



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

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# ANNUAL REPORT & FINANCIAL STATEMENTS

PARTNERS GROUP GENERATIONS FUND

31 December 2017

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Directory	2
The Authorised Corporate Director's Report	3
Statement of Authorised Corporate Director's (ACD) Responsibilities in relation to the Financial Statements of the Company.	3
Generations Fund I Sub-fund report	5
Manager's Report	5
Fund Information	10
Comparative Tables	11
Portfolio Statement	14
Financial Statements	16
Notes to the Financial Statements	19
Distribution Tables	35
Remuneration (Unaudited)	37
Other Information	37
Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the Partners Group Generations	38
Independent Auditors' report to the Shareholders of the Partners Group Generations Fund	39

**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's Report *continued*

The Authorised Corporate Director ("ACD") presents herewith the annual long report ("the report") for Partners Group Generations Fund ("the Company") for the year to 31 December 2017.

### 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 Partners 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. For the year to 31 December 2017 and at the balance sheet date, the Partner Group Generations Fund did not engage in SFTs.

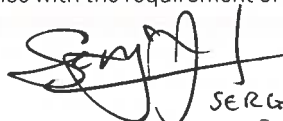
### Sub-fund cross-holdings

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

### Certification of the Annual Report by the ACD

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

  
WILLIAM GARN  
ASSOCIATE

  
SERGIO SOUELLE  
DIRECTOR.

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 19 April 2018.

## 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;
- 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); and
- 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

#### Positive performance in 2017

Partners Group Generations Fund I (the "Fund") closed the year on a positive note for B Class Accumulation Shares (+11.0%), P Class Accumulation Shares (+11.0%) as well as newly launched J Class Accumulation shares (+0.6%). Hereby, all asset classes contributed to the uplift with the real estate segment being the main driver. The top performer was real estate secondary investment Project Immo IV, which was purchased at significant discount to net asset value.

Furthermore, KinderCare, the largest for-profit provider of early childhood education and care services in the US, contributed positively to the Fund's performance. Adjusted EBITDA grew, mainly attributable to lower operating and administrative expenses. Partners Group continues to work closely with KinderCare Education on a number of strategic initiatives, such as analyzing demographic trends for new potential center openings, upgrading IT infrastructure by enhancing its security systems as well as implementing a pricing optimization model.

#### Activity review

In general, the first full 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 investments such as Civica, CPA Global and UK Light Industrial Portfolio.

In September 2017, Partners Group completed an investment to provide mezzanine financing on the acquisition of a portfolio consisting of 127 light logistics assets located in the UK, primarily in London and other major cities including Liverpool and Manchester. The portfolio comprises a total of 1,315 leasable units, has an occupancy rate of approximately 90%, with over 60% of the properties fully occupied. The business strategy for the portfolio will involve restructuring leases and undertaking capital expenditure works. Entering at a discount to replacement cost, Partners Group finds this transaction accretive due to its attractive debt yield and the above-average debt servicing coverage ratio of the portfolio, and expects the portfolio to benefit from the increase in demand for light industrial assets which support e-commerce companies.

## Manager's Report (continued)

### Investment outlook

#### Activity review (continued)

In October, Partners Group closed the acquisition of Civica, a leading UK-based provider of specialist software, digital solutions and outsourcing services. Civica provides business-critical software and technology-based outsourcing services to both public sector organizations and to commercial organizations in highly regulated sectors. The company has a highly diversified customer base. Civica is an attractive investment opportunity, given its leading and defensible market positions, recurring revenues on the back of multi-year contracts as well as strong financial performance with continuous growth, stable margins and high cash conversion. Partners Group will work with Civica's management team to help expand the company both organically and through accretive acquisitions, with a particular focus on accelerating Civica's growth in existing international hubs such as Australia and New Zealand.

In December, Partners Group agreed to acquire CPA Global as part of a consortium including Leonard Green Partners and other investors. Founded in 1969 and headquartered in Jersey, Channel Islands, CPA is a leading provider of a broad range of software and services across the intellectual property (IP) life cycle, from invention to expiry, ensuring an IP owner's rights are protected, maintained and regularly reviewed and renewed. The company operates with 22 offices across Europe, North America and Asia, employing over 2,100 employees and serving more than 8,400 direct customers. Partners Group has been an existing debt investor in CPA since 2013 and has significant experience working with other companies with similar dynamics, through prior investments. This existing level of familiarity with the company provided Partners Group with additional insight into the deal, which valued CPA at GBP 2.4 billion.

CPA is an attractive investment given its leading position in a growing market. Over the past five years, CPA has maintained a strong financial track record and has achieved double-digit organic EBITDA growth, driven by consistent increases in the total global stock of patents. Going forward, CPA's management team will continue to focus on several value creation initiatives to further grow the business. For instance, the company aims to develop new innovative products for IP professionals to automate the current process and workflows, as well as build on its existing M&A activity to further expand market share and add new capabilities.

### Outlook

The private equity market continued and is expected to further generate company purchase multiples for quality assets trading at all-time high. Thus providing on the one hand an attractive environment for exits of mature assets but on the other hand a setting on the investment side which requires strong sourcing capabilities and a focus on operational value creation on asset level. Partners Group has the mindset, that active management, realized through value creation initiatives over the holding period, is the ideal road to growth and outperformance over public markets. With a dedicated value creation team of more than 25 in-house specialists and 220 industrial partners, the identification of value enhancement projects on asset level starts already in the due diligence phase. In spite of pricing levels at record highs, Partners Group's locally present investment teams continue to identify attractive investment opportunities in the direct debt and equity space with value creation potential.

The focus on equities remains on 'platform assets'. Those are leading companies with a strong management team and company infrastructure in fragmented industries which can be further expanded through add-on acquisitions. This allows to bring small or lower mid-market business into the leader's corporate infrastructure at lower acquisition multiples. As a consequence building large significant market leaders at a reasonable price. Next to platform investments, Partners Group focus on finding 'category winners' that are leaders in terms of market share or growth potential in sub-sectors benefitting from trend-based tailwinds and also seek out niche leaders, not only with value creation potential but also with strong defensive capabilities. Regarding direct debt transactions, the sweet spot lies on companies in attractive sub-sectors where Partners Group has deep industry knowledge and confidence in underlying growth fundamentals, on the support of successful sponsors by providing add-on acquisition financing for buy and build strategies and on flexible/tailor-made capital structures.

**Manager's Report (continued)**

Please note that the following tables are on a look-through basis, investments executed after 31 December 2017 are not considered.

**Top 10 Investments**

<b>Investment</b>	<b>Type</b>	<b>% of Fund NAV</b>
CPA Global	Direct	3.7%
Civica	Direct	3.0%
UK Light Industrial Portfolio	Direct	2.8%
Praesidiad NV	Direct	2.2%
Carestream Dental LLC	Direct	1.8%
Caffe Nero	Direct	1.6%
eResearch Technology, Inc.	Direct	1.4%
Project Immo IV (European mixed use)	Secondary	1.3%
Rocky Point Office Portfolio (Tampa, Florida)	Direct	1.2%
AlliedUniversal 2015	Direct	1.0%

**Top 10 Debt Investments**

<b>Investments</b>		<b>% of Fund NAV</b>
UK Light Industrial Portfolio	Direct	2.8%
Praesidiad NV	Direct	2.2%
Carestream Dental LLC	Direct	1.8%
Caffe Nero	Direct	1.6%
eResearch Technology, Inc.	Direct	1.4%
Duravant	Direct	0.8%
Heartland Dental Care Inc	Direct	0.8%
Global Healthcare Exchange	Direct	0.6%
Axia	Direct	0.6%
Nord Anglia Education PLC	Direct	n.a.

**Portfolio Exposure by Industries**

<b>Investments</b>	<b>% of value of investments</b>
Financials	33%
Consumer discretionary	12%
Materials	12%
Industrials	9%
Telecommunication services	9%
Information technology	9%
Healthcare	7%
Utilities	6%
Energy	2%
Consumer staples	1%

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

<b>Country</b>	<b>% of Fund NAV</b>
United States of America	16%
United Kingdom	10%
Jersey	4%
France	3%
Belgium	2%
Diversified	2%
Germany	1%
Norway	1%
Sweden	1%
Other (Including cash and listed)	59%

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

USD	4%
EUR	2%
GBP	86%
CAD	2%
NOK	2%
SEK	2%
Other	2%

**P Class Accumulation Shares - Currency**

USD	4%
EUR	2%
GBP	86%
CAD	2%
NOK	2%
SEK	2%
Other	2%

**J Class Accumulation Shares - Currency**

USD	4%
EUR	2%
GBP	86%
CAD	2%
NOK	2%
SEK	2%
Other	2%

\*Estimated on a look through basis

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

Leverage as calculated under the gross method	150.4%
Leverage as calculated under the commitment method	100.7%
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 year:

<b>Purchases</b>	<b>£</b>	<b>Sales</b>	<b>£</b>
Partners Group Generations S.A., SICAV-SIF - Private Markets (GBP) Fund.*	23,200,000	UK Treasury 1% 07/9/2017	2,001,325
Partners Group Generations S.A., SICAV-SIF - Loan Access Fund.*	14,920,355	Iceland Bondco 6.25% 15/7/2021	412,500
Partners Group Generations (USD) IC Limited.*	5,951,091	Hydro One	405,176
Partners Group Generations (EUR) IC Limited.*	3,266,331	Red Electrica	251,474
UK Treasury 1% 07/9/2017	2,005,680	Pizza Express Financing 6.625% 01/8/2021	244,063
Picard e SAS 3% FRN 30/11/2023	1,679,410	Crayon 6.33% FRN 06/4/2020	211,823
Enbridge	1,015,819	Fraport	190,874
SoftBank 6% 30/7/2025	906,964	Snam	139,080
Virgin Media Receivables Financing Notes I DAC 5.5% 15/9/2024	880,533	TransCanada	130,335
HCA 5.875% 01/5/2023	877,224	Deutsche Beteiligungs	104,115

\*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 Class Accumulation Shares	01/01/2017 to 31/12/2017 (pence per share)	03/05/2016 to 31/12/2016 <sup>+</sup> (pence per share)
<b>Change in net assets per share</b>		
Opening net asset value per share	108.24	100.00
Return before operating charges*	13.62	9.81
Operating charges	(2.32)	(1.57)
Return after operating charges	11.30	8.24
Distributions	0.00	0.00
Retained distributions on accumulation shares	0.00	0.00
<b>Closing net asset value per share</b>	<b>119.54</b>	<b>108.24</b>
*After direct transaction costs of	(0.05)	(0.03)
<b>Performance</b>		
Return after charges	10.44%	8.24%
<b>Other information</b>		
Closing net asset value (£)	28,224,570	18,168,224
Closing number of shares	23,610,387	16,784,822
Operating charges**	2.04%	2.25%
Direct transaction costs*	0.04%	0.03%
Performance fee	0.59%	0.40%
<b>Prices</b>		
Highest share price	119.30	107.80
Lowest share price	107.20	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 year. 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.

+B Class Accumulation Shares launched on 3 May 2016.

The closing net asset values per share, for 31 December 2017 and 31 December 2016, are higher than the highest published share price due to period end accounting adjustments.



## Comparative Tables continued

J Class Accumulation Shares	13/11/2017 to 31/12/2017+ (pence per share)
<b>Change in net assets per share</b>	
Opening net asset value per share	100.00
Return before operating charges*	1.11
Operating charges	(0.30)
Return after operating charges	0.81
Distributions	0.00
Retained distributions on accumulation shares	0.00
<b>Closing net asset value per share</b>	<b>100.81</b>
*After direct transaction costs of	(0.01)
<b>Performance</b>	
Return after charges	0.81%
<b>Other information</b>	
Closing net asset value (£)	45,352,850
Closing number of shares	44,990,010
Operating charges**	2.21%
Direct transaction costs*	0.31%
Performance fee	-
<b>Prices</b>	
Highest share price	100.60
Lowest share price	99.64

\*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 year. 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.

+J Class Accumulation Shares launched on 13 November 2017.

The closing net asset value per share, for 31 December 2017 is higher than the highest published share price due to a period end accounting adjustment.

## Comparative Tables continued

P Class Accumulation Shares	01/01/2017 to 31/12/2017 (pence per share)	05/12/2016 to 31/12/2016 <sup>+</sup> (pence per share)
<b>Change in net assets per share</b>		
Opening net asset value per share	101.22	100.00
Return before operating charges*	12.76	1.39
Operating charges	(2.16)	(0.17)
Return after operating charges	10.60	1.22
Distributions	0.00	0.00
Retained distributions on accumulation shares	0.00	0.00
<b>Closing net asset value per share</b>	<b>111.82</b>	<b>101.22</b>
*After direct transaction costs of	(0.04)	(0.03)
<b>Performance</b>		
Return after charges	10.47%	1.22%
<b>Other information</b>		
Closing net asset value (£)	36,002,874	6,478,702
Closing number of shares	32,198,002	6,400,331
Operating charges**	2.03%	2.25%
Direct transaction costs*	0.04%	0.03%
Performance fee	0.59%	0.05%
<b>Prices</b>		
Highest share price	111.60	100.80
Lowest share price	100.20	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 year. 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.

+P Class Accumulation Shares launched on 5 December 2016.

The closing net asset values per share, for 31 December 2017 and 31 December 2016, are higher than the highest published share price due to period end accounting adjustments.

**Portfolio Statement**

as at 31 December 2017

Investment	Currency	Holding	Market Value (£)	Total Net Assets (%)
<b>Transferable securities admitted to an official stock exchange</b>				
<b>Corporate Bonds 8.92% (2016 - 6.48%)</b>				
Arrow Global Finance 4.75% FRN 01/5/2023	EUR	360,000	325,767	0.30
Arrow Global Finance 5.125% 15/9/2024	GBP	500,000	504,915	0.46
Crayon 6.33% FRN 06/4/2020	NOK	6,750,000	624,359	0.57
GLX AS 6.03% FRN 08/12/2023	NOK	6,000,000	544,515	0.50
HCA 5.875% 01/5/2023	USD	1,080,000	852,264	0.78
Inmarsat Finance 6.5% 01/10/2024	USD	1,050,000	787,840	0.72
Læringsverkstedet 4.90% FRN 01/6/2022	NOK	8,500,000	782,643	0.72
ML 33 AS 5.5% 27/12/2021	NOK	9,000,000	825,541	0.75
MPT Operating Partnership 5.5% 01/5/2024	USD	1,080,000	826,317	0.75
Picard e SAS 3% FRN 30/11/2023	EUR	1,900,000	1,690,654	1.54
SIG Combibloc 7.75% 15/2/2023	EUR	320,000	296,604	0.27
SoftBank 6% 30/7/2025	USD	1,100,000	864,119	0.79
Virgin Media Receivables Financing Notes I DAC 5.5% 15/9/2024	GBP	840,000	844,301	0.77
			<b>9,769,839</b>	<b>8.92</b>
<b>Equities 20.23% (2016 - 19.11%)</b>				
Aena	EUR	4,960	743,890	0.68
American Water Works	USD	10,900	737,115	0.67
APA	AUD	80,000	384,377	0.35
Apollo Global Management 'A'	USD	13,000	321,648	0.29
Ares Capital	USD	43,775	509,023	0.46
Atlantia	EUR	31,500	735,979	0.67
Atmos Energy	USD	12,000	761,560	0.69
Brookfield Infrastructure Partners	USD	25,000	828,128	0.76
Castellum	SEK	56,000	697,750	0.64
Cellnex Telecom	EUR	23,600	446,860	0.41
CK Infrastructure	HKD	63,000	400,048	0.37
Crown Castle International	USD	10,300	845,700	0.77
Enbridge	CAD	40,300	1,168,888	1.07
Eurazeo	EUR	3,360	229,578	0.21
Eurocommercial	EUR	21,900	705,213	0.64
Eutelsat Communications	EUR	29,600	506,340	0.46
Ferrovial	EUR	50,800	852,980	0.78
Flughafen Zuerich	CHF	3,900	658,580	0.60
Fortis	CAD	15,000	407,989	0.37
Gimv	EUR	12,000	536,138	0.49
Intermediate Capital	GBP	37,000	423,650	0.39
Investor 'B'	SEK	17,500	589,675	0.54
Italgas	EUR	89,000	402,139	0.37
Kinnevik	SEK	18,600	464,177	0.43
KKR	USD	23,400	364,471	0.33
Mid-America Apartment Communities	USD	11,040	820,767	0.75
National Grid	GBP	47,775	417,792	0.38
New Mountain Finance	USD	26,628	266,723	0.24
Onex	CAD	5,000	270,930	0.25
Partners	CHF	1,210	613,169	0.56
Republic Services	USD	5,800	289,882	0.26
Sempra Energy	USD	5,830	460,927	0.42
Sofina	EUR	1,500	174,634	0.16
Solar Capital	USD	17,018	254,374	0.23

## Portfolio Statement continued

as at 31 December 2017

Investment	Currency	Holding	Market Value (£)	Total Net Assets (%)
<b>Equities (continued)</b>				
Terna	EUR	72,000	309,603	0.28
TransCanada	CAD	11,400	411,299	0.37
Two Harbors Investment	USD	18,600	223,571	0.21
Union Pacific	USD	9,400	932,739	0.85
Veolia Environnement	EUR	53,300	1,004,727	0.92
Vinci	EUR	9,600	725,561	0.66
Wendel Investissement	EUR	2,100	268,629	0.25
			<b>22,167,223</b>	<b>20.23</b>
<b>Fund Investments 60.43% (2016 - 57.60%)</b>				
BBGI	GBP	667,221	937,452	0.86
HG Capital Investment Trust	GBP	30,209	533,491	0.49
ICG Enterprise Trust	GBP	44,298	351,283	0.32
Partners Group Generations (EUR) IC Limited <sup>1</sup>	EUR	4,332,048	7,572,241	6.91
Partners Group Generations (USD) IC Limited <sup>1</sup>	USD	6,881,663	7,555,460	6.89
Partners Group Generations S.A., SICAV-SIF - Loan Access Fund <sup>1</sup>	USD	2,140,654	16,671,378	15.21
Partners Group Generations S.A., SICAV-SIF - Private Markets (GBP) Fund <sup>1</sup>	GBP	2,461,151	32,596,826	29.75
			<b>66,218,131</b>	<b>60.43</b>
<b>Derivatives</b>				
<b>Forward Currency Contracts 0.19% (2016 - 0.88%)</b>				
Buy GBP-22,910,674 / Sell EUR-25,900,000	GBP	22,910,674	(130,091)	(0.12)
Buy GBP-1,944,658 / Sell NOK-21,800,000	GBP	1,944,658	(24,830)	(0.02)
Buy GBP-38,209,985 / Sell USD-51,300,000	GBP	38,209,985	350,019	0.32
Buy GBP-1,936,219 / Sell USD-2,600,000	GBP	1,936,219	17,391	0.01
			<b>212,489</b>	<b>0.19</b>
			<b>98,367,682</b>	<b>89.77</b>
<b>Portfolio of investments</b>				
<b>Net current assets</b>			<b>11,212,612</b>	<b>10.23</b>
<b>Total Net Assets</b>			<b>109,580,294</b>	<b>100.00</b>

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

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 year 1 January 2017 to 31 December 2017

	Notes	01/01/2017 to 31/12/2017		03/05/2016 to 31/12/2016	
		£	£	£	£
Income					
Net capital gains	2		5,151,236		1,467,965
Revenue	3	698,225		108,893	
Expenses	4	(1,130,135)		(238,371)	
Interest payable and similar charges	6	(1,721)		(300)	
Net expense before taxation		(433,631)		(129,778)	
Taxation	5	28,296		(87,147)	
Net expense after taxation			(405,335)		(216,925)
<b>Total return before distributions</b>			<b>4,745,901</b>		<b>1,251,040</b>
Distributions	7		—		—
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>4,745,901</b>		<b>1,251,040</b>

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

for the year 1 January 2017 to 31 December 2017

		01/01/2017 to 31/12/2017		03/05/2016 to 31/12/2016	
		£	£	£	£
<b>Opening net assets attributable to shareholders</b>			24,646,926		—
Amounts receivable on issue of shares		83,237,466		23,405,886	
Amounts payable on cancellation of shares		(3,052,801)		(10,000)	
			80,184,665		23,395,886
Dilution adjustment			2,802		—
Change in net assets attributable to shareholders from investment activities			4,745,901		1,251,040
<b>Closing net assets attributable to shareholders</b>			<b>109,580,294</b>		<b>24,646,926</b>

Financial Statements *continued***Balance sheet**

as at 31 December 2017

	Notes	31/12/2017 £	31/12/2016 £
<b>Assets</b>			
Fixed assets			
Investment assets		98,522,603	20,795,918
Current assets			
Debtors	8	551,000	854,118
Cash and bank balances	9	11,399,442	3,357,184
Total assets		<u>110,473,045</u>	<u>25,007,220</u>
<b>Liabilities</b>			
Investment liabilities		(154,921)	(75,128)
Creditors			
Creditors	10	(737,830)	(207,801)
Provisions for liabilities	10	—	(77,365)
Total liabilities		<u>(892,751)</u>	<u>(360,294)</u>
<b>Net assets attributable to shareholders</b>		<b><u>109,580,294</u></b>	<b><u>24,646,926</u></b>

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

for the year 1 January 2017 to 31 December 2017

	Notes	01/01/2017 to 31/12/2017		03/05/2016 to 31/12/2016	
		£	£	£	£
<b>Cash flows from operating activities</b>	17				
Net cash flow from operating activities			1,043,572		(1,184,545)
<b>Cash flows from investing activities</b>					
Payments to acquire investments		(78,615,461)		(18,888,637)	
Receipts from sales of investments		<u>4,728,401</u>		<u>734,780</u>	
			(73,887,060)		(18,153,857)
<b>Cash flows from financing activities</b>					
Servicing of finance:					
Bank interest		(1,721)		(300)	
Financing:					
Amounts received on issue of shares		83,937,466		22,705,886	
Amounts paid on cancellation of shares		(3,052,801)		(10,000)	
Dilution adjustment		<u>2,802</u>		<u>—</u>	
			<u>80,885,746</u>		<u>22,695,586</u>
<b>Net increase in cash in the year/period</b>	18		<b><u>8,042,258</u></b>		<b><u>3,357,184</u></b>

## Notes to the Financial Statements

as at 31 December 2017

### 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").

#### 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 on the B Class Accumulation Shares and the P Class Accumulation Shares.

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 has performed flat or negatively.

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.



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

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 share class charge cap of 2.25% per annum for B Class Accumulation Shares and 2.25% per annum for P Class Accumulation Shares.

A share class charge cap of 1.95% is applicable to J Class Accumulation Shares. No Performance fee is charged to the J Class Accumulation Shares.

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 Sub-fund is subject to corporation tax at 20%, however, the Sub-fund operates under the Tax Elected Fund regime, and therefore the Sub-fund can make distributions divided between dividend distributions and non-dividend distributions. There were no dividend distributions or non-dividend distribution made for this accounting year 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>01/01/2017 to 31/12/2017 £</b>	<b>03/05/2016 to 31/12/2016 £</b>
Non derivative securities	3,763,000	2,350,495
Forward currency contracts	1,656,556	(862,440)
Foreign currency	(254,976)	(15,349)
Custodian transaction charges	(13,344)	(4,741)
<b>Net capital gains</b>	<b>5,151,236</b>	<b>1,467,965</b>

Net gains listed above of £5,164,580 comprise net realised gains of £1,548,330 and net unrealised gains of £3,616,250 (31/12/16: Net gains listed above of £1,472,706 comprise net realised losses of £(1,066,300) and net unrealised gains of £2,539,006).

**3 Revenue**

	<b>01/01/2017 to 31/12/2017 £</b>	<b>03/05/2016 to 31/12/2016 £</b>
Equalisation income	83,428	—
Interest from UK bank deposits	50	129
Interest from Overseas debt securities	127,622	8,836
Interest from UK debt securities	83,381	22,195
Non-taxable overseas dividends	298,549	59,614
Non-US Overseas REIT dividends	22,001	—
Taxable overseas dividends	17,249	3,231
UK dividends	29,124	4,164
US REIT dividends	36,821	10,724
<b>Total revenue</b>	<b>698,225</b>	<b>108,893</b>

## Notes to the Financial Statements continued

## 4 Expenses

	01/01/2017 to 31/12/2017 £	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	634,382	130,499
Performance fee*	264,068	62,714
Expenses refundable by the Authorised Corporate Director	(393,629)	(118,783)
	<b>504,821</b>	<b>74,430</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	<b>16,301</b>	<b>9,918</b>
<b>Other expenses</b>		
Audit fee**	54,661	50,400
Legal and professional fees	399,883	—
Registration fees	36,000	23,804
Safe custody fees	46,338	33,768
Administration charges	30,801	19,836
Set up costs	21,188	26,215
Sundry fees	20,142	—
	<b>609,013</b>	<b>154,023</b>
<b>Total expenses</b>	<b>1,130,135</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 share class charge cap of 2.25% on B Class Accumulation Shares and P Class Accumulation Shares and a share class charge cap of 1.95% on J Class Accumulation Shares.

The high watermark of the B Class Accumulation Share class was £1.08 at the year end date 31 December 2017 (31 December 2016 £1.08). The high watermark of the P Class Accumulation Share class was £1.01 at the year end date 31 December 2017 (31 December 2016 £1.01). The high watermark will only be adjusted for after payout.

\*\*Audit fee is £46,865 (31/12/2016: £42,000) plus VAT.

## Notes to the Financial Statements continued

## 5 Taxation

	01/01/2017 to 31/12/2017 £	03/05/2016 to 31/12/2016 £
<b>a Analysis of (credit)/charge in year/period</b>		
Overseas tax	49,069	9,782
Deferred tax	(77,365)	77,365
<b>Total tax (credit)/charge for the year/period (see note 5(b and c))</b>	<b>(28,296)</b>	<b>87,147</b>

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

**b Factors affecting current tax (credit)/charge for the year/period**

Net expense before taxation	(433,631)	(129,778)
Corporation tax at 20% (31/12/2016 20%)	(86,726)	(25,956)
Effects of:		
Double taxation relief	496	—
Expenses not deductible for tax purposes	79,976	—
Movement in excess management expenses	79,120	—
Prior year adjustment for excess management fees	39,599	—
Revenue not subject to tax	(69,935)	(12,756)
Overseas tax	49,069	9,782
Relief on overseas tax	(3,096)	(722)
Corporation tax on offshore fund gains	(116,799)	116,799
<b>Total tax (credit)/charge for the year/period (see note 5(a))</b>	<b>(28,296)</b>	<b>87,147</b>

**c) Analysis of deferred taxation**

Deferred tax at the start of the year/period	77,365	—
Deferred tax charge (see note 5(a))	(77,365)	77,365
<b>Deferred tax at the end of the year/period</b>	<b>—</b>	<b>77,365</b>

Excess management expenses of £593,595 (31/12/2016: £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

	01/01/2017 to 31/12/2017 £	03/05/2016 to 31/12/2016 £
Interest	1,721	300
<b>Total interest payable for the year/period</b>	<b>1,721</b>	<b>300</b>

## Notes to the Financial Statements continued

## 7 Distributions

	01/01/2017 to 31/12/2017 £	03/05/2016 to 31/12/2016 £
Final distribution	—	—
<b>Distributions for the year/period</b>	<b>—</b>	<b>—</b>
The distributable amount has been calculated as follows:		
Net expense after taxation for the year/period	(405,335)	(216,925)
Shortfall of income taken to capital	522,134	100,126
Tax on capital items	(116,799)	116,799
<b>Net distribution for the year/period</b>	<b>—</b>	<b>—</b>

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

## 8 Debtors

	31/12/2017 £	31/12/2016 £
Accrued revenue	128,584	34,415
Accrued expenses refundable by the Authorised Corporate Director	393,629	118,783
Amounts receivable on issue of shares	—	700,000
Overseas withholding tax	21,509	920
Prepaid expenses	7,278	—
<b>Total debtors</b>	<b>551,000</b>	<b>854,118</b>

## 9 Cash, Bank Balances &amp; Cash Equivalents

	31/12/2017 £	31/12/2016 £
Cash held at bank	11,399,442	3,357,184
<b>Total</b>	<b>11,399,442</b>	<b>3,357,184</b>

## 10 Creditors &amp; Provisions for liabilities

	31/12/2017 £	31/12/2016 £
<b>Creditors</b>		
Accrued expenses	704,460	207,801
Purchases awaiting settlement	33,370	—
<b>Total</b>	<b>737,830</b>	<b>207,801</b>
<b>Provisions for liabilities</b>		
Deferred tax provision	—	77,365

**Notes to the Financial Statements** continued**11 Contingent liabilities**

There were no contingent liabilities at the Balance Sheet date.

**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 year end are disclosed within debtors and creditors.

Amounts payable to the ACD in respect of periodic charge and performance fee are disclosed within expenses and amounts due at the year end are disclosed within creditors. Amounts payable to the ACD as at 31 December 2017 for periodic charges are £273,709 (31/12/2016: £60,523) and performance fees £326,782 (31/12/2016: £62,714). Amounts refundable by the ACD as at 31 December 2017 are £393,629 (31/12/2016: £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 year 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 and 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.

## Notes to the Financial Statements continued

## 13 Financial instruments continued

## Currency Exposure Profile

The currency exposure profile of the Sub-fund's financial assets and liabilities at 31 December 2017 was as follows:

31 December 2017	Net Current Assets/(liabilities)		Total £
	Monetary exposure £	Non-monetary exposure £	
Australian dollars	395,590	—	395,590
Canadian dollars	2,320,445	—	2,320,445
Euro	17,617,483	(23,040,765)	(5,423,282)
Hong Kong dollars	414,766	—	414,766
Norwegian krone	2,800,632	(1,969,487)	831,145
Swedish krona	1,760,287	—	1,760,287
Swiss francs	1,283,398	—	1,283,398
US dollars	35,293,753	(39,778,795)	(4,485,042)
<b>Total</b>	<b>61,886,354</b>	<b>(64,789,047)</b>	<b>(2,902,693)</b>

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 2017 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	3,967,938	5,801,901	88,752,764	98,522,603
<b>Total</b>	<b>3,967,938</b>	<b>5,801,901</b>	<b>88,752,764</b>	<b>98,522,603</b>

		<b>Fixed Rate Financial liabilities £</b>	<b>Financial liabilities not carrying interest £</b>	<b>Total £</b>
Investments		—	(154,921)	(154,921)
<b>Total</b>		<b>—</b>	<b>(154,921)</b>	<b>(154,921)</b>

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 31.

## 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 is shown below:

Counterparty	31/12/2017 £	31/12/2016 £
Forward Currency Contracts:		
Merrill Lynch	212,489	216,453

At the year end there was no collateral received from or pledged to the counterparty in respect of open derivative contracts.

**Credit quality**

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

Credit quality	Net Assets - 31/12/2017		Net Assets - 31/12/2016	
	£	%	£	%
Investment grade	826,317	0.75	326,953	1.33
Non-investment grade	6,166,464	5.63	1,270,481	5.15
Not rated	2,777,058	2.54	—	—
<b>Total debt securities</b>	<b>9,769,839</b>	<b>8.92</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>31/12/2017</b>		
Level 1: Quoted	23,989,449	—
Level 2: Observable	10,137,249	(154,921)
Level 3: Unobservable	64,395,905	—

	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 £548,154 (31/12/2016: £135,558) and the net asset value to decrease by £548,154 (31/12/2016: £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	31/12/2017 %	31/12/2016 %
EUR against GBP	5	5
USD against GBP	5	5
Effect in GBP	31/12/2017 £	31/12/2016 £
<b>EUR</b>		
Increase in net capital gains and increase in net asset value	109,580	12,323
<b>USD</b>		
Increase in net capital gains and increase in net asset value	219,161	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 £2,162,572 (31/12/2016: £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 year 1 January 2017 to 31 December 2017

Purchases (excluding derivatives)	Transaction Value	Commissions		Taxes	
	£	£	%	£	%
Equity instruments (direct)	18,488,085	5,541	0.03	11,108	0.06
Debt instruments (direct)	11,361,572	—	—	—	—
Collective investment schemes	48,745,473	422	0.00	3,260	0.01
<b>Total purchases</b>	<b>78,595,130</b>	<b>5,963</b>		<b>14,368</b>	
<b>Total purchases including transaction costs</b>	<b>78,615,461</b>				

Sales (excluding derivatives)	Transaction Value	Commissions		Taxes	
	£	£	%	£	%
Equity instruments (direct)	1,847,928	551	0.03	51	0.00
Debt instruments (direct)	2,869,711	—	—	—	—
<b>Total sales</b>	<b>4,717,639</b>	<b>551</b>		<b>51</b>	
<b>Total sales net of transaction costs</b>	<b>4,717,037</b>				

<b>Derivative transaction costs</b>	—	—
<b>Total transaction costs</b>	<b>6,514</b>	<b>14,419</b>
<b>Total transaction costs as a % of average net assets</b>	<b>0.01%</b>	<b>0.03%</b>

## Notes to the Financial Statements continued

## 14 Portfolio transaction costs

For the period 3 May 2016 to 31 December 2016

Purchases (excluding derivatives)	Transaction Value	Commissions		Taxes	
	£	£	%	£	%
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	0.00	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)	Transaction Value	Commissions		Taxes	
	£	£	%	£	%
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>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>	

The above analysis covers any direct transaction costs suffered by the Sub-fund during the year. 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 0.11% (31/12/2016: 0.13%).

## Notes to the Financial Statements continued

## 15 Share movement

For the year 1 January 2017 to 31 December 2017

	B Class Accumulation Shares	J Class Accumulation Shares	P Class Accumulation Shares
Opening shares	16,784,822	—	6,400,331
Shares issued	8,609,686	44,990,010	26,751,003
Shares redeemed	(1,784,121)	—	(953,332)
<b>Closing shares</b>	<b>23,610,387</b>	<b>44,990,010</b>	<b>32,198,002</b>

## 16 Post balance sheet events

There are no post balance sheet events for the year ended 31 December 2017.

## 17 Reconciliation of change in net assets attributable to shareholders from investment activities to net cash from operating activities

	01/01/2017 to 31/12/2017 £	03/05/2016 to 31/12/2016 £
Change in net assets attributable to shareholders from investment activities	4,745,901	1,251,040
<b>Adjustments for:</b>		
Interest paid	1,721	300
Capital gains on non-derivative securities*	(3,763,797)	(2,350,495)
Unrealised net capital gains/(losses) on forward currency contracts	3,964	(216,438)
Increase in debtors	(396,881)	(154,118)
Increase in creditors	452,664	285,166
<b>Net cash flow from operating activities</b>	<b>1,043,572</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

	01/01/2017 to 31/12/2017 £	03/05/2016 to 31/12/2016 £
Cash and bank balances at the start of the year/period	3,357,184	—
Net cash flows	8,042,258	3,357,184
<b>Cash and bank balances at the end of the year/period</b>	<b>11,399,442</b>	<b>3,357,184</b>

## Distribution Tables

## Final distribution in pence per share

## Period

Group 1: Shares purchased prior to 1 July 2017

Group 2: Shares purchased on or after 1 July 2017 to 31 December 2017

B Class Accumulation Shares	Revenue	Equalisation <sup>†</sup>	Income Accumulation 30/04/2018	Income Accumulation 30/04/2017
TEF distribution (dividend)				
Group 1	—	—	—	—
Group 2	—	—	—	—
TEF distribution (non-dividend)				
Group 1	—	—	—	—
Group 2	—	—	—	—

## Period

Group 1: Shares purchased on 13 November 2017

Group 2: Shares purchased after 13 November 2017 to 31 December 2017

J Class Accumulation Shares*	Revenue	Equalisation <sup>†</sup>	Income Accumulation 30/04/2018
TEF distribution (dividend)			
Group 1	—	—	—
Group 2	—	—	—
TEF distribution (non-dividend)			
Group 1	—	—	—
Group 2	—	—	—

## Period

Group 1: Shares purchased prior to 1 July 2017

Group 2: Shares purchased on or after 1 July to 31 December 2017

P Class Accumulation Shares	Revenue	Equalisation <sup>†</sup>	Income Accumulation 30/04/2018	Income Accumulation 30/04/2017
TEF distribution (dividend)				
Group 1	—	—	—	—
Group 2	—	—	—	—
TEF distribution (non-dividend)				
Group 1	—	—	—	—
Group 2	—	—	—	—

<sup>†</sup>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.

\*There are no comparatives as J Class Accumulation Shares launched on 13 November 2017.



## Distribution Tables continued

## Interim distribution in pence per share

## Period

Group 1: Shares purchased prior to 1 January 2017

Group 2: Shares purchased on or after 1 January 2017 to 30 June 2017

B Class Accumulation Shares	Revenue	Equalisation <sup>+</sup>	Income Accumulation 31/08/2017
TEF distribution (dividend)			
Group 1	—	—	—
Group 2	—	—	—
TEF distribution (non-dividend)			
Group 1	—	—	—
Group 2	—	—	—

## Period

Group 1: Shares purchased prior to 1 January 2017

Group 2: Shares purchased on or after 1 January 2017 to 30 June 2017

P Class Accumulation Shares	Revenue	Equalisation <sup>+</sup>	Income Accumulation 31/08/2017
TEF distribution (dividend)			
Group 1	—	—	—
Group 2	—	—	—
TEF distribution (non-dividend)			
Group 1	—	—	—
Group 2	—	—	—

<sup>+</sup>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.

There are no comparatives as the fund launched on 3 May 2016 and the first set of accounts were for the period ended 31/12/2016.

## Remuneration (Unaudited)

### Staff remuneration

Partners Group (UK) Ltd's 143 staff (incl. leavers during the year) received a total of GBP 45,487,222 in remuneration for the year 2017. The ratio between fixed and variable remuneration is approximately 1:2.78.

The aggregate amount of remuneration of the 14 staff (including four directors) who make up the senior management of Partners Group (UK) Ltd was GBP 19,500,632.

The aggregate amount of remuneration of the 38 staff (including three directors) whose actions have a material impact on the risk profile of the Program was GBP 28,707,338.

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. Further, those figures include certain staff employed by Partners Group AG (Partners Group (UK) Ltd's delegated risk manager).

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

#### Material changes

As of 1 November 2017 the Depositary of PG Generations Fund changed from BNY Mellon Trust & Depositary (UK) Limited to The Bank of New York Mellon (International) Limited.

#### 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 year ended 31 December 2017.**

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).

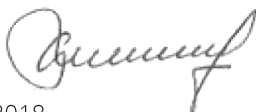
The Depository also has a duty to take reasonable care to ensure that Company is managed in accordance with the Scheme documents and the Regulations in relation to the investment and borrowing powers applicable to the Company.

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



19 April 2018

**Report on the audit of the financial statements****Opinion**

In our opinion, Partners Group Generations Fund's financial statements:

- give a true and fair view of the financial position of the Company and its sub-fund as at 31 December 2017 and of the net expenses and the net capital gains on the scheme property of the Company and its sub-fund for the year then ended; and
- have been properly prepared in accordance with 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 for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Partners Group Generations Fund (the "company") is an Open Ended Investment Company ('OEIC') with a single sub-fund. The financial statements of the company comprise the financial statements of its sub-fund. We have audited the financial statements, included within the Annual Report & Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the statement of total return, the statement of change in net assets attributable to shareholders and cash flow statement for the year then ended; the distribution tables; and the notes to the financial statements, which include a description of the significant accounting policies.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**Conclusions relating to going concern**

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's or the sub-fund's ability to continue as a going concern.

**Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

**Authorised Corporate Director's Report**

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the company's and its sub-fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the company or its sub-fund, or has no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Use of this report**

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.

**Other required reporting**

**Opinion on matter required 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.

**Collective Investment Schemes sourcebook exception reporting**

Under the Collective Investment Schemes sourcebook we are also 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.

We have no exceptions to report arising from this responsibility.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Statutory Auditors  
London

19 April 2018