



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

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# ANNUAL REPORT & FINANCIAL STATEMENTS

PARTNERS GROUP GENERATIONS FUND

31 December 2016

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**Registered Office of the Company**

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London EC2N 4AY  
United Kingdom

**Authorised Corporate Director**

Partners Group (UK) Limited  
14th Floor, 110 Bishopsgate  
London EC2N 4AY  
United Kingdom

**Investment Adviser**

Partners Group AG  
Zugerstrasse 57  
6341 Baar  
Switzerland

**Depository**

BNY Mellon Trust & Depository (UK) Limited  
Principal Place of Business  
One Canada Square  
London E14 5AL  
United Kingdom

**Registrar**

The Bank of New York Mellon (International) Limited  
One Canada Square  
London E14 5AL  
United Kingdom

**Auditor**

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT  
United Kingdom

**Legal Adviser**

Macfarlanes LLP  
20 Cursitor Street  
London EC4A 1LT  
United Kingdom

**Statement of Authorised Corporate Director's Responsibilities in relation to the Financial Statements of the Company**

The Authorised Corporate Director ("ACD") of the Partners Group Generations Fund, is responsible for preparing the Annual Report and the audited financial statements in accordance with the Open-Ended Investment Companies Regulations 2001 ("the OEIC Regulations"), the Financial Conduct Authority's Collective Investment Schemes' Sourcebook ("COLL") and the Company's Instrument of Incorporation.

The OEIC Regulations and COLL require the ACD to prepare financial statements for each annual accounting period which:

- are in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) ("UK GAAP") and the Statement of Recommended Practice: "Financial Statements of Authorised Funds" ("SORP") issued by the IMA (now known as the Investment Association) in May 2014; and
- give a true and fair view of the financial position of the Company and its Fund as at the end of that period and the net revenue and the net capital gains on the property of the Company and its Fund for that period.

In preparing the financial statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the applicable UK Accounting Standards and the Statement of Recommended Practice relating to Authorised Funds have been followed, subject to any departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and its Fund and enable it to ensure that the financial statements comply with the applicable SORP and UK GAAP. The ACD is also responsible for the system of internal controls, for safeguarding the assets of the Company and its Fund and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Authorised Corporate Director ("ACD") presents herewith the annual long report ("the report") for Partners Group Generations Fund ("the Company") for the period from its launch on 3 May 2016 to 31 December 2016.

### **The Company**

The Company is an Investment Company with Variable Capital ("ICVC") under regulation 12 (Authorisation) of the Open-Ended Investment Company Regulations 2001 ("the OEIC Regulations"). The Company is incorporated in England & Wales with registered number IC001047 and was recognised as an authorised OEIC by the FCA on 22 January 2016. The Instrument of Incorporation can be inspected at the office of the ACD.

The company is a Non-UCITS Retail Scheme ("NURS") fund of alternative investment funds ("FAIF"). The company is an AIF for the purposes of AIFMD.

The Company has an "umbrella" structure meaning that it comprises a number of separate Sub-funds holding different portfolios of assets. The Company currently has only one Sub-fund in existence. Further Sub-funds may be made available in due course, as the ACD may decide.

The ACD of the Company is Partner Group (UK) Limited. The ACD is the sole director of the Company and is authorised and regulated by the Financial Conduct Authority.

### **The TEF Regime**

The Partners Group Generations Fund I Sub-fund has had an application accepted by HM Revenue and Customs to be treated as a Tax Elected Fund ("TEF").

The broad aim of the Tax Elected Fund (TEF) regime is to move the point of taxation from an authorised investment fund (AIF) structured as an OEIC to the investors in the fund. This is, broadly, achieved either by virtue of the fund's income being exempt or by treating distributions by the fund of its taxable income to investors as deductible interest paid by the fund. A TEF may, however, have other categories of taxable receipt which remain subject to taxation in the fund.

The ACD conducted the affairs of the Partners Group Generations Fund I Sub-fund in a way which satisfied all of the TEF Conditions throughout the accounting period, which allows it to continue to be treated as a TEF. However, no assurance can be given that such conditions will be satisfied at all times in future accounting periods.

### **Protected Cell**

On 21 December 2011, the Open Ended Investment Companies Regulations 2011 (as amended) ("the Regulations") were amended to introduce a Protected Cell Regime for OEICs. Under the Protected Cell Regime, each Sub-fund represents a segregated portfolio of assets and accordingly, the assets of a Sub-fund belong exclusively to that Sub-fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including any other Sub-funds and shall not be available for such purpose. The shareholders of the Company are not liable for the debts of the Company.

### **Security Financing Transactions (SFTs)**

The Securities Financing Transactions Regulation, as published by the European Securities and Markets Authority, aims to improve the transparency of the securities financing markets. Disclosures regarding exposure to Securities Financing Transactions (SFTs) are required on all report & accounts published after 13 January 2017. During the period 3 May 2016 to 31 December 2016 and at the balance sheet date, the Partner Group Generations Fund did not engage in SFTs.

### **Sub-fund cross-holdings**

The Company currently has only one Sub-fund in existence therefore there are no cross holdings at the end of the period.

### **Certification of the Annual Report by the ACD**

This report is signed in accordance with the requirement of the COLL sourcebook.



In accordance with COLL 4.5.8BR, the annual report and the financial statements were approved by the board of directors of the ACD of the Company and authorised for issue on 26 April 2017.

## Manager's Report

### Investment objective and policy

The Sub-fund provides the opportunity to invest in private market asset classes through a more liquid vehicle than traditional funds investing in private equity, private real estate, private infrastructure or private debt.

The Sub-fund is a fund of alternative investment funds. The Sub-fund's objective is to provide long term capital growth. The Sub-fund aims to provide this via a portfolio comprising:

- transferable securities (including equity, debt and hybrid instruments) predominantly comprising listed infrastructure, listed real estate, listed private equity, opportunistic fixed income/insurance linked, high yield bonds and certain senior loans; and
- unregulated collective investment schemes investing in private market investments such as private equity, private real estate, private infrastructure and/or private debt (including senior loans).
- other instruments and underlying funds as determined by the ACD and permitted by the Sourcebook including warrants, money market instruments, regulated collective schemes, cash and near cash and deposits.

The ACD will determine the asset allocation of the Sub-fund's assets and will direct investments ensuring the proper diversification and spread of investment amongst the Sub-fund. This allocation will be reviewed and, if required, rebalanced regularly. Derivatives and forward transactions will only be used for Efficient Portfolio Management (FX hedging) purposes.

### Performance review

Partners Group Generations Fund I (the "Fund") closed the year on a positive note for both, B Class Accumulation Shares (+8.24%) as well as P Class Accumulation Shares (+1.22%). In an environment characterized by choppy public markets and higher uncertainty – partially due to the Brexit and the new Trump administration - than in previous years, the Fund showed a solid short first fiscal year.

Throughout the year, the Fund profited particularly from the solid development of its investments, held in the underlying funds. As a result of robust financial figures in the past quarters, Partners Group's lead direct investment KinderCare Education ("KinderCare") for example has been significantly revalued. Revenue increased 3.2% year on year to USD 1.6 billion, driven by improvements in student occupancy rates and same-center full time equivalent utilization rates. Furthermore, robust student enrolment numbers in addition to favourable subsidy rate developments underpinned the company's development. Meanwhile, EBITDA grew 17.1% over the same period to USD 171.5 million. To carry on the development Partners Group continues to interact closely with KinderCare to execute several strategic initiatives, such as analysing demographic trends and upgrading IT infrastructure by enhancing wireless network access across centres. In addition, Partners Group is actively working on strategic growth initiatives for the company, including new store growth, franchising and accretive acquisitions. Partners Group is also in discussions with third parties and other intermediaries to source for add-on and other transformational investment opportunities.

### Activity review

In general, the first year was characterized by portfolio build-up on the private markets as well as on the listed side. Amongst others, the Fund invested in Partners Group's private equity and private infrastructure lead direct investments such as KinderCare, Foncia or Axia NetMedia ("Axia").

In July, the Fund participated in the take-private acquisition of Axia. The company is a fiber network platform that designs, installs and operates "open access" fiber-based internet and data networks across North America and France, specializing in bringing fast broadband to rural and semi-rural areas. Axia and its subsidiaries operate approximately 26'000km of fiber networks and there are opportunities to expand as user-based demand for high-speed broadband network connectivity is growing strongly. Partners Group has also committed additional capital to help Axia roll-out its existing networks in Canada and France, as well as to pursue further network developments around the globe.

## Manager's Report (continued)

### Activity review (continued)

In September, the Fund invested in Foncia, the leading French provider of property management services. Founded over 40 years ago and headquartered in Paris, the company provides a range of services to property owners and tenants, including joint-property management, lease management as well as rental and transaction services. It operates a network of over 500 branches, employs more than 8'000 people and manages a portfolio of around 1.8 million dwellings across France, Belgium, Switzerland and Germany. Foncia is the clear market leader in property management market in France managing approximately 60% more dwellings than its largest competitor. As such Foncia benefits from significant economies of scale and is able to cross-sell services across its platform and complement its core offering with a range of complementary services such as insurance brokerage, energy brokerage, diagnosis solutions and solutions for real estate investors. Partners Group has built a strong relationship with Foncia's CEO Francois Davy and his management team and intends to further grow the company with the goal of turning it into a unique one-stop-shop service provider. Key value creation initiatives include the roll-out of Foncia's M&A strategy in a still highly fragmented French market, the enhancement of cross-selling and marketing of new services as well as the continuation of the company's international expansion.

### Investment outlook

With large-cap purchase multiples at all-time highs today, a clear value-add strategy and high selectivity becomes more important than ever. Against this backdrop, Partners Group's view is that the most attractive direct investments can be found around specific sub-sectors where growth is transformative and outpaces the mean. Within these pockets of growth, platform-building is one of Partners Group's key investment strategies, by using add-on acquisitions as one of the main pathways to growth alongside operational improvements. Additionally, while the initial platform asset may be relatively expensive in this high multiple environment, it is possible to average down the multiple paid by purchasing smaller, add-on companies at lower multiples during the holding period as Partners Group builds out the company.

Beside platform companies, Partners Group also actively screens sub-segments of specific industries; hereby the Fund focuses on category winners or niche leaders. Category winners typically benefitting from trend-based tailwinds and are leaders in the sub-segment in terms of market share or growth potential. Niche leaders have not only value creation potential, but also offer strong defensive capabilities, high cash flow generation and the ability to quickly de-leverage in an uncertain economic context.

### Material changes

The Fund launched on 3 May 2016, with B Class Accumulation Shares. The P Class Accumulation Shares launched on 5 December 2016.

There were no other material changes made to the Fund in 2016.

**Manager's Report (continued)**

Please note that the following tables are on a look-through basis, investments executed after 31 December 2016 are not considered.

**Top 10 Investments**

<b>Investment</b>	<b>% of Fund NAV</b>
KinderCare Education	5%
RECP Partners Group II, LLC	3%
AlliedUniversal 2015	3%
Foncia	2%
Project Firefox	2%
Axia	2%
Vermaat	2%
Sveafastigheter Fersen S.à r.l. - IBL	2%
Sveafastigheter Fersen II S.à r.l. - IBL	2%
PCI Pharma Services	2%

**Top 10 Debt Investments**

<b>Investments</b>	<b>% of Fund NAV</b>
Project Firefox	2%
Axia	2%
Sveafastigheter Fersen II S.à r.l. - IBL	2%
NGL Energy Partners LP	2%
Iceland Foods Group	2%
MPT Operating Partnership LP/MPT Finance Corp	1%
ArrowGlobal	1%
Stockholm Value-Add Portfolio	1%
SIG Combibloc Goup AG	1%
PizzaExpress Ltd.	1%

**Portfolio Exposure by Industries**

<b>Investments</b>	<b>% of value of investments</b>
Financials	37%
Consumer discretionary	13%
Utilities	11%
Industrials	9%
Information technology	7%
Healthcare	6%
Energy	5%
Telecommunication services	5%
Materials	4%
Consumer Staples	3%



**Manager's Report (continued)****Portfolio Exposure by Countries**

<b>Country</b>	<b>% of Fund NAV</b>
United States of America	32%
France	7%
United Kingdom	6%
Sweden	4%
Netherlands	3%
Luxembourg	3%
Spain	2%
Switzerland	2%
Canada	2%
Other	39%

**Currency Exposure (including hedging)\*****B Class Accumulation Shares - Currency**

USD	2%
EUR	1%
GBP	91%
CAD	2%
CHF	1%
SEK	2%
Other	1%

**P Class Accumulation Shares - Currency**

USD	2%
EUR	1%
GBP	91%
CAD	2%
CHF	1%
SEK	2%
Other	1%

\*Estimated on a look through basis

**Current Leverage****B Class Accumulation Shares - Currency**

Leverage as calculated under the gross method	151.67%
Leverage as calculated under the commitment method	101.46%
Percentage of assets subject to special arrangements arising from their illiquid nature	0.0%

**Manager's Report (continued)**

The table below shows the top purchases and sales for the period:

<b>Purchases</b>	<b>£</b>	<b>Sales</b>	<b>£</b>
Partners Group Generations S.A., SICAV-SIF – Private Markets (GBP) Fund*	7,000,000	Virgin Media 6% Guaranteed Senior Secured Notes 15/4/2021	299,447
Partners Group Generations S.A., SICAV-SIF – Loan Access Fund*	2,007,307	PennantPark Investment	150,789
Partners Group Generations (EUR) IC Limited*	1,978,841	Suez	141,142
Partners Group Generations (USD) IC Limited*	872,325	Aeroports De Paris	54,766
Iceland Bondco 6.25% 15/7/2021	389,000	Atmos Energy	30,450
MPT Operating Partnership 5.5% 01/5/2024	316,606	National Grid	28,208
Arrow Global Finance 4.75% FRN 01/5/2023	301,419	Castellum	13,219
Virgin Media 6% Guaranteed Senior Secured Notes 15/4/2021	295,549	ItalGas	13,162
SIG Combibloc 7.75% 15/2/2023	293,345	Ferrovial Rights 18/11/2016	2,040
American Water Works	243,828	Ferrovial Rights 20/6/2016	1,557

\*Related party investment.

## Fund Information

### Launch date

3 May 2016

### Accounting dates

30 June (Interim)

31 December (Final)

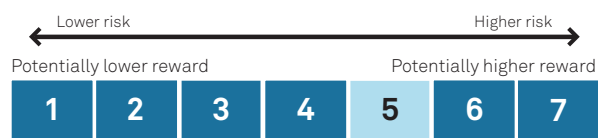
### Income allocation dates

31 August (Interim)

30 April (Final)

### Synthetic Risk and Reward Indicator (SRRI)

The Risk and Reward Indicator below demonstrates in a standard format where the Sub-fund ranks in terms of its potential risk and reward. It is based on simulated historical performance data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking. The higher the rank the greater the potential reward but the greater the risk of losing money.



The Sub-fund is in the above risk category because it invests in less liquid private markets as well as opportunistic fixed income. The category shown is not guaranteed to remain unchanged and may shift over time. The risk and reward profile above is calculated by the ACD on a scale of 1-7 using standard calculations based on simulated historic volatility of the Sub-fund. The lowest category does not mean a Sub-fund is a risk free investment. The Sub-fund is subject to different risks which are not included in the risk reward indicator calculation.

**Comparative Tables**

<b>B Class Accumulation Shares</b>	<b>03/05/2016 to 31/12/2016<sup>+</sup> (pence per share)</b>
<b>Change in net assets per share</b>	
Opening net asset value per share	100.00
Return before operating charges*	9.81
Operating charges	(1.57)
Return after operating charges	8.24
Distributions	0.00
Retained distributions on accumulation shares	0.00
<b>Closing net asset value per share</b>	<b>108.24</b>
*After direct transaction costs of	(0.03)
<b>Performance</b>	
Return after charges	8.24%
<b>Other information</b>	
Closing net asset value (£)	18,168,224
Closing number of shares	16,784,822
Operating charges**	2.25%
Direct transaction costs*	0.03%
Performance fee	0.40%
<b>Prices</b>	
Highest share price	107.80
Lowest share price	99.50

\*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

\*\*The Operating Charges figure represents the annual operating expenses of the share class expressed as a percentage of average net assets for the period. The Operating Charges figure includes the Manager's periodic charge and all charges which are deducted directly from the sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

<sup>+</sup>B Class Accumulation Shares launched on 3 May 2016.

The closing net asset value per share is higher than the highest published share price, due to a period end accounting adjustment.

**Comparative Tables** *continued*

<b>P Class Accumulation Shares</b>	<b>05/12/2016 to 31/12/2016<sup>+</sup> (pence per share)</b>
<b>Change in net assets per share</b>	
Opening net asset value per share	100.00
Return before operating charges	1.39
Operating charges	(0.17)
Return after operating charges*	1.22
Distributions	0.00
Retained distributions on accumulation shares	0.00
<b>Closing net asset value per share</b>	<b>101.22</b>
*After direct transaction costs of	(0.03)
<b>Performance</b>	
Return after charges	1.22%
<b>Other information</b>	
Closing net asset value (£)	6,478,702
Closing number of shares	6,400,331
Operating charges**	2.25%
Direct transaction costs*	0.03%
Performance fee	0.05%
<b>Prices</b>	
Highest share price	100.80
Lowest share price	99.70

\*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

\*\*The Operating Charges figure represents the annual operating expenses of the share class expressed as a percentage of average net assets for the period. The Operating Charges figure includes the Manager's periodic charge and all charges which are deducted directly from the sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

<sup>+</sup>P Class Accumulation Shares launched on 5 December 2016.

The closing net asset value per share is higher than the highest published share price, due to a period end accounting adjustment.

**Portfolio Statement**

as at 31 December 2016

<b>Investment</b>	<b>Currency</b>	<b>Holding</b>	<b>Market Value (£)</b>	<b>Total Net Assets (%)</b>
<b>Transferable securities admitted to an official stock exchange</b>				
<b>Corporate Bonds</b>				
Arrow Global Finance 4.75% FRN 01/5/2023	EUR	€360,000	317,301	1.29
Iceland Bondco 6.25% 15/7/2021	GBP	£400,000	405,708	1.64
MPT Operating Partnership 5.5% 01/5/2024	USD	\$400,000	326,953	1.33
Pizza Express Financing 6.625% 01/8/2021	GBP	£250,000	253,793	1.03
SIG Combibloc 7.75% 15/2/2023	EUR	€320,000	293,679	1.19
			<b>1,597,434</b>	<b>6.48</b>
<b>Equities</b>				
American Water Works	USD	4,000	234,241	0.95
APA	AUD	19,000	95,420	0.39
Apollo Global Management 'A'	USD	15,000	235,261	0.96
Ares Capital	USD	8,000	106,826	0.43
Atlantia	EUR	6,000	114,008	0.46
Atmos Energy	USD	2,800	168,048	0.68
Brookfield Infrastructure Partners	USD	7,400	200,444	0.81
Castellum	SEK	13,000	144,066	0.59
Cellnex Telecom	EUR	9,000	104,789	0.43
Cheung Kong Infrastructure	HKD	15,000	96,606	0.39
Crown Castle International	USD	3,300	231,733	0.94
Deutsche Beteiligungs	EUR	3,000	78,732	0.32
Enbridge	CAD	5,500	187,499	0.76
Eurazeo	EUR	3,200	151,819	0.62
Eurocommercial	EUR	4,200	131,163	0.53
Eutelsat Communications	EUR	5,000	78,510	0.32
Ferrovial	EUR	9,100	132,014	0.54
Flughafen Zuerich	CHF	1,000	150,257	0.61
Fraport	EUR	1,300	62,187	0.25
Gimv	EUR	2,500	111,972	0.45
Hydro One	CAD	6,800	96,642	0.39
Kinnevik	SEK	6,000	117,002	0.47
KRR & Co. (Guernsey)	USD	12,900	160,460	0.65
Mid-America Apartment Communities	USD	1,800	142,642	0.58
National Grid	GBP	10,000	95,000	0.39
New Mountain Finance	USD	7,000	79,594	0.32
Red Electrica	EUR	7,000	107,106	0.43
Sempra Energy	USD	1,600	130,315	0.53
Snam	EUR	21,000	70,161	0.29
Solar Capital	USD	4,700	79,154	0.32
TransCanada	CAD	3,000	109,550	0.44
Two Harbors	USD	17,000	119,969	0.49
Union Pacific	USD	2,800	235,054	0.95
Veolia Environnement	EUR	13,500	186,280	0.76
Vinci	EUR	3,000	165,096	0.67
			<b>4,709,620</b>	<b>19.11</b>

## Portfolio Statement continued

as at 31 December 2016

Investment	Currency	Holding	Market Value (£)	Total Net Assets (%)
<b>Fund Investments</b>				
BBGI	GBP	130,000	178,750	0.72
HG Capital Investment Trust plc	GBP	7,000	107,870	0.44
ICG Enterprise Trust	GBP	13,700	91,927	0.37
Partners Group Generations (EUR) IC Limited <sup>1</sup>	EUR	2,140,927	2,343,150	9.51
Partners Group Generations (USD) IC Limited <sup>1</sup>	USD	1,206,895	1,348,278	5.47
Partners Group Generations S.A., SICAV-SIF - Private Markets (GBP) Fund <sup>1</sup>	GBP	660,824	8,161,140	33.11
Partners Group Generations S.A., SICAV-SIF - Loan Access Fund <sup>1</sup>	USD	250,000	1,966,168	7.98
			<b>14,197,283</b>	<b>57.60</b>
<b>Derivatives</b>				
<b>Forward Currency Contracts</b>				
Buy EUR-250,000/Sell GBP-216,649	EUR	250,000	(3,126)	(0.01)
Buy GBP-187,419/Sell USD-230,000	GBP	187,419	1,402	0.01
Buy GBP-2,521,126/Sell USD-3,160,000	GBP	2,521,126	(34,594)	(0.14)
Buy GBP-232,788/Sell USD-290,000	GBP	232,788	(1,756)	(0.01)
Buy GBP-4,488,519/Sell EUR-4,980,000	GBP	4,488,519	235,148	0.95
Buy GBP-410,547 /Sell EUR-480,000	GBP	410,547	583	—
Buy GBP-6,142,681/Sell USD-7,540,000	GBP	6,142,681	44,538	0.18
Buy GBP-755,700/Sell EUR-900,000	GBP	755,700	(12,981)	(0.05)
Buy GBP-786,102/Sell USD-1,000,000	GBP	786,102	(22,671)	(0.09)
Buy USD-430,000/Sell GBP-337,862	USD	430,000	9,910	0.04
			<b>216,453</b>	<b>0.88</b>
<b>Portfolio of investments</b>			<b>20,720,790</b>	<b>84.07</b>
<b>Net current assets</b>			<b>3,926,136</b>	<b>15.93</b>
<b>Total Net Assets</b>			<b>24,646,926</b>	<b>100.00</b>

<sup>1</sup>Related party investments which are unlisted securities.

There are no comparatives as the fund launched on 3 May 2016.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers, which are listed on an eligible securities market.

**Financial Statements****Statement of total return**

for the period 3 May 2016 to 31 December 2016

	Notes	03/05/2016 to 31/12/2016	
		£	£
Income			
Net capital gains	2		1,467,965
Revenue	3	108,893	
Expenses	4	(238,371)	
Interest payable and similar charges	6	(300)	
Net expense before taxation		(129,778)	
Taxation	5	(87,147)	
Net expense after taxation			(216,925)
<b>Total return before distributions</b>			<b>1,251,040</b>
Distributions	7		—
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>1,251,040</b>

**Statement of change in net assets attributable to shareholders**

for the period 3 May 2016 to 31 December 2016

	03/05/2016 to 31/12/2016	
	£	£
<b>Opening net assets attributable to shareholders</b>		—
Amounts receivable on issue of shares	23,405,886	
Amounts payable on cancellation of shares	(10,000)	
		23,395,886
Change in net assets attributable to shareholders from investment activities		1,251,040
<b>Closing net assets attributable to shareholders</b>		<b>24,646,926</b>



**Financial Statements** *continued***Balance sheet**

as at 31 December 2016

	<b>Notes</b>	<b>31/12/2016</b>
		<b>£</b>
<b>Assets</b>		
Fixed assets		
Investment assets		20,795,918
Current assets		
Debtors	8	854,118
Cash and bank balances	9	<u>3,357,184</u>
Total assets		<u>25,007,220</u>
<b>Liabilities</b>		
Investment liabilities		(75,128)
Creditors		
Creditors	10	(207,801)
Provisions for liabilities	10	<u>(77,365)</u>
Total liabilities		<u>(360,294)</u>
<b>Net assets attributable to shareholders</b>		<b><u>24,646,926</u></b>

**Financial Statements** *continued***Cash flow statement**

for the period 3 May 2016 to 31 December 2016

	<b>Notes</b>	<b>03/05/2016 to 31/12/2016</b>	
		<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>	17		
Net cash inflow from operating activities			(1,184,545)
<b>Cash flows from investing activities</b>			
Payments to acquire investments		(18,888,637)	
Receipts from sales of investments		<u>734,780</u>	
			(18,153,857)
<b>Cash flows from financing activities</b>			
Servicing of finance:			
Bank interest		(300)	
Financing:			
Amounts received on issue of shares		22,705,886	
Amounts paid on cancellation of shares		<u>(10,000)</u>	
			<u>22,695,586</u>
<b>Net increase in cash in period</b>	18		<b><u>3,357,184</u></b>

## Notes to the Financial Statements

as at 31 December 2016

### 1 Accounting policies

#### Basis of accounting

The financial statements have been prepared on a going concern basis in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Management Association (now known as The Investment Association) in May 2014 (the "SORP").

In applying UK GAAP, the financial statements have been prepared in compliance with Financial Reporting Standard 102 (FRS 102). Amendments to FRS 102 'Fair value hierarchy disclosures' effective for accounting periods beginning on or after 1 January 2017 have been early adopted. These amendments improve the consistency of fair value disclosures for financial instruments with those required by EU-adopted IFRS.

#### Valuation of investments

The valuation of the Sub-fund's listed investments is based on the bid-market prices at the closing valuation point on the last day of the accounting period in accordance with the provisions of the Prospectus.

Investments in other collective investment schemes (CIS), managed by the ACD or associate of the ACD are valued at the cancellation price for dual priced Funds and at the single price for single priced Funds. Valuations take into account any agreed rate of redemption charge.

#### Revenue

Interest on bank deposits is recognised on an accrual basis.

Dividends including withholding tax from overseas authorities are treated as receivable on the date on which the security is quoted ex-dividend where the amounts can be reasonably determined.

Revenue from debt securities is accounted for on an effective interest basis, so that any premium or discount in the purchase price is amortised over the remaining life of the security.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

All distributions from Collective Investment Schemes, including Private Market Investments are recognised when the securities are quoted ex-dividend. All distributions from holdings in Collective Investment Schemes are treated as revenue with the exception of the equalisation element, which is treated as capital.

Equalisation received by the Sub-fund on distributions made by its investments is offset against the cost of the relevant investment.

#### Expenses

Expenses are recognised on an accruals basis and are charged against the income account except for costs associated with the purchase and sale of investments, which are allocated to the capital of the Sub-fund.

In addition to the Management Fee, the ACD is entitled, at its discretion, to a performance fee payable by the Sub-fund (the "Performance Fee").

The Performance Fee will be calculated and crystallized on each Dealing Day, subject to the Sub-fund Charge Cap, with the Net Asset Value adjusted accordingly to reflect the amount of Performance Fee payable to the ACD and will be payable annually (as of last day of period). The Performance Fee will mutatis mutandis be calculated in relation to each Sub-fund and Class of Shares separately.

The Performance Fee will be equal to 10% of the Daily Performance Amount subject to the Share class Charge Cap of 2.25% per annum.

The ACD will only be entitled to be paid a Performance Fee if the Gross Asset Value per Share is greater than the Base Asset Value per Share. Since the Base Asset Value per Share must be exceeded for a Performance Fee to be payable, no Performance Fee will be paid where the NAV is performed flat or negatively.

**Notes to the Financial Statements** continued**1 Accounting policies** continued**Expenses** continued

The Performance Fee is calculated on the basis of the Net Asset Value per Share and therefore will be based on net realised and net unrealised gains and losses. As a result, Performance Fees may be paid on unrealised gains which may subsequently not be realised.

The Performance Fee payable to the ACD may be reduced to the extent required so that all applicable fees and charges payable by the Sub-fund do not exceed the Sub-fund Charge Cap of 2.25% per annum.

The following is key terminology relating to the performance fee;

Where:

“Daily Performance Amount per Share” means an amount equal to the greater of (i) 0, and (ii) the Gross Asset Value per Share minus the Base Asset Value per Share provided that the Gross Asset Value per Share exceeds the highest Net Asset Value per Share previously reached in the respective year;

“Daily Performance Amount” means (i) the Daily Performance Amount per Share times (ii) the number of Shares in issue on such Dealing Day (before adding Shares to be issued and deducting Share to be redeemed, respectively, as of such Dealing Day);

“Gross Asset Value per Share” means the Net Asset Value per Share (before deduction for any Performance Fee on such Dealing Day);

“Base Asset Value per Share” means the greater of (i) the Net Asset Value per Share at the time of the first issue of Shares of the Sub-fund (i.e. its launch price), and (ii) the High Watermark;

“High Watermark” means the Net Asset Value per Share (after deduction for any Performance Fee) as of such Dealing Day when a Performance Fee was paid last time, provided that the High Watermark may be adjusted at year end to take into account the reduction of the amount of Performance Fee paid due to the Sub-fund Charge Cap.

**Allocation of income and expenses to multiple share classes**

The allocation of income and expenses to each share class is based on the proportion of the Sub-fund's assets attributable to each share class on the day the income is earned or the expense is incurred. The ACD's periodic charge and general administration charge are allocated on a share class specific basis.

**Taxation**

The fund is subject to corporation tax at 20%, however, the Fund operates under the Tax Elected Fund regime, and therefore the Fund can make distributions divided between dividend distributions and non-dividend distributions. There were no dividend distributions or non-dividend distribution made for this account period and no corporation tax liability arose.

**Distributions**

The Sub-fund's net revenue available for distribution at the end of each distribution period will be paid as a TEF distribution, split between a dividend and non-dividend element. Should the expenses of the Sub-fund (including taxation) exceed the revenue account of the Sub-fund, there will be no distribution and at the end of the financial period the shortfall will be met by the capital account of the Sub-fund. Any revenue attributable to accumulation shareholders is retained within the Sub-fund at the end of the distribution period and represents a reinvestment of revenue on behalf of the accumulation shareholders. The policy of each Sub-fund is to make an interim and a final distribution in each financial period.

**Exchange rates**

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling on the date of the transaction. Investments and other assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates applicable at the closing valuation point on the last day of the accounting period.

## Notes to the Financial Statements continued

**2 Net capital gains**

	<b>03/05/2016 to 31/12/2016 £</b>
Non derivative securities	2,350,495
Forward currency contracts	(862,440)
Foreign currency	(15,349)
Custodian transaction charges	(4,741)
<b>Net capital gains</b>	<b>1,467,965</b>

Net gains listed above of £1,472,706 comprise net realised losses of £(1,066,300) and net unrealised gains of £2,539,006. The fund launched during the period so all of the realised gains/losses relate to the current period.

**3 Revenue**

	<b>03/05/2016 to 31/12/2016 £</b>
Interest from UK bank deposits	129
Interest from Overseas debt securities	8,836
Interest from UK debt securities	22,195
Non-taxable overseas dividends	59,614
Taxable overseas dividends	3,231
UK dividends	4,164
US REIT dividends	10,724
<b>Total revenue</b>	<b>108,893</b>

## Notes to the Financial Statements continued

## 4 Expenses

	03/05/2016 to 31/12/2016 £
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>	
Authorised Corporate Director's periodic charge	130,499
Performance fee*	62,714
Expenses refundable by the Authorised Corporate Director	(118,783)
	<b>74,430</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>	
Depositary's fee	<b>9,918</b>
<b>Other expenses</b>	
Audit fee**	50,400
Registration fees	23,804
Safe custody fees	33,768
Administration charges	19,836
Set up costs	26,215
	<b>154,023</b>
<b>Total expenses</b>	<b>238,371</b>

\*The Performance fee payable to the ACD may be reduced to the extent required so that all applicable fees and charges payable by the Sub-fund do not exceed the Sub-fund Charge Cap of 2.25% per annum of the Sub-fund's Net Asset Value.

The high watermark of the B Class Accumulation Share class was £1.00 at the launch date 3 May 2016 and £1.08 at the period end date 31 December 2016. The high watermark of the P Class Accumulation Share class was £1.00 at the launch date 5 December 2016 and £1.01 at the period end date 31 December 2016. The high watermark will only be adjusted for after payout.

\*\*Audit fee is £42,000 plus VAT.

## Notes to the Financial Statements continued

## 5 Taxation

**03/05/2016 to  
31/12/2016  
£**

**a Analysis of charge in period**

Overseas tax	9,782
Deferred tax	77,365

**Total tax charge for the period (see note 5(b and c))** **87,147**

Corporation tax has been provided at a rate of 20%.

**b Factors affecting current tax charge for the period**

Net expense before taxation	(129,778)
Corporation tax at 20%	(25,956)
Effects of:	
Revenue not subject to tax	(12,756)
Overseas tax	9,782
Relief on overseas tax	(722)
Corporation tax on offshore fund gains	116,799

**Total tax charge for the period (see note 5(a))** **87,147**

**c) Analysis of deferred taxation**

Deferred tax at the start of the period	—
Deferred tax charge (see note 5(a))	77,365

**Deferred tax at the end of the period** **77,365**

Excess management expenses of £197,993 charged against revenue have been utilised to reduce the Sub-fund's deferred tax provision charged against capital. They have been carried forward until the future taxable profits in the form of offshore fund gains are realised.

## 6 Interest payable and similar charges

**03/05/2016 to  
31/12/2016  
£**

Interest	300
<b>Total interest payable for the period</b>	<b>300</b>

## Notes to the Financial Statements continued

**7 Distributions**

	<b>03/05/2016 to 31/12/2016 £</b>
Final distribution	—
<b>Distributions for the period</b>	<b>—</b>
The distributable amount has been calculated as follows:	
Net expense after taxation for the period	(216,925)
Shortfall of income taken to capital	100,126
Tax on capital items	116,799
<b>Net distribution for the period</b>	<b>—</b>

Excess management expenses have been offset against corporation tax on offshore fund gains.

**8 Debtors**

	<b>31/12/2016 £</b>
Accrued revenue	34,415
Accrued expenses refundable by the Authorised Corporate Director	118,783
Amounts receivable on issue of shares	700,000
Overseas withholding tax	920
<b>Total debtors</b>	<b>854,118</b>

**9 Cash, Bank Balances & Cash Equivalents**

	<b>31/12/2016 £</b>
Cash held at bank	3,357,184
<b>Total</b>	<b>3,357,184</b>

**10 Creditors & Provisions for liabilities**

	<b>31/12/2016 £</b>
<b>Creditors</b>	
Accrued expenses	207,801
<b>Provisions for liabilities</b>	
Deferred tax provision	77,365

**11 Contingent liabilities**

There were no contingent liabilities at the Balance Sheet date.



**Notes to the Financial Statements** continued**12 Related party transactions**

The ACD is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operation of the Sub-fund.

The ACD acts as principal in respect of all transactions of the shares in the Sub-fund. The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from the ACD at the period end are disclosed within debtors and creditors.

Amounts payable to and refundable by the ACD in respect of periodic charge and performance fee are disclosed within expenses, amounts due at the period end are disclosed within creditors and amounts refundable by the ACD at the period end are disclosed within the debtors. Amounts payable to the ACD as at 31 December 2016 for periodic charges are £60,523 and performance fees £62,714. Amounts refundable by the ACD as at 31 December 2016 are £118,783.

Details of related party investments are disclosed within the portfolio statement.

**13 Financial instruments**

In pursuing its investment objective and investment policy, the Sub-fund holds a number of financial instruments.

These may comprise:

- Shares or units in United Kingdom or offshore equities, bonds or collective investment schemes. These are held in accordance with the Sub-funds' investment policies;
- Cash, liquid resources and short term debtors and creditors that arise directly from its operation;
- Short term borrowings used to finance operational cash flows;
- The use of forwards for the purposes of Efficient Portfolio Management.

The main risks arising from the financial instruments are market price (including "emerging markets price risk"), foreign currency, interest rate, liquidity and counterparty credit risk. The ACD reviews the policies for managing each of these risks and they are summarised below.

These policies have remained unchanged since the beginning of the period to which these financial statements relate.

**Market price risk**

Market price risk is the risk that the Sub-fund might suffer potential loss through holding market positions in the face of price movements. It arises mainly due to uncertainty about future prices of financial instruments held.

It represents the potential loss a Sub-fund may suffer through holding market positions in the face of market movements and changes in exchange rates. Market risk is the risk that changes in interest rates, foreign exchange rates or equity and commodity prices will make an instrument less valuable or more onerous.

The Sub-fund's investment portfolio is monitored by the ACD in pursuance of its investment objective and policy as set out in the prospectus.

The Sub-fund's market risk is managed by the Investment Manager within a rigorous risk management framework. The Sub-fund invests in a wide range of securities uses a mixture of qualitative and quantitative techniques to achieve the objective of the Sub-fund.

There is, however, no assurance that this objective will be achieved as the value of investments may fall as well as rise and investors may not recoup the original amount invested.

## Notes to the Financial Statements continued

## 13 Financial instruments continued

## Market price risk continued

The difference at any one time between the cost of subscribing for shares and the amount received on redeeming shares means that any investment in any Sub-fund should be viewed as a medium to long-term investment.

Market risk is controlled and monitored through the application of pre-agreed portfolio control ranges which cover asset allocation, duration, yield curve and liquidity. The Investment Manager will use historic data to measure market risk, which is controlled relative to the benchmark.

## Private Equity Risk

The Sub-fund invests in private equities which are often illiquid long-term investments that do not display the liquidity or transparency characteristics often found in other investments (e.g. listed securities). Certain investments are valued on the basis of estimated prices and therefore subject to potentially greater pricing uncertainties than listed securities.

The Sub-fund's portfolio of investments includes unregulated collective investment schemes investing in private market investments such as private equity, private real estate, private infrastructure and/or private debt (including senior loans). The ACD will determine the asset allocation of the Sub-fund's assets and will direct investments ensuring the proper diversification and spread of investment amongst the Sub-fund. This allocation will be reviewed and, if required, rebalanced regularly.

The Sub-fund expects that any or all of the Private Market Funds in which it invests may have highly concentrated portfolios, control and non-control positions and illiquid investments.

## Currency risk

Currency risk is the risk that the revenue and net asset value of the Sub-fund may be adversely affected by movements in foreign exchange rates. The revenue and capital value of the Sub-fund's investments can be significantly affected by currency movements as some of the assets and income are denominated in currencies other than sterling, which is the Company's functional currency.

Currency exposure is monitored and is considered to be part of the overall investment process.

The Sub-fund may receive income in currencies other than sterling, and the sterling value of this income can be affected by movements in exchange rates.

## Currency Exposure Profile

The currency exposure profile of the Sub-fund's financial assets and liabilities at 31 December 2016 was as follows:

31 December 2016	Net Current Assets/(liabilities)		Total £
	Monetary exposure £	Non-monetary exposure £	
Australian dollars	105,306	—	105,306
Canadian dollars	422,216	—	422,216
Euro	4,459,624	(5,218,492)	(758,868)
Hong Kong dollars	99,776	—	99,776
Swedish krona	267,260	—	267,260
Swiss francs	165,252	—	165,252
US dollars	5,791,834	(9,535,426)	(3,743,592)
<b>Total</b>	<b>11,311,268</b>	<b>(14,753,918)</b>	<b>(3,442,650)</b>

## Notes to the Financial Statements continued

## 13 Financial instruments continued

## Interest rate risk

Interest rate risk is the risk that the revenue cashflow or the fair value of investments may be adversely affected by movements in market interest rates.

The Sub-fund invests in CIS, which, in themselves, invest in fixed rate securities and any change in interest rates may result in the Investment Manager being unable to secure similar returns in the future.

The Investment Manager manages interest rate risk to deliver the Sub-fund's required out performance, whilst maintaining capital preservation. The Investment Manager's analysis is concentrated on evaluating current Sub-fund expectations, comparing this with analysis and exploiting the difference by taking appropriate positions.

The interest rate risk profile of the Sub-fund's financial assets and liabilities, including assets held within investments in CISs, at 31 December 2016 was as follows:

	<b>Floating rate Financial assets £</b>	<b>Fixed Rate Financial assets £</b>	<b>Financial assets not carrying interest £</b>	<b>Total £</b>
Investments	317,301	1,280,133	19,198,484	20,795,918
<b>Total</b>	<b>317,301</b>	<b>1,280,133</b>	<b>19,198,484</b>	<b>20,795,918</b>

	<b>Fixed Rate Financial liabilities £</b>	<b>Financial liabilities not carrying interest £</b>	<b>Total £</b>
Investments	—	(75,128)	(75,128)
<b>Total</b>	<b>—</b>	<b>(75,128)</b>	<b>(75,128)</b>

Sensitivity analysis is provided on page 29.

## Notes to the Financial Statements continued

## 13 Financial instruments continued

**Liquidity risk**

Liquidity risk is the risk that the Sub-fund will not be able to meet its obligations as they fall due. Due to the nature of the underlying investments held it may be difficult for a Sub-fund to realise an investment at short notice. Under certain circumstances the ACD (or Registrar on behalf of the ACD) has the ability to limit or defer redemptions. This may result in the Shareholder suffering a delay in realising his investment. As a consequence of such redemption limits, there may be periods, potentially prolonged periods even, where no redemption requests will be processed and completed, whether fully or partially, and/or no new redemption requests will be processed at all.

**Counterparty credit risk**

Counterparty credit risk is the risk of suffering loss due to another party not meeting its financial obligation.

Investments may be adversely affected by counterparty credit risk if any of the institutions with which money is deposited suffers insolvency or other financial difficulties.

The Sub-fund's maximum exposure to credit risk is reflected by the carrying value of the related assets in the balance sheet and portfolio statement.

The counterparty to open derivative contracts at the balance sheet date was Merrill Lynch International. At the period end there was no collateral received from or pledged to the counterparty.

**Credit quality**

The credit quality of the fund's investments in debt securities is shown below:

Credit quality	Net Assets - 31/12/2016	
	£	%
Investment grade	326,953	1.33
Non-investment grade	1,270,481	5.15
Not rated	—	—
<b>Total debt securities</b>	<b>1,597,434</b>	<b>6.48</b>

## Notes to the Financial Statements continued

## 13 Financial instruments continued

## Valuation of financial investments

The following table analyses within the fair value hierarchy the assets and liabilities measures at fair value.

	Assets £	Liabilities £
<b>31/12/2016</b>		
Level 1: Quoted	5,088,167	—
Level 2: Observable	1,889,015	(75,128)
Level 3: Unobservable	13,818,736	—

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities the entity can access at measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 investments are made up of equities that are traded on an official stock exchange.

Level 2: inputs other than quoted prices included within level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly. Level 2 investments are made up of debt instruments and forward currency contracts.

Level 3 inputs unobservable for the asset or liability. Unobservable inputs reflect the Sub-fund's own assumptions about how market participants would be expected to value the asset or liability. Unobservable inputs are developed based on the best information available in the circumstances, other than market data obtained from sources independent from the Sub-fund and might include the Sub-fund's own data. Level 3 investments are made up of unlisted securities.

## Notes to the Financial Statements continued

## 13 Financial instruments continued

**Sensitivity Analysis**

The following calculations are based on a look through to the underlying investments held by CISs that the Sub-fund invests in.

**Interest rate sensitivity**

An increase of 100 basis points (1%) as at the reporting date will cause net capital gains to decrease by £135,558 and the net asset value to decrease by £135,558.

A decrease would have had an equal but opposite effect. The analysis assumes all other variables remain constant.

**Currency sensitivity**

The tables below sets out the effect, including the effects of derivatives and investments held by CISs, of a reasonably possible strengthening of the following currencies against Sterling.

Currencies	31/12/2016 %
EUR against GBP	5
USD against GBP	5

Effect in GBP	31/12/2016 £
<b>EUR</b>	
Increase in net capital gains and increase in net asset value	12,323
<b>USD</b>	
Increase in net capital gains and increase in net asset value	24,646

A strengthening of Sterling against the above currencies of the same rates will have resulted in an equal but opposite effect. The analysis assumes all other variables remain constant.

**Equity market price sensitivity**

An increase of 500 basis points (5%) as at the reporting date will cause the net capital gains and the net asset value to increase by £492,938.

A weakening in equity market prices of the same 5% will have resulted in an equal but opposite effect. The analysis assumes all other variables remain constant.

## Notes to the Financial Statements continued

## 14 Portfolio transaction costs

For the period 3 May 2016 to 31 December 2016

	Transaction Value	Commissions		Taxes	
Purchases (excluding derivatives)	£	£	%	£	%
Equity instruments (direct)	4,828,487	1,447	0.03	2,502	0.05
Debt instruments (direct)	1,829,669	—	—	—	—
Collective investment schemes	12,225,519	110	—	903	0.01
<b>Total purchases</b>	<b>18,883,675</b>	<b>1,557</b>		<b>3,405</b>	
<b>Total purchases including transaction costs</b>	<b>18,888,637</b>				
Sales (excluding derivatives)	£	£	%	£	%
Equity instruments (direct)	435,464	126	0.03	5	—
Debt instruments (direct)	299,447	—	—	—	—
<b>Total sales</b>	<b>734,911</b>	<b>126</b>		<b>5</b>	
<b>Total sales net of transaction costs</b>	<b>734,780</b>				
<b>Derivative transaction costs</b>		<b>—</b>		<b>—</b>	
<b>Total transaction costs</b>		<b>1,683</b>		<b>3,410</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.01%</b>		<b>0.02%</b>	

## Notes to the Financial Statements continued

**14 Portfolio transaction costs continued**

The above analysis covers any direct transaction costs suffered by the Sub-fund during the period. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions and taxes etc.) are attributable to the Sub-fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the Sub-fund's investment transactions in debt instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments to manage the Sub-fund's daily liquidity position are excluded from the analysis.

For the Sub-fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs suffered in those underlying Sub-fund's, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs suffered by the Sub-fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.13%.

**15 Share movement**

For the period 3 May 2016 to 31 December 2015

	<b>B Class Accumulation Shares</b>	<b>P Class Accumulation Shares*</b>
Opening shares	—	—
Shares issued	16,794,626	6,400,331
Shares redeemed	(9,804)	—
Shares converted	—	—
<b>Closing shares</b>	<b>16,784,822</b>	<b>6,400,331</b>

\*P Class Accumulation Shares launched on 5 December 2016.

**16 Post balance sheet events**

There are no post balance sheet events for the period ended 31 December 2016.



Notes to the Financial Statements *continued***17 Reconciliation of change in net assets attributable to shareholders from investment activities to net cash from operating activities**

	<b>03/05/2016 to 31/12/2016 £</b>
Change in net assets attributable to shareholders from investment activities	1,251,040
<b>Adjustments for:</b>	
Interest paid	300
Capital gains on non-derivative securities*	(2,350,495)
Unrealised net capital gains on forward currency contracts	(216,438)
Increase in debtors	(154,118)
Increase in creditors	285,166
<b>Net cash flow from operating activities</b>	<b>(1,184,545)</b>

\*Realised gains on non-derivative securities included in cash flows from financing activities on the cash flow statement.

**18 Analysis of change in cash**

	<b>03/05/2016 to 31/12/2016 £</b>
Cash and bank balances at the start of the period	—
Net cash flows	3,357,184
<b>Cash and bank balances at the end of the period</b>	<b>3,357,184</b>

**Distribution Tables****Final distribution in pence per share****Period**

Group 1: Shares purchased on 3 May 2016

Group 2: Shares purchased after 3 May 2016 to 31 December 2016

<b>B Class Accumulation Shares</b>	<b>Revenue</b>	<b>Equalisation<sup>+</sup></b>	<b>Income Accumulation 30/04/2017</b>
TEF distribution (dividend)			
Group 1	—	—	—
Group 2	—	—	—
TEF distribution (non-dividend)			
Group 1	—	—	—
Group 2	—	—	—

**Period**

Group 1: Shares purchased on 5 December 2016

Group 2: Shares purchased after 5 December 2016 to 31 December 2016

<b>P Class Accumulation Shares</b>	<b>Revenue</b>	<b>Equalisation<sup>+</sup></b>	<b>Income Accumulation 30/04/2017</b>
TEF distribution (dividend)			
Group 1	—	—	—
Group 2	—	—	—
TEF distribution (non-dividend)			
Group 1	—	—	—
Group 2	—	—	—

+Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the actual amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

## Remuneration (Unaudited)

Partners Group (UK) Ltd's 117 staff (including leavers during the year) received a total of £45,316,221 in remuneration for the year 2016. The ratio between fixed and variable remuneration is approximately 1:4.39.

The aggregate amount of remuneration of the 12 staff (including four directors) who make up the senior management of Partners Group (UK) Ltd was £19,795,237.

The aggregate amount of remuneration of the 15 staff (including three directors) whose actions have a material impact on the risk profile of the Program was £20,039,216.

N.B. The figures in respect of staff who are involved in the activities of the fund and senior management include a number of the same staff. Therefore, these figures should not be read as cumulative.

Variable remuneration is determined by reference to individual and departmental performance and, in all cases, is subject to group-wide performance. Individual performance is primarily determined through an annual appraisal process which involves setting qualitative and quantitative individual and departmental goals. Performance is periodically assessed against the plan and is the basis for measuring the individual performance.

Partners Group does not link variable remuneration to a mechanical measure of performance and the successful achievement of quantitative goals can be overridden by qualitative measures of performance.

Finally, Partners Group's Nomination and Compensation Committee are responsible for approving the group-wide remuneration practices.

## Other information

### Pricing basis

The Company deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the sale or redemption is agreed.

## Subscriptions, Redemptions and Switches of Shares in the Company

The dealing office of the Registrar is open from 9.00 a.m. until 5.00 p.m. GMT on each Dealing Day to receive requests for the subscription, redemption and switching of Shares, which will be effected at prices determined at the next Valuation Point following acceptance of such request. Valid instructions for subscriptions, redemptions and/or switches will be processed by the Registrar.

There is an initial offer period of one day from launch of a Sub-fund and the initial offer period will end after this time. The initial price of a Share is £1.00 (Shares will not be redeemed or issued in any other currency). Please note that if in the reasonable opinion of the ACD, the operation of the Company is not viable at the end of the initial offer period, the ACD may, subject to compliance with the Sourcebook and subject to the agreement of the Depositary, wind up the Company or consider any other alternative as may be appropriate in the circumstances.

## Publication of Prices

Shareholders can obtain the price of their Shares from the Registrar or on the following webpage: [www.pggenerationsfund.com](http://www.pggenerationsfund.com).

**Statement of the Depository's Responsibilities in Respect of the Scheme and Report of the Depository to the Shareholders of the Partners Group Generations Fund ("the Company") for the period ended 31 December 2016.**

The Depository must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, and, from 22 July 2014 the Investment Funds Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depository must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depository is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depository must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

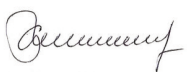
The Depository also has a duty to take reasonable care to ensure that Company is managed in accordance with the Scheme documents and the Regulations in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depository of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AIFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company in accordance with the Regulations and Scheme documents of the Company.

For and on behalf of  
BNY Mellon Trust & Depository (UK) Limited  
160 Queen Victoria Street  
London EC4V 4LA

Manager



26 April 2017

**Report on the financial statements****Our opinion**

In our opinion, Partners Group Generations Fund's financial statements, (the "financial statements of the Company"):

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 December 2016 and of the net expenses and the net capital gains and cash flows of the scheme property of the Company and each of the sub-funds for the period then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

**What we have audited**

Partners Group Generations Fund (the "Company") is an umbrella fund with a single sub-fund. The financial statements of the Company, included within the Annual Report & Financial Statements (the "Annual Report") comprise the financial statements of the sub-fund, which are prepared by Partners Group (UK) Limited (the "Authorised Corporate Director"), and comprise for the sub-fund:

- the balance sheet as at 31 December 2016;
- the statement of total return for the period then ended;
- the statement of change in net assets attributable to shareholders for the period then ended;
- the cash flow statement for the period then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information; and
- the distribution tables

The financial reporting framework that has been applied in their preparation is United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law), the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for UK Authorised Funds"), the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

In applying the financial reporting framework, the Authorised Corporate Director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

**Opinions on matters prescribed by the Collective Investment Schemes sourcebook****In our opinion:**

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Corporate Director's Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Other matters on which we are required to report by exception****Propriety of accounting records and information and explanations received**

Under the Collective Investment Schemes sourcebook we are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

**Responsibilities for the financial statements and the audit****Our responsibilities and those of the Authorised Corporate Director**

As explained more fully in the Statement of Authorised Corporate Director's Responsibilities set out on page 3, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose.

We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's and the Company's sub-fund's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Authorised Corporate Director; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

**What an audit of financial statements involves continued**

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**

Chartered Accountants and Statutory Auditors  
London

26 April 2017

**Notes:**

- a) The maintenance and integrity of the Partners Group Generations Fund website is the responsibility of the Authorised Corporate Director; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.