF

/DVHUWHF &RUS 8QLWV

,ELGHQ &R /WG

&DSFRP &R /WG

-HRO /WG

1LSSRQ <XVHQ ..

2XWVRXUFLQJ ,QF

177 'DWD &RUS

0LWVXL 26. /LQHV /WG

)XMLWVX /WG

ODWHULDO SRUWIROLR FKDQJHV DUH GHILQH DV DJJUHJDWH SXUFK
WKH WRWDO YDOXH RI SXUFKDVHV IRU WKH ILQDQFLDO \HDU RU D.
SHUFHQW RI WKH WRWDO YDOXH RI VDOHV IRU WKH ILQDQFLDO \HDU
ODUJHVW VDOHV PXVW EH GLVFORVHG

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

2WKHU ,QIRUPDWLRQ

3URPRWHU

<XNL ,QYHVWPHQWV &R /WG

6XQ 'ZHOO

1LVKL RFKLDL

6KLQMXNX NX

7RN\R

-DSDQ

0DQDJHU

&DUQH *OREDO)XQG 0DQDJHUV ,UHODQG /LPLWHG

Q)ORRU

%ORFN (,YHDK &RXUW

+DUFRXUW 5RDG

'XEOLQ

,UHODQG

'LUHFWRUV RI &DUQH *OREDO)XQG 0DQDJHUV ,UHODQG /LPLWHG

7HGG\ 2WWR *HUPDQ

0LFKDHO %LVKRS %ULWLK UHVLJQHG 6HSWHPEHU

6DUDK 0XUSK\ ,ULVK

1HLO &OLIIRUG ,ULVK

'DYLG 0F*RZDQ ,ULVK UHVLJQHG \$SULO

(OL]DEHWK %HD]OH\ ,ULVK

&KULVWRSKH 'RXFKH)UHFK \$SSRLQWHG 6HSWHPEHU

-DFTXHOLQH 2†&RQRU %ULWLK \$SSRLQWHG 6HSWHPEHU

,QGHSHQGHQW QRQ H[HFXYLYH 'LUHFWRU

&RPSDQ\ 6HFUHWDU\ WR WKH 0DQDJHU

&DUQH *OREDO)LQDQFLDO 6HUYLEFHV /LPLWHG

Q)ORRU

%ORFN (,YHDK &RXUW

+DUFRXUW 5RDG

'XEOLQ

,UHODQG

,QYHVWPHQW 0DQDJHU

<XNL 0DQDJHPHQW 5HVHDFK &R /LPLWHG

7DQDND <DHVX %XLOGLQJ

<DHVX &KXR .X

7RN\R

-DSDQ

\$GPLQLVWUDWRU 5HJLVWUDU DQG 7UDQVIHU \$JHQW

%1< 0HOORQ)XQG 6HUYLEFHV ,UHODQG 'HVLJQDWHG \$FWLYLW\ &RPSD

2QH 'RFNODQG &HQWUDO

*XLOG 6WUHHW

,)6&

'XEOLQ

,UHODQG

/HJDO DQG 7D[\$GYLVHUV LQ ,UHODQG

'LOORQ (XVWDFH

6LU -RKQ 5RJHUVRQ†V 4XD\

'XEOLQ

,UHODQG

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

2WKHU ,QIRUFIDWLLRQXHG

/HJDO \$GYLVHUV LQ -DSDQ
0RUL +DPDGD 0DWVXPRWR
0DUXQRXFKL 3DUN %XLOGLQJ
0DUXQRXFKL
&KL\RGD NX
7RN\R
-DSDQ

7UXVWHH DQG 'HSRVLWDU\
7KH %DQN RI 1HZ <RUN 0HOORQ 6\$ 19 'XEOLQ %UDQFK
5LYHUVLGH 7ZR
6LU -RKQ 5RJHUVRQ¶V 4XD\
*UDQG &DQDO 'RFN
'XEOLQ
,UHODQG

,QGHSHQGHQW \$XGLWRUV
'HORLWWH ,UHODQG //3
&KDUWHUHG \$FFRXQWDQWV DQG 6WDWXWRU\ \$XGLW)LUP
'HORLWWH 7RXFKH +RXVH
(DUOVIRUW 7HUUDFH
'XEOLQ
,UHODQG

,QYHVWPHQW \$GYLVRU\ &RXQFLO
0U 0DJR\XNL 2VKLWDQL
0U 0DJRWDND 2VKLWDQL
0U -HII &ROOHWW

3ODFLQJ \$JHQW
<XNL ± &R //&
:DONHU /DQH
6DOW /DNH &LW\
8WDK
8QLWHG 6WDWHV RI \$PHULFD

3ODFLQJ \$JHQW LQ -DSDQ
7KH %DQN RI 1HZ <RUN 0HOORQ 6HFXULWLHV &RPSDQ\ -DSDQ /WG
0DUXQRXFKL 7UXVW 7RZHU 0DLQ
0DUXQRXFKL
&KL\RGD NX
7RN\R
-DSDQ

/LVWLQJ \$JHQW
'LOORQ (XVWDFH
6LU -RKQ 5RJHUVRQ¶V 4XD\
'XEOLQ
,UHODQG

<8., \$6,\$ 80%5(// \$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

\$SSHQGL[8&,76 9 5HPXQHWDWLRQ 'LVFORVXUHV

7KH (XURSHDQ 8QLRQ 'LUHFWLYH (8 DV LPSOHPHQWHG LQ ,UHO
8QLRQ 8QGHUWDLQJ IRU &ROOHFWLYH ,QYHVWPHQW LQ 7UDQVIR
UHTXLUHV PDQDJHPHQW FRPSDQLHV WR HVWDEOLVK DQG DSSO\
SURPRWH VRXQG DQG HIIHFWLYH ULVN PDQDJHPHQW DQG GR QRW H
ZLWK WKH ULVN SURILOH RI WKH 8&,76

7R WKDW HIIHFW &DUQH *OREDO)XQG ~~0DQDJHU~~ ~~WKLH 8&,76~~ ~~LIWRP~~ ~~DV~~ ~~GHQW~~ ~~LV~~ ~~UHPXQHWDWLRQ~~
UHPXQHWDWLRQ SROLF\ WKDW DSSOLHV WR DOO 8&,76 IRU ZKLFK
5HPXQHWDWLRQ ~~DQG~~ ~~LIWRP~~ ~~DV~~ ~~GHQW~~ ~~LV~~ ~~UHPXQHWDWLRQ~~
WKH ULVN SURILOH RI WKH ~~0DQDJHU~~ ~~WKLH 8&,76~~ ~~LIWRP~~ ~~DV~~ ~~GHQW~~ ~~LV~~ ~~UHPXQHWDWLRQ~~
5HPXQHWDWLRQ 3ROLF\ DOVR DSSOLHV WR DOO DOWHUQDWLYH LQY
DOWHUQDWLYH LQYHVWPHQW IXQG PDQDJHU ,Q DFFRUGDQFH ZLWK
SDLG WR ,GHQWLILHG 6WDII RI WKH 0DQDJHU FDQ EH GLYLGHG LQWR

‡)L[HG UHPXQHWDWLRQ SD\PHQWV RU EHQHILWV ZLWKRXW FRQ
DQG
‡ 9DULDEOH UHPXQHWDWLRQ DGGLWLRQDO SD\PHQWV RU EHQH
FHUWDLQ FDVHV RWKHU FRQWUDFWXDO FULWHULD ZKLFK LV Q

7KH 0DQDJHU KDV GHVLJQDWHG WKH IROORZLQJ SHUVRQV DV ,GHQW

7KH 'HVLJQDWHG 3HUVRQV
(DFK RI WKH 0DQDJHU V GLUHFWRUV
&RPSOLDQFH 2IILFHU
5LVN 2IILFHU
0RQH\ /DXQGHULQJ 5HSRUWLQJ 2IILFHU
&KLHI ([HFXWLYH 2IILFHU
&KLHI 2SHUDWLQJ 2IILFHU
+HDG RI &RPSOLDQFH ZLWK UHVSRQVLELOLW\ IRU \$QWL 0RQH
)LQDQFLQJ DQG
\$OO PHPEHUV RI WKH LQYHVWPHQW FRPPLWWHH

7KH 0DQDJHU KDV D EXVLQHVV PRGHO SROLFLHV DQG SURFHGXUH
H[FHVVLYH ULVN WDLNQLQJ DQG WDNH DFFRXQW RI WKH QDWXUH VFD
8&,76 7KH 5HPXQHWDWLRQ 3ROLF\ LV GHVLJQHG WR GLVFRXUDJH UL
SURILOH RI WKH 8&,76 DQG WKH 0DQDJHU LV QRW LQFHQWLYLVHG RU

7KH 0DQDJHU KDV GHWHUPLQHG QRW WR FRQVWLWXWH D VHSDU
UHPXQHWDWLRQ PDWWHUV WR EH GHWHUPLQHG WKURXJK WKH 0DQDJ

7KH 0DQDJHU V &RPSOLDQFH DQG \$0/ &RPPLWWHH LV UHVSRQVLEOH
0DQDJHU V UHPXQHWDWLRQ PDWWHUV DQG ZLOO DVVHVV RYHUVHH
RI WKH 0DQDJHU DV ZHOO DV WKDW RI WKH GHOHJDWHV DV UHOHYD
UHPXQHWDWLRQ UHTXLUHPHQWV

7KH 0DQDJHU V SDUHQW FRPSDQ\ LV &DUQH *OREDO &DQDJHU ~~FRPPLWWHH~~
WKURXJK D VKDUHG VHUYLFHV RUJDQLVDWLRQDO PRGHO ZKLFK SURY
DQG HQWHUV LQWR LQWHU JURXS DJUHHPHQWV ZLWK RWKHU &DUQH
HQWLWLHV DUH UHVRXUFHG DSSURSULDWHO\ \$GGLWLRQDO\ WKH 0
7KH RQH QRQ H[HFXWLYH LQGHSHQGHQW GLUHFWRU LV QRW DQ HPS
3HUVRQV DUH GLUHFWO\ HPSOR\HG E\ WKH 0DQDJHU 7KH UHPDLQGH
&DUQH RU HPSOR\HHV RI DQRWKHU HQWLW\ ZLWKLQ WKH &DUQH *UH
WKHLU FRQWULEXWLRQ WR &DUQH *URXS DV D ZKROH ,Q UHWXUQ IF
6WDII WKH 0DQDJHU SD\ DQ DQXDO 6WDII 5HPXQHWDWLRQ WR &DUQH W

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

\$SSHQGL[8&,76 9 5HPXQHWDWRQ 'LVFORVXUHV XQD

7KH QRQ H[HFXWLYH LQGSHQGHQW GLUHFWRU LV SDLG D IL[HG UH
PHPEHU¶V UHPXQHWDWRQ LV OLQNHG WR WKHLU RYHUDOO LQGLY
UHIHUUHQFH WR ERWK ILQDQFLDO DQG QRQ ILQDQFLDO FULWHULD D
VSHFLILF EXVLQHVV XQLWV RU WDUJHWV UHDFKHG RU WKH SHUIRUPD

7KH DJJUHJDWH RI WKH WRWDO 6WDII 5HFKDUJH DQG WKH UHPXQH
GLUHFWRU LV ¼ SDLG WR LQGLYLGXDOV IRU WKH \HDU HQG
DOVR GHWHUPLQH WKDW RQ WKH EDVLV RI QXPEHU RI VXE IXQGV
QXPEHU RI VXE IXQGV DVVHWV XQGHU PDQDJHPHQW WKH SRUWLRQ
¼

7KH)XQG GRHV QRW SD\ DQ\ IL[HG RU YDULDEOH UHPXQHWDWRQ WR

7KH 5HPXQHWDWRQ 3ROLF\ DQG WKH 0DQDJHU¶V UHPXQHWDWRQ S
GXULQJ WKH ILQDQFLDO \HDU \$OVR WKH FRPPLWWHH UHVSRVLEOH
FKDQJHG WR WKH &RPSOLDQFH DQG \$0/ &RPPLWWHH D &RPPLWWHH F

<8., \$6,\$ 80%5(//\$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

\$SSHQGL[\$GGLWLRQDO ,QIRUPDWLRQ IRU 4XDOLILHG
XQDXGLWHG

7KH)XQG LQFOXGLQJ LWV 6XE)XQG LV FRPSOLDQW ZLWK 6ZLVV O
6ZLW]HUODQG 7KH 6ZLVV UHSUHVHQWDWLYH LV &DUQHJLH)XQG 6H
*HQHYD 7KH 6ZLVV SD\LQJ DJHQW LV %DQTXH &DQWRQDOH GH
*HQHYD 6ZLW]HUODQG ,QYHVWRUV LQ 6ZLW]HUODQG FDQ REWDLQ
3URVSHFWXV WKH 7UXVW 'HHG WKH .H\ ,QYHVWRU ,QIRUPDWLRQ 'R
IUHH RI FKDUJH IURP WKH 6ZLVV UHSUHVHQWDWLYH 7KLV GRFXPH
GLVWULEXWHG VR DV QRW WR FRQVWLWXWH DQ RIIHULQJ WR WKH
GRFXPHQW LQ 6ZLW]HUODQG VKRXOG QRW SDVV LW RQ WR DQ\RQH
DSSURSULDWH SURIHVVLRQDO DGylVHU RU WKH 6ZLVV UHSUHVHQW
TXDOLILHG LQYHVWRUV LQ 6ZLW]HUODQG WKH SODFH RI MXULVGLFW

(DFK WLPH SHUIRUPDQFH GDWD LV SXEOLVKHG LW VKRXOG EH QRWH
RI FXUUHQW RI IXWXUH SHUIRUPDQFH DQG WKDW LW GRHV QRW W
LQFXUUHG RQ WKH LVVXH DQG UHGHPswLRQ RI XQLWV

7RWDO ([SHQVH 5DWLRV 37(5' DV DW -XO\

<XNL -DSDQ
5HERXQGLQJ
*URZWK)XQG

8QLW &ODVV
-3< 8QLW &ODVV
86' +HGJHG 8QLW &ODVV
(XUR +HGJHG 8QLW &ODVV
-3< ,QVWLWXWLRQDO 8QLW &ODVV

0HWKRGRORJ\

7KH 7(5 LV FDOFXODWHG RQ DQ H[SRVW EDVLV L H EDVHG RQ WKH
ILVFDO \HDU

7KH 7(5 LV HTXDO WR WKH UDWLR RI WKH WRWDO RSHUDWLQJ FRV
RSHUDWLQJ FRVWV DUH H[SHQVHV GHGXFWHG IURP WKH DVVHWV IR
\$VVHW 9DOXH LV FDOFXODWHG XVLQJ WKH 1HW \$VVHW 9DOXH DV DW

<8., \$6,\$ 80%5(// \$)81'

\$QQXDO 5HSRUW DQG \$XGLWHG)LQDQFLDO 6WDWHPHQW
-XO\

\$SSHQGL[(8 6XVWDLQDELOLW\ 5HJXODWLRQ XG

7KH)XQG LV FDWHJRUL]HG DV DQ \$UWLFOH IXQG XQGHU 5HJXOD
3DUOLDPHQW DQG RI WKH &RXQFLO RI 1RYHPEHU RQ VXVWDLQD
VHUFLFHV VHFWRU

7KH LQYHVWPHQWV XQGHUO\LQJ WKLV)XQG GR QRW WDNH LQWR D
VXVWDLQDEOH HFRQRPLF DFWLYLWLHV ZLWKLQ WKH PHDQLQJ RI 5
3DUOLDPHQW DQG RI WKH &RXQFLO RI -XQH RQ WKH HVWDE
VXVWDLQDEOH LQYHVWPHQW DQG DPHQGLQJ 5HJXODWLRQ (8