

Hume Global Investors PCC Limited

**Annual Report and Financial Statements
For the year ended 31 March 2017**

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Chairman's Statement

I am pleased to present the financial statements for the PCC for the year ended 31 March 2017, a period encompassing several significant events impacting on investment sentiment globally.

Notwithstanding the shock of the Brexit "leave" vote and the appointment of President Trump focused primarily on US domestic wellbeing, overall economic growth remained positive with GDP increasing by 3.1% in 2016, a trend continuing in the current year. Such positive growth together with broadly accommodative monetary policy generally supported financial markets and it was encouraging for our investors to see positive returns across a number of the sub funds within the PCC structure. I would particularly highlight the Diversified Multi Asset Fund that rose 12% (US\$) net of fees significantly ahead of its peer group median.

Such positive investment returns reflected a determined focus by the investment team in my view, which saw further resources applied and a strengthening in the oversight committee through the addition of expertise, experience and specialisation within the team.

The investment industry has evolved into a global one and we understand at this time that a significant Chinese conglomerate is seeking to invest in our manager/advisor as many companies look to expand into asset management in the UK. We view this as potentially attractive with the expectation of additional capital and distribution. This development is subject to continuing dialogue and regulatory approvals and we will update all investors as events unfold over the coming months.

With assets currently standing at £65m we are keen to see these funds deployed in the most appropriate way and we are currently reviewing a plan to restructure the underlying funds with a view to reducing costs and presenting the most appropriate offering for investors in years to come.

We thank you for your continued support.

Hugh Ward
Chairman

September 2017

General Information

The Company is an open-ended investment company which was registered with limited liability in Guernsey on 27 June 2012 with an unlimited duration. The Company is an umbrella company constituted as a protected cell company under The Companies (Guernsey) Law, 2008 (the “**Companies Law**”). The provisions of the Companies Law allow a company to which it applies to create one or more cells for the purpose of segregating and protecting the assets within those Cells so that liabilities of the Company attributable to one Cell can only be satisfied out of the assets of that Cell, and holders of a particular Cell have no right to the assets of any other Cell. Details of the Cells which the Directors have resolved to create can be found in the relevant Cell Particulars.

Investment Objectives and Policy

The Company’s Cells were established for the purpose of pursuing different investment strategies and investing in different types of instruments and underlying funds.

Each Cell will have its own particular investment objective and will focus on providing a specific investment return to its shareholders. Details of the investment objectives, restrictions and approach of each Cell can be found in the relevant Cell’s financial statements.

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Directors' Report

The Directors have pleasure in submitting their report and financial statements for the year ended 31 March 2017.

The audited financial statements of Hume Global Investors PCC Limited are set out on pages 10 to 20 of this report.

The Company was registered in Guernsey, Channel Islands on 27 June 2012 under The Companies (Guernsey) Law, 2008 with registered number 55297.

At a board meeting of the Company held on 2 August 2016, the board decided to declare the investments of the Hume Cautious Multi Asset (Euro) Fund, Hume Cautious Multi Asset (Sterling) Fund and Hume Cautious Multi Asset (US Dollar) Fund (each a "Fund" and collectively the "Funds") in Providence Investment Funds PCC Limited ("Providence") as Illiquid Investments in accordance with article 49 of the Company's articles of incorporation. This followed the non-payment of requested redemptions in Providence on 30 June 2016 and the Manager subsequently becoming aware that Providence was unable to make payments of these amounts due to the Funds or commit to a future date for payment. The board then sought, and obtained, the consent of the Guernsey Financial Services Commission to create an S Share Portfolio in each of the Funds, comprising the investment in Providence, related receivable balances and an allocation of cash to pay expenses of the S Share Portfolio, and accordingly S Shares were issued to each Shareholder in the Funds.

The S Shares are not redeemable at the S Shareholder's option but will be redeemed and replaced by Participating Shares as and when the directors decide that the investments in the S Share Portfolio become liquid. S Shares are only valued at the end of each quarter.

On 8 August 2016, each Fund redeemed the number of Participating Shares held by each Participating Shareholder which represent an interest in investments to be transferred to the S Share Portfolio and issued a pro rata number of S Shares of the relevant Fund based on the net asset value of the S Share Portfolio as at that date.

On 9 August 2016 Administration Managers were appointed to Providence by order of the Royal Court of Guernsey on the application of the Guernsey Financial Services Commission. The Administration Manager reported their provisional findings to the Royal Court on 9 September 2016 indicating that Providence has no material assets. As a consequence, the Directors concluded that it was appropriate to make full provision of £3,611,000 against the investments in Providence in previous year end accounts.

The Directors are monitoring the situation and will advise when any further information becomes available.

Common Reporting Standard

The Company is a Financial Institution under the terms of the Common Reporting Standard, for which Guernsey is a Participating Jurisdiction. The Company is therefore required to make annual reports to the Guernsey Tax Office of information relating to investors as specified by the Common Reporting Standard Regulations. This disclosure is to be made annually by 30 June following the end of the calendar year. The Guernsey Tax Office will then share this information with the governments of other Participating Jurisdictions in accordance with the terms of the Multilateral Competent Authority Agreement. In doing so information regarding an individual investor may be shared with the governments of any such jurisdictions in which the Company has reason to believe the investor is resident for tax purposes, based on the information held by the Company.

Directors' Report (continued)

Distribution of Revenue

The whole of the net revenue attributable to each class of participating shares is accumulated within each relevant Class Fund and is reflected in the price of those participating shares. Accordingly, no dividends are paid, no tax vouchers are issued and there is no annual income distribution date.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

The Companies (Guernsey) Law, 2008 requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare financial statements in accordance with UK Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements;
- state whether applicable UK accounting standards, including FRS 102, have been followed subject to any material departures disclosed in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the consolidated financial statements comply with The Companies (Guernsey) Law, 2008, and The Authorised Collective Investment Schemes (Class B) Rules 2013 and the principal documents. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets and to prevent and detect fraud and other irregularities.

Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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Directors' Report (continued)

Directors

The Directors of the Company who served during the year and up to the date of this report are set out on page 168.

On behalf of the Board

Hugh Ward
Director

18 September 2017

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Authorised Status

Hume Global Investors PCC Limited has been authorised by the Guernsey Financial Services Commission (the “**Commission**”) under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) and The Authorised Collective Investment Schemes (Class B) Rules 2013. In giving this authorisation, the Commission does not vouch for the financial soundness of the scheme or for the correctness of any of the statements made or opinions expressed with regard to it.

The manager of the Company is Peterhouse Capital (Guernsey) Limited which is regulated in Guernsey under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended). As an overseas company which does not carry on investment business in the United Kingdom, Peterhouse Capital (Guernsey) Limited is not authorised under the Financial Services and Markets Act, 2000 nor subject to the rules and regulations made under that Act for the protection of investors.

Report of the Custodian

In respect of the year ended 31 March 2017, we state that in our opinion, Peterhouse Capital (Guernsey) Limited (the “**Manager**”) managed Hume Global Investors PCC Limited (the “**Company**”):

- a) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the principal documents, by the scheme particulars and by the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended); and
- b) in accordance with the provisions of the principal documents and The Authorised Collective Investment Schemes (Class B) Rules 2013.

BNP Paribas Securities Services SCA – Guernsey Branch
PO Box 412
BNP Paribas House
St. Julian’s Avenue
St. Peter Port
Guernsey
GY1 3WE

18 September 2017

Independent Auditor's Report

To the members of Hume Global Investor PCC Limited

Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice); and
- have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008 and The Authorised Collective Investment Schemes (Class B) Rules, 2013.

Who we are reporting to

This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

What we have audited

Hume Global Investors PCC's financial statements comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares, the Balance Sheet and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'.

Matters on which we are required to report by exception

Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

We have nothing to report in respect of the above.

Independent Auditor's Report (continued)

Responsibilities for the financial statements and the audit

What an audit of financial statements involves:

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

What the directors are responsible for:

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

What are we responsible for:

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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Grant Thornton Limited
Chartered Accountants
St Peter Port, Guernsey, Channel Islands

18 September 2017

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Statement of Total Return

For the year ended 31 March 2017

			2017		2016
	Notes	£000	£000	£000	£000
Net capital gains/(losses)	3		3,991		(6,291)
Revenue	4	1,069		1,305	
Expenses	5	<u>(1,356)</u>		<u>(1,483)</u>	
Net expense for the year			<u>(287)</u>		<u>(178)</u>
Total return			<u>3,704</u>		<u>(6,469)</u>
Change in net assets attributable to shareholders from investment activities			<u>3,704</u>		<u>(6,469)</u>

The results for the year relate to continuing operations. There are no recognised gains or losses for the year other than the total return.

Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the year ended 31 March 2017

	£000	2017	£000	2016
		£000		£000
Opening net assets attributable to shareholders		70,164		90,857
Amounts receivable on issue of shares	450		197	
Amounts payable on cancellation of shares	<u>(14,557)</u>		<u>(16,297)</u>	
		(14,107)		(16,100)
Change in net assets attributable to shareholders from investment activities		3,704		(6,469)
Currency revaluation reserve		<u>4,865</u>		<u>1,876</u>
Closing net assets attributable to shareholders		<u>64,626</u>		<u>70,164</u>

The notes on pages 12 to 20 form an integral part of these financial statements.

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Balance Sheet

As at 31 March 2017

	Notes	2017 £000	2016 £000
Assets			
Fixed assets			
Investments		59,928	67,245
Current assets			
Receivable on forward exchange contracts		-	48
Debtors and other assets	8	1,586	247
Cash and bank balances	9	3,657	3,032
Total assets		65,171	70,572
Liabilities			
Creditors	10	545	408
Total liabilities		545	408
Total net assets attributable to shareholders		64,626	70,164

These financial statements were authorised and approved for issue by the Board of Directors on 18 September 2017 and signed on its behalf by:

Hugh Ward
Director

The notes on pages 12 to 20 form an integral part of these financial statements.

Hume Global Investors PCC Limited

Notes to the Financial Statements

For the year ended 31 March 2017

1. Statement of Compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Statement of Recommended Practice for Authorised Funds issued by the IMA in May 2014 and The Companies (Guernsey) Law, 2008.

2. Accounting policies

a) Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments to fair value.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the Company's accounting policies. The area involving a higher degree of judgement or areas where assumptions and estimates are significant to the financial statements include the valuation of unlisted investments.

The Company's financial statements are presented in Sterling, the Company's functional currency, and are rounded to the nearest £000 unless otherwise stated.

b) Aggregated accounts

The aggregated financial statements represent the sum of the individual Cells within the umbrella company adjusted for the elimination of transactions and balances among the Cells. Further analysis of the net asset positions can be found within the financial statements of the individual Cells.

c) Going concern

The Company's Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

d) Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Investments

The Company classifies its investments at fair value through profit or loss. These financial assets are designated by the Directors at fair value through profit or loss at inception on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with the Company's documented risk management and investment strategy.

Hume Global Investors PCC Limited

Notes to the Financial Statements

For the year ended 31 March 2017

2. Accounting policies (continued)

e) Financial instruments (continued)

Investments (continued)

All purchases and sales of investments are recognised on the trade date (the date on which the Company commits to purchase or sell the investment).

The valuation of the Cells' listed investments is carried out at fair value at 23:59 Guernsey time on the last business day in the period, on a bid basis. Unquoted securities are valued by the Manager on a net realisable value basis taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors. Alternative valuation techniques are used that take into account the market inputs which the Manager believes better reflect the fair value of the investments. The valuation of unquoted securities requires significant judgement. Unquoted investments are valued at the Manager's best estimate of fair value after considering the financial health and business outlook of the investee company.

Investments in collective investment schemes ("**CIS**") are valued at the cancellation price for dual priced funds and at the single price for single priced funds. Valuations take into account any redemption charge.

Unrealised gains and losses arising on revaluation are included in the Net capital gains and losses in the Statement of Total Return. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Derivative financial instruments

Where appropriate, certain permitted financial instruments such as derivative contracts or forward foreign exchange contracts are used for the purpose of efficient portfolio management. Where such financial instruments are used to protect or enhance revenue, the revenue and expenses derived therefrom are included in "Revenue" or "Expenses" in the Statement of Total Return. Where such financial instruments are used to protect or enhance capital, the gains and losses derived therefrom are included in "Net capital (losses)/gains" in the Statement of Total Return.

The Company uses forward foreign exchange contracts to hedge against currency fluctuations. At any point during the period, there will be hedging contracts in place to cover the currency risk on the majority of the overseas element of the portfolio. The effect of these contracts will be to reduce the exposure of the Cell to foreign exchange rate movements. Further details as to the value of the contracts can be seen in the currency exposure section of note 12 of the individual Cell's financial statements.

Any positions in respect of such instruments open at the period end are reflected in the portfolio statement at their market value. The amounts held at futures clearing houses in respect of these financial instruments are included in the cash and bank balances in the notes to the financial statements.

Hume Global Investors PCC Limited

Notes to the Financial Statements

For the year ended 31 March 2017

2. Accounting policies (continued)

e) Financial instruments (continued)

Debtors

Debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Debtors are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Creditors

Creditors are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial assets and liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

f) Recognition of revenue

Dividends on quoted ordinary shares, preference shares and distributions on holdings in CIS are recognised when the securities are quoted ex-dividend. Dividends on other securities are recognised when they are declared. Nominal interest on interest-bearing securities and bank interest are recognised on an accruals basis. Accrued interest purchased and sold on interest-bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the Company. Revenue arising on debt securities that are issued at a significant discount/premium to the maturity value is amortised or accumulated over the life of such securities and recognised at a consistent rate over the life of the instrument. All distributions from accumulation holdings in CIS are treated as revenue. Equalisation on distributions received from CIS is treated as revenue.

g) Expenses

Expenses are recognised on an accruals basis and are charged against revenue.

h) Allocation of revenue and expenses to multiple share classes

The revenue and expenses of the Company are allocated to the participating shares of the Cells to which they relate, or if they do not relate to a particular Cell, between all the Cells in such a way as the Directors consider to be fair to the shareholders in the various Cells.

i) Accumulation of revenue

The whole of the net revenue attributable to each Cell is accumulated within each relevant Cell and is reflected in the price of Cell's participating shares.

Hume Global Investors PCC Limited

Notes to the Financial Statements

For the year ended 31 March 2017

2. Accounting policies (continued)

j) Exchange rates

Transactions in foreign currencies are translated into the base currency of the relevant Cell at the exchange rate ruling on the date of the transaction. Where applicable, investments and other monetary assets and monetary liabilities denominated in foreign currencies are translated into each Cell's base currency at the exchange rates applicable at the end of the accounting period. The resulting exchange rate differences are recognised in the Statement of Total Return for the year.

For the purposes of the aggregated financial statements, cellular assets and liabilities are translated into the presentation currency (Sterling) at the rate of exchange ruling at the balance sheet date. Income and expense amounts are translated into the presentation currency at the average exchange rate for the period. Exchange differences arising on the preparation of the aggregated financial statements from the financial statements of Cells maintained in currencies other than Sterling are taken to currency revaluation reserve. These exchange differences do not affect the value of each Cell.

k) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown in current liabilities.

l) Participating redeemable preference shares

Participating redeemable preference shares (“**Participating Shares**”) in issue are redeemable at the shareholders' option and are recorded at the contractual settlement amount. Any distributions on the participating preference shares are recognised in the Statement of Total Return as finance costs.

S Shares

The S Shares are not redeemable at the S Shareholder's option but will be redeemed and replaced by Participating Shares as and when the directors decide that the investments in the S Share Portfolio become liquid.

m) Finance costs

Interest expenses and similar charges arising from bank overdrafts are recognised in the Statement of Total Return in the period which they are incurred.

n) Cash flow statement

The Company has taken advantage of the special exemptions in FRS 102 from the requirement to produce a cash flow statement as it has met the following criteria:

- (i) substantially all of the entity's investments are highly liquid;
- (ii) substantially all of the entity's investments are carried at market value; and
- (iii) the entity provides a statement of changes in net assets.

o) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the Balance Sheet when, and only when, there is currently a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Hume Global Investors PCC Limited

Notes to the Financial Statements

For the year ended 31 March 2017

3. Net capital gains/(losses)

	2017 £000	2016 £000
Non-derivative securities	3,387	(6,447)
Gains on forward exchange contracts	579	157
Currency gains	51	16
Transaction charges	(26)	(17)
Net capital gains/(losses)	3,991	(6,291)

4. Revenue

	2017 £000	2016 £000
Dividends	1,049	1,271
Management fee rebate	20	34
Total revenue	1,069	1,305

5. Expenses

	2017 £000	2016 £000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's fees	588	693
Payable to Custodian, associates of the Custodian and agents of either of them:		
Custodian's fees	103	132
Administration fees	398	368
Audit fees	34	39
Directors' fees	84	117
GFSC fees	9	7
Other fees	140	127
Total expenses	1,356	1,483

6. Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and is charged an annual exemption fee of £1,200.

7. Finance costs

Distributions and interest

The whole of the net revenue is accumulated and is reflected in the price.

Hume Global Investors PCC Limited

Notes to the Financial Statements

For the year ended 31 March 2017

8. Debtors and other assets

	2017 £000	2016 £000
Accrued revenue	19	240
Prepaid expenses	8	7
Sales awaiting settlement	1,559	-
Total debtors and other assets	1,586	247

9. Cash and bank balances

	2017 £000	2016 £000
Cash and bank balances	3,657	3,032
Total cash and bank balances	3,657	3,032

10. Creditors

	2017 £000	2016 £000
Amounts payable for cancellation of shares	128	120
Purchases awaiting settlement	249	145
Accrued expenses	125	96
Accrued Manager's fees	43	47
Total creditors	545	408

11. Contingent liabilities

There are no contingent liabilities existing at the balance sheet date.

12. Related party transactions

During the year ended 31 March 2016, £109,500 was received from the Company's Manager as reimbursement for losses suffered in the years ended 31 March 2014 and 2015 in respect of an investment in Hume Capital Securities plc, the former ultimate parent of the Investment Adviser.

Please also refer to the related party transaction note in the respective Cell's financial statements.

13. Financial risk management

The main risks arising from the financial instruments are market price, currency exposure, interest rate, liquidity and credit risk. These risks are monitored by the Manager in pursuance of the investment objectives and policy of the Company and are described below. The quantitative risk analysis is presented in each of the respective Cell's financial statements.

Details of investment restrictions can be found in the relevant Cell's particulars.

Hume Global Investors PCC Limited

Notes to the Financial Statements

For the year ended 31 March 2017

13. Financial risk management (continued)

Market risk

The investments of the Company are subject to normal market fluctuations and the risks inherent in investment in international securities markets.

Stock markets can be volatile and stock prices can change, but diversification across a sizeable number of such securities and markets will typically result in the reduction of volatility at the portfolio level compared with the individual security level. In addition, the Manager selects securities to endeavour to prevent high levels of volatility, and may reduce volatility further through the use of hedging transactions. Debt securities are interest rate-sensitive and may be subject to price volatility due to various factors including, but not limited to, changes in interest rates, market perception of the creditworthiness of the issuer and general market liquidity. The magnitude of these price fluctuations will be greater when the maturity of the outstanding securities is longer. Since investment in securities may involve currencies other than the base currency, the value of investments may also be affected by changes in currency rates. The performance of a Cell will therefore depend in part on the ability of the Manager to anticipate and respond to such fluctuations in stock prices, market interest rates and currency rates and to utilise appropriate strategies to maximise returns, while attempting to reduce the associated risks to investment capital.

Currency exposure risk

The Net Asset Value per Share will be computed in the base currency of the relevant Share Class, whereas the investments of the Cell may (subject to the investment restrictions in the Cell Particulars) be acquired in a wide range of currencies, some of which may be affected by currency movements. It may not be possible or practical to hedge against the consequent currency risk exposure and in certain instances the Manager may consider it desirable not to hedge against such risk. In certain cases the Manager may enter into cross currency transactions for the purpose of enhancing the returns from the portfolio.

Interest rate risk

The value of net assets may be adversely affected by changes in interest rates. Interest rates are determined by factors of supply and demand in the international money markets, which are in turn influenced by macro-economic factors, speculation and central bank or other forms of government intervention. Fluctuations in short-term and/or long-term interest rates or currency exchange rates may affect the value of net assets.

Liquidity risk

Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a financial instruments transaction is particularly large or if the relevant market is illiquid, it may not be possible to initiate a transaction or liquidate a position at an advantageous price.

All financial liabilities are due within one month.

Fair value of financial assets and financial liabilities

There are no material differences between the value of the financial assets and liabilities as shown in the balance sheet and their fair value.

Hume Global Investors PCC Limited

Notes to the Financial Statements

For the year ended 31 March 2017

13. Financial risk management (continued)

Credit risk

The Company's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties believed by the Manager to be acceptable in terms of credit risk and regulatory supervision.

Management of capital

The Directors and Manager manage the capital of the Cells in accordance with each Cell's investment objectives and policies. The capital of the Cells is represented by the net assets attributable to holders of Participating Shares which can change significantly as there may be subscriptions and redemptions on any dealing day.

The Directors may limit the total number of Participating Shares in a Cell which may be redeemed on any redemption day to such percentage of total number of Participating Shares in issue in that Cell as the Directors may determine. The applicable percentage is disclosed in the relevant Cell Particulars.

If at any time after its creation the net asset value of any cell shall on each redemption day falling within a period of 4 consecutive redemption days be less than such sum as the Directors shall from time to time determine and specify for the Cell concerned in the relevant Cell Particulars, they may either compulsorily redeem all the Participating Shares of the Cell then in issue, or convert such Participating Shares into Participating Shares of another Cell.

The capital structure of the Cells consists of proceeds from the issue of Participating Shares and reserves. The Cells do not have any externally imposed capital requirements.

14. Share classes

The number of authorised shares of the Company is as follows:

	2017	2016
Authorised:		
Management shares of £1 each	2	2
Unlimited number of participating shares	-	-
Total authorised shares	2	2

The number of shares in each class, the net asset value of each share class and the dealing price as at the reporting date are presented in the respective Cell's financial statements.

Management Shares

The Management Shares may only be issued at par and to the Manager or its nominees for the time being of the Company. The Management Shares carry no voting rights whilst any Participating Shares of any Cell are in issue. The Management Shares do not carry any right to dividends or revenue. In the event of a liquidation, they rank pari passu inter se but only for return of the nominal amount paid up on them using only assets of the Company not comprised with in any of the Cells. The Management Shares are not redeemable.

Hume Global Investors PCC Limited

Notes to the Financial Statements

For the year ended 31 March 2017

14. Share classes (continued)

Participating Shares

Participating Shares may be issued in classes. Cells may issue a single class or multiple classes of Participating Shares. On a show of hands, each holder of Participating Shares who (being an individual) is present in person or by proxy shall have one vote and, on a poll, each holder present in person or by a proxy or by a duly authorised representative shall have one vote for every Participating Share held. The Shareholders of each Cell may from time to time declare dividends payable to holders of Participating Shares of the relevant Cell up to an amount recommended by the Directors. The Participating Shares carry a right to a return of the surplus assets remaining on the winding up of a Cell (excluding any assets attributable to S Shares) and such assets of that Cell are distributed to the holders of Participating Shares pro rata. The Participating Shares may be redeemed by Shareholders on any redemption day at a price based on the net asset value of such Participating Shares.

S Shares

The S Shares are not redeemable at the S Shareholder's option but will be redeemed and replaced by Participating Shares as and when the directors decide that the investments in the S Share Portfolio become liquid.

15. Portfolio transaction costs

	£000	2017 £000	£000	2016 £000
Analysis of total purchase costs				
Purchases in the period before transaction costs		20,743		38,667
Commissions	28		51	
Total purchase costs		28		51
Gross purchase total		20,771		38,718
Analysis of total sale proceeds				
Gross sales in the period before transaction costs		38,256		57,598
Commissions	(26)		(24)	
Total sales costs		(26)		(24)
Total sales net of transaction costs		38,230		57,574

16. Ultimate controlling party

In the opinion of the Manager, there is no controlling party.

Hume Diversified Multi-Asset Fund

Investment objective and investment policy

Hume Diversified Multi-Asset Fund (the “**Fund**”) is a fund of funds which invests in units or shares of CIS (which include any unit trust, limited partnership, investment company (whether closed or open-ended) and any like body or arrangement for the collective investment of property of any description). A proportion of the Fund may also be invested in Alternative Investment Funds.

“Alternative Investment Fund” is a market term used to describe a range of CIS which typically invest in closely defined investment areas which may include the use of sophisticated investment techniques and instruments not usually associated with pooled investment vehicles. Such techniques may include investing in long or short positions in equities, options, convertibles, warrants and other similar investments. In addition, some funds may employ gearing in order to generate improved returns.

Alternative Investment Funds commonly aim to achieve absolute returns under all market conditions (i.e. growth in the value of investments), rather than relative returns (i.e. attempting to beat selected market indices).

The investment objective of the Fund is to achieve a total return from a combination of income and capital growth securities. The Fund invests in units or shares of CIS which invest in any or all geographical or economic sector or sectors of the world. Up to 20 per cent in value of the Fund at the time of purchase may be invested in investments other than CIS.

Investment Adviser’s Report

Performance

The Fund rose 12.0% (US\$) in the period under review. This compares with a peer group median (Lipper Global mixed asset) of 6.2%.

Market Review

Global Bond and equity markets experienced a number of shocks during the period under review including the vote by the UK to leave the European Union in June 2016, the election of Republican outsider Donald Trump to the US presidency in November and the defeat of Italian PM Mario Renzi’s market reforms in December.

However the stabilisation of China’s economy meant the market’s worst fears that the slowdown in Chinese GDP growth would morph into outright recession proved unfounded and an orderly slowdown achieved. The key to a healthy global economy lies in our view in a rebalancing between the creditor countries of China, Germany and Japan that run large current account surpluses and the debtor nations of America and the UK that run similarly large current account deficits. There has been some evidence in the last 12 months of progress in this regard with investment intentions and capex rising as a % of GDP in the west while consumption as a % of GDP rises in China as exports slow and Chinese companies and households look to invest their significant cash balances outside China.

Along with healthy corporate earnings growth and subdued inflation and continued easy monetary policy stock market ratings have been supported and both bond and equity markets have seen positive returns.

Hume Diversified Multi-Asset Fund

Investment Adviser's Report (continued)

Portfolio Review

The fund's diversified investment policy has allowed it to withstand the various market shocks and the manager's hedging of its sterling positions and exposure to commodity related investments as well as its exposure to corporate bonds and equity income produced healthy returns in the year.

In particular there were positive contributions from:

- Within holdings in third party funds strong performances from Aberdeen Asian Income, Blackstone GSO Corporate Loan Financing and Galloway Global Fixed Income were particularly positive contributors.
- Within exchange traded funds the iShare oil and gas ETF and iShare utilities and property ETFs performed well.
- Within individual shares UK exporters like BAE Systems, Burberry and Rolls shone while gold and silver producers Fresnillo and Hecla produced especially strong contributions.

Outlook

We are broadly constructive on the global economy which is seeing a reasonably benign period of GDP growth with inflation unusually low and generally positive corporate earnings. However this positive outlook for the global economy has led to asset prices becoming more fully priced and at risk of correction. A CAPE (cyclically adjusted price earnings ratio) of 20x or above is at high levels historically and with the US central bank having embarked on a rate tightening cycle, we emphasise a diversified asset allocation stance, with a preference for blue chip corporate bond and equity income, inflation hedges such as precious metals and commodities and alternatives such as private equity and infrastructure type investments that we believe will best protect investors in any bout of volatility to come.

The global economy is going through a period of intense development in new technologies with groundbreaking innovations in fields like engineering with such developments as a move away from the internal combustion engine towards new battery technology, new ways of developing and distributing energy and storing it, exciting advances in biotechnology to treat disease and ever more sophisticated ways of using satellites to enhance communication both for civil and military uses.

These developments, along with the rapidly changing way people are living their lives, reflected in increasing urbanisation, the evolving nature of property ownership and the increasing mobility of labour are phenomena that investors need to incorporate into their asset allocation thinking and investment strategy.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Diversified Multi-Asset Fund

Comparative Table

Euro share class	2017	2016	2015
	€	€	€
Change in net assets per unit			
Opening net asset value per unit	8.88	10.36	8.94
Return before and after operating charges	1.72	(1.48)	1.42
Closing net asset value per unit	<u>10.60</u>	<u>8.88</u>	<u>10.36</u>
Performance			
Return after operating charges	19.4%	(14.3)%	15.9%
Other information			
Closing net asset value (€000)	1,588	1,524	2,157
Closing number of units (note 13)	149,876	171,532	208,161
Operating charges	2.6%	3.3%	2.1%
Direct transaction costs	0.2%	0.3%	0.3%
Prices			
Highest unit price	10.63	10.71	10.47
Lowest unit price	8.73	8.22	8.71
Sterling share class	2017	2016	2015
	£	£	£
Change in net assets per unit			
Opening net asset value per unit	11.45	12.19	12.02
Return before and after operating charges	3.28	(0.74)	0.17
Closing net asset value per unit	<u>14.73</u>	<u>11.45</u>	<u>12.19</u>
Performance			
Return after operating charges	28.7%	(6.1)%	1.4%
Other information			
Closing net asset value (£000)	2,290	2,161	2,678
Closing number of units (note 13)	155,446	188,712	219,795
Operating charges	2.6%	3.3%	2.1%
Direct transaction costs	0.2%	0.3%	0.3%
Prices			
Highest unit price	14.82	12.55	12.31
Lowest unit price	11.35	10.50	11.29

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Diversified Multi-Asset Fund

Comparative Table (continued)

Dollar share class	2017	2016	2015
	US\$	US\$	US\$
Change in net assets per unit			
Opening net asset value per unit	8.34	9.18	10.16
Return before and after operating charges	1.00	(0.84)	(0.98)
Closing net asset value per unit	<u>9.34</u>	<u>8.34</u>	<u>9.18</u>
Performance			
Return after operating charges	12.0%	(9.2)%	(9.7)%
Other information			
Closing net asset value (US\$000)	3,548	3,902	6,948
Closing number of units (note 13)	379,780	467,320	757,165
Operating charges	2.6%	3.3%	2.1%
Direct transaction costs	0.2%	0.3%	0.3%
Prices			
Highest unit price	9.37	9.60	10.40
Lowest unit price	8.19	7.69	9.08

A reconciliation of the net asset value per unit to the dealing price is shown in note 15.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Diversified Multi-Asset Fund

Portfolio Statement

As at 31 March 2017

Holding/ Nominal Value	Investment	Market value US\$000	Percentage of Total Net Assets %
Australia (2016: 0.00%)			
9,375,000	Australian Mines Ltd	57	0.70
178,500	Mineral Deposits Ltd Corp NPV	60	0.74
75,000	Resolute Mining NPV	74	0.91
223,000	Prairie Mining Ltd	96	1.18
		287	3.53
Bermuda (2016: 0.00%)			
30,000	Capital Drilling Ltd Ord USD0.0001	21	0.26
		21	0.26
Canada (2016: 0.87%)			
3,125	Brio Gold Inv NPV	7	0.09
8,712	Chatham Rock Phosphate	3	0.04
100,000	Denison Mines Corp Common 4 month hold restricted	71	0.88
25,000	Endeavour Silver Corp	79	0.97
30,000	Kinross Gold Corp Com NPV	105	1.29
166,000	Margaux Resources Ltd	39	0.48
50,000	Yamana Gold Inc Com NPV	137	1.69
		441	5.44
France (2016: 0.90%)			
1,000	Lyxor Intl Double Short Treasury	83	1.02
		83	1.02
Germany (2016: 4.31%)			
7,500	Blackrock AM (DE) iShares Stoxx Europe 600	235	2.90
12,500	iShares Stoxx Europe 600 Oil & Gas UCITS ETF	424	5.23
		659	8.13
Guernsey (2016: 7.75%)			
162,500	Duke Royalty Ltd	92	1.13
278,324	Global Mena Finance Ord NP *	136	1.68
59,666	NB Distressed Debt New Red Ord	59	0.73
296,850	NB Global Floating Red Ord NPV GBP	362	4.46
		649	8.00
Hong Kong (2016: 5.70%)			
250,000	iShares Asia Trust FTSE A50 China Index ETF	362	4.46
		362	4.46
Ireland (2016: 23.17%)			
15,000	iShares Euro Dividend UCITS ETF EUR (Dist)	363	4.48
15,000	iShares UK Dividend UCITS ETF GBP (Dist)	175	2.16
204	Tiburon-Taiko Fund-B USD *	404	4.98
		942	11.62
Italy (2016: 0.00%)			
7,500	Leonardo - Finmecc	105	1.29
		105	1.29

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Diversified Multi-Asset Fund

Portfolio Statement (continued)

As at 31 March 2017

Holding/ Nominal Value	Investment	Market value US\$000	Percentage of Total Net Assets %
Jersey (2016: 10.45%)			
350,000	Blackstone/GSO Loan Financing Fund	389	4.80
178,816	Aberdeen Asian Inc Ord NPV	467	5.76
25,000	Centamin Plc ORD NPV (DI)	54	0.66
		910	11.22
Lichtenstein (2016: 0.00%)			
40,276	Polar Capital Global Convertible I USD AC *	474	5.84
30,000	Polar Emerging Markets Inc-I\$A *	335	4.13
		809	9.97
Luxembourg (2016: 5.72%)			
357	Galloway Global Fixed Income Feeder Fund - Class B *	398	4.91
733	Pareturn Barwon LST USD MDO Management Co *	196	2.42
		594	7.33
New Zealand (2016: 0.02%)			
		-	-
United Kingdom (2016: 24.62%)			
30,000	Anglo Pacific GRP Ord GBP0.02	45	0.55
17,500	Arix Bioscience Ord	43	0.53
30,000	Balfour Beatty Ord GBP0.50	101	1.25
357,500	Bluejay Mining Plc	58	0.72
200,000	Invesco Fund Managers IP Asian Equity Inc Acc *	205	2.53
971,502	President Energy P GBP0.01	83	1.02
155,000	Redx Pharma Ltd Ord NPV	74	0.91
		609	7.51
United States (2016: 5.10%)			
5,000	Global X Funds Uranium ETF	77	0.95
25,000	Hecla Mining Company Com USD0.25	132	1.63
2,500	iShares Trust U.S Preferred Stock ETF	97	1.20
31,534	Morgan Stanley Emerging Market Debt	294	3.63
7,500	Proshares Trust Short S&P 500 New (Post Rev	259	3.19
		859	10.60
	Portfolio of investments (2016: 88.61%)	7,330	90.38
	Unrealised gain on forward foreign exchange contract (see note 12) (2016: 0.31%)	-	-
	Other net assets (2016: 11.08%)	780	9.62
	Total net assets	8,110	100.00

* These securities are unlisted

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Diversified Multi-Asset Fund

Statement of Total Return

For the year ended 31 March 2017

	Notes	US\$000	2017 US\$000	US\$000	2016 US\$000
Net capital gains/(losses)	2		975		(1,007)
Revenue	3	168		271	
Expenses	4	(214)		(291)	
Net expense for the year			(46)		(20)
Total return			929		(1,027)
Change in net assets attributable to shareholders from investment activities			929		(1,027)

The results for the year relate to continuing operations. There are no recognised gains or losses for the year other than the total return.

Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the year ended 31 March 2017

	US\$000	2017 US\$000	US\$000	2016 US\$000
Opening net assets attributable to shareholders		8,747		13,241
Amounts receivable on issue of shares	13		17	
Amounts payable on cancellation of shares	(1,579)		(3,484)	
Change in net assets attributable to shareholders from investment activities		(1,566)		(3,467)
Closing net assets attributable to shareholders		8,110		8,747

The notes on pages 29 to 35 form an integral part of these financial statements.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Diversified Multi-Asset Fund

Balance Sheet

As at 31 March 2017

	Notes	2017 US\$000	2016 US\$000
Assets			
Fixed assets			
Investments		7,330	7,751
Current assets			
Receivable on forward exchange contract		-	27
Debtors and other assets	7	461	14
Cash and bank balances	8	423	980
Total assets		8,214	8,772
Liabilities			
Creditors	9	104	25
Total liabilities		104	25
Total net assets attributable to shareholders		8,110	8,747

The notes on pages 29 to 35 form an integral part of these financial statements.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Diversified Multi-Asset Fund

Notes to the Financial Statements

1. Accounting policies

The accounting policies are given on pages 12 to 20 of this Annual Report.

2. Net capital gains/(losses)

	2017	2016
	US\$000	US\$000
Non-derivative securities	680	(1,130)
Gains on forward exchange contracts	280	125
Currency gains	23	7
Transaction charges	(8)	(9)
Net capital gains/(losses)	975	(1,007)

3. Revenue

	2017	2016
	US\$000	US\$000
Dividends	168	265
Management fee rebate	-	6
Total revenue	168	271

4. Expenses

	2017	2016
	US\$000	US\$000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's fees	123	166
Payable to Custodian, associates of the Custodian and agents of either of them:		
Custodian's fees	16	24
Administration fees	41	56
Audit fees	6	7
Directors' fees	9	17
GFSC fees	1	1
Other fees	18	20
	75	101
Total expenses	214	291

Hume Diversified Multi-Asset Fund

Notes to the Financial Statements

5. Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and is charged an annual exemption fee.

6. Finance costs

Distributions and interest

The whole of the net revenue is accumulated and is reflected in the price.

7. Debtors and other assets

	2017	2016
	US\$000	US\$000
Accrued revenue	6	12
Prepaid expenses	1	2
Sales awaiting settlements	454	-
Total debtors and other assets	461	14

8. Cash and bank balances

	2017	2016
	US\$000	US\$000
Cash and bank balances	423	980
Total cash and bank balances	423	980

9. Creditors

	2017	2016
	US\$000	US\$000
Accrued expenses	26	25
Purchases awaiting settlements	78	-
Total creditors	104	25

10. Contingent liabilities

There are no contingent liabilities existing at the balance sheet date.

11. Related party transactions

	2017	2016
	US\$000	US\$000
Transactions with the Manager are detailed in note 4 to the financial statements		
Total amount due to Manager	9	10
	9	10

All transactions were entered into in the normal course of business and on normal commercial terms.

Hume Diversified Multi-Asset Fund

Notes to the Financial Statements

12. Financial risk management

The main risks arising from the financial instruments are market price, currency exposure, interest rate, liquidity and credit risk. These risks are monitored by the Manager in pursuance of the investment objectives and policy of the Fund.

Currency exposure risk

A proportion of the net assets of the Fund is denominated in currencies other than US Dollars such that the Balance Sheet and the Statement of Total Return can be affected by currency movements.

The foreign currency exposure of the Fund as at 31 March 2017 and 2016 was as follows:

2017	Net foreign currency assets		
	Monetary exposure	Non-monetary exposure	Total
Currency	US\$000	US\$000	US\$000
Australian Dollar	21	191	212
Canadian Dollar	-	441	441
Euro	211	1,236	1,447
Hong Kong Dollars	4	362	366
Sterling	(66)	2,434	2,368
Total	170	4,664	4,834

There were no forward exchange contracts outstanding at 31 March 2017.

2016	Net foreign currency assets		
	Monetary exposure	Non-monetary exposure	Total
Currency	US\$000	US\$000	US\$000
Canadian Dollar	-	76	76
Euro	379	793	1,172
Hong Kong Dollars	-	498	498
New Zealand Dollar	-	2	2
Sterling	480	1,948	2,428
Total	859	3,317	4,176

The foreign currency exposure includes a forward exchange contract selling £1,400,000 for US\$2,040,000 for settlement on 16 May 2016.

Hume Diversified Multi-Asset Fund

Notes to the Financial Statements

12. Financial risk management (continued)

Currency exposure risk (continued)

At 31 March 2017, should the Euro have strengthened or weakened by 10% (representing the directors' assessment of a reasonably possible change) against the US Dollar and all other variables, including the price of the Fund's investments, were held constant, the total return and net assets would have decreased/increased by US\$145,000 (2016: US\$117,000).

At 31 March 2017, should Sterling have strengthened or weakened by 10% (representing the directors' assessment of a reasonably possible change) against the US Dollar and all other variables, including the price of the Fund's investments, were held constant, the total return and net assets would have decreased/increased by US\$237,000 (2016: US\$243,000).

Interest rate risk

The interest rate profile of the Fund's financial assets and liabilities at 31 March 2017 and 2016 was as follows:

2017	Floating rate financial⁽¹⁾ assets US\$000	Financial assets not carrying interest US\$000	Total assets US\$000
Currency			
Australian Dollar	21	191	212
Canadian Dollar	-	441	441
Euro	17	1,430	1,447
Hong Kong Dollars	4	362	366
Sterling	10	2,436	2,446
US Dollar	371	2,930	3,301
Total assets	423	7,790	8,213

Currency	Financial liabilities not carrying interest US\$000	Total liabilities US\$000
Sterling	78	78
US Dollar	26	26
Total liabilities	104	104

Hume Diversified Multi-Asset Fund

Notes to the Financial Statements

12. Financial risk management (continued)

Interest rate risk (continued)

2016	Floating rate financial ⁽¹⁾ assets US\$000	Financial assets not carrying interest US\$000	Total assets US\$000
Currency			
Canadian Dollar	-	76	76
Euro	379	793	1,172
Hong Kong Dollars	-	498	498
New Zealand Dollar	-	2	2
Sterling	471	3,970	4,441
US Dollar	130	2,451	2,581
Total assets	980	7,790	8,770

	Financial liabilities not carrying interest US\$000	Total liabilities US\$000
Currency		
US Dollar	25	25
Total liabilities	25	25

⁽¹⁾ Changes in the base rate will cause movements in the interest rate applied to cash balances and overdrafts

If the interest rates increased/decreased by 50 basis points at 31 March 2017 (representing the directors' assessment of a reasonably possible change) the total return and net assets would increase/decrease by US\$2,000 (2016: US\$5,000).

Fair value disclosures

The valuation techniques employed in valuing the investments are summarised below:

Valuation technique:	2017 US\$000	2016 US\$000
Quoted prices for identical instruments in active markets	5,182	5,355
Valuation techniques using observable market data	2,012	2,244
Valuation techniques using non-observable market data	136	152
	7,330	7,751

Hume Diversified Multi-Asset Fund

Notes to the Financial Statements

13. Share classes

The Fund has the following share classes in issue, with the following charges and minimum initial investment levels:

	Initial charge	Manager's annual charge	Minimum initial investment
Euro	5.25%	1.50%	€1,000
Sterling	5.25%	1.50%	£1,000
US Dollar	5.25%	1.50%	\$1,000

The net asset value of each share class and the number of shares in each class are given in the comparative table on pages 23 and 24. A reconciliation of the dealing price to the net asset value per share is shown in note 15.

All share classes carry the same rights in the event of a winding up.

	Euro	Sterling	Dollar
Opening number of participating redeemable preference shares	171,532	188,712	467,320
Issued	-	457	578
Redeemed	(21,656)	(33,723)	(88,118)
Closing number of participating redeemable preference shares	149,876	155,446	379,780

14. Portfolio transaction costs

	US\$000	2017 US\$000	US\$000	2016 US\$000
Analysis of total purchase costs				
Purchases in the period before transaction costs		5,174		5,547
Commissions	8		13	
Total purchase costs		8		13
Gross purchase total		5,182		5,560
Analysis of total sale proceeds				
Gross sales in the period before transaction costs		9,283		9,296
Commissions	(8)		(9)	
Total sales costs		(8)		(9)
Total sales net of transaction costs		9,275		(9,287)

Hume Diversified Multi-Asset Fund

Notes to the Financial Statements

15. Reconciliation of net asset value per share to dealing price

The net asset value per share is the net asset value of each share class calculated using the accounting policies set out in these financial statements divided by the number of shares in issue at the balance sheet date.

The dealing price is the value of each share class calculated using the policies set out in the scheme particulars divided by the number of shares in issue at the balance sheet date.

31 March 2017	Euro €	Sterling £	Dollar \$
Net asset value per share	10.60	14.73	9.34
Update to stale priced investment	0.01	0.02	0.01
Revaluation of portfolio from mid to bid price in the financial statements	0.02	0.03	0.02
Dealing price	10.63	14.78	9.37
31 March 2016	Euro €	Sterling £	Dollar \$
Net asset value per share	8.88	11.45	8.34
Capitalised restructuring costs expensed in the financial statements	0.01	0.01	0.01
Revaluation of portfolio from mid to bid price in the financial statements	0.01	0.01	0.01
Dealing price	8.90	11.47	8.36

Hume Dynamic Multi-Asset Fund

Investment objective and investment policy

Hume Dynamic Multi-Asset Fund (the “**Fund**”) is a fund of funds which invests in units or shares of CIS (which include any unit trust, limited partnership, investment company (whether closed or open-ended) and any like body or arrangement for the collective investment of property of any description). A proportion of the Fund may also be invested in Alternative Investment Funds.

“Alternative Investment Fund” is a market term used to describe a range of CIS which typically invest in closely defined investment areas using sophisticated investment techniques and instruments not usually associated with pooled investment vehicles. Such techniques may include investing in long or short positions in equities, options, convertibles, warrants and other similar investments. In addition, some funds may employ gearing in order to generate improved returns.

Alternative Investment Funds commonly aim to achieve absolute returns under all market conditions (i.e. growth in the value of investments), rather than relative returns (i.e. attempting to beat selected market indices).

The investment objective of the Fund is to achieve a total return from a combination of income and capital growth securities. The Fund invests in units or shares of CIS which invest in any or all geographical or economic sector or sectors of the world. Up to 20 per cent in value of the Fund at the time of purchase may be invested in investments other than CIS.

Investment Adviser’s Report

Performance

The Fund rose 12.0% (US\$) in the period under review. This compares with a peer group median (Lipper Global asset offshore) of 10.6%.

Market Review

Global Bond and equity markets experienced a number of shocks during the period under review including the vote by the UK to leave the European Union in June 2016, the election of Republican outsider Donald Trump to the US presidency in November and the defeat of Italian PM Mario Renzi’s market reforms in December.

However the stabilisation of China’s economy meant the market’s worst fears that the slowdown in Chinese GDP growth would morph into outright recession proved unfounded and an orderly slowdown achieved. The key to a healthy global economy lies in our view in a rebalancing between the creditor countries of China, Germany and Japan that run large current account surpluses and the debtor nations of America and the UK that run similarly large current account deficits. There has been some evidence in the last 12 months of progress in this regard with investment intentions and capex rising as a % of GDP in the west while consumption as a % of GDP rises in China as exports slow and Chinese companies and households look to invest their significant cash balances outside China.

Along with healthy corporate earnings growth and subdued inflation and continued easy monetary policy stock market ratings have been supported and both bond and equity markets have seen positive returns.

Hume Dynamic Multi-Asset Fund

Investment Adviser's Report (continued)

Portfolio Review

The Fund recorded positive returns during the year under review.

In particular there were positive contributions from:

- Within holdings of externally managed funds, Aberdeen Asia Income, Blackstone GSO Loan Financing and Paretum Baron listed private equity performed well.
- Within exchange traded funds the iShares Property and iShares Utility performed particularly strongly.
- Within individual securities the Fund benefited from holdings in UK exporters BAE Systems, Burberry and Rolls Royce while there were strong returns from gold and silver producers like Fresnillo and Hecla and Asian shippers like Precious Shipping and Sembcorp Marine.

Outlook

We are broadly constructive on the global economy which is seeing a reasonably benign period of GDP growth with inflation unusually low and generally positive corporate earnings. However this positive outlook for the global economy has led to asset prices becoming more fully priced and at risk of correction. A CAPE (cyclically adjusted price earnings ratio) of 20x or above is at high levels historically and with the US central bank having embarked on a rate tightening cycle, we emphasise a diversified asset allocation stance, with a preference for blue chip corporate bond and equity income, inflation hedges such as precious metals and commodities and alternatives such as private equity and infrastructure type investments that we believe will best protect investors in any bout of volatility to come.

The global economy is going through a period of intense development in new technologies with groundbreaking innovations in fields like engineering with such developments as a move away from the internal combustion engine towards new battery technology, new ways of developing and distributing energy and storing it, exciting advances in biotechnology to treat disease and ever more sophisticated ways of using satellites to enhance communication both for civil and military uses.

These developments, along with the rapidly changing way people are living their lives, reflected in increasing urbanisation, the evolving nature of property ownership and the increasing mobility of labour are phenomena that investors need to incorporate into their asset allocation thinking and investment strategy.

Hume Dynamic Multi-Asset Fund

Comparative Table

Euro share class	2017	2016	2015
	€	€	€
Change in net assets per unit			
Opening net asset value per unit	10.05	11.99	10.35
Return before and after operating charges	1.96	(1.94)	1.64
Closing net asset value per unit	<u>12.01</u>	<u>10.05</u>	<u>11.99</u>
Performance			
Return after operating charges	19.5%	(16.2)%	15.9%
Other information			
Closing net asset value (€000)	78	66	94
Closing number of units (note 13)	6,536	6,536	7,874
Operating charges	2.5%	2.7%	2.4%
Direct transaction costs	0.2%	0.3%	0.3%
Prices			
Highest unit price	12.06	12.49	12.14
Lowest unit price	9.84	9.41	9.82
Sterling share class	2017	2016	2015
	£	£	£
Change in net assets per unit			
Opening net asset value per unit	12.08	13.15	12.97
Return before and after operating charges	3.49	(1.07)	0.18
Closing net asset value per unit	<u>15.57</u>	<u>12.08</u>	<u>13.15</u>
Performance			
Return after operating charges	28.9%	(8.1)%	1.4%
Other information			
Closing net asset value (£000)	6,354	6,323	7,895
Closing number of units (note 13)	408,177	523,157	600,579
Operating charges	2.5%	2.7%	2.4%
Direct transaction costs	0.2%	0.3%	0.3%
Prices			
Highest unit price	15.69	13.64	13.28
Lowest unit price	12.02	11.21	11.88

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Dynamic Multi-Asset Fund

Comparative Table (continued)

Dollar share class	2017	2016	2015
	US\$	US\$	US\$
Change in net assets per unit			
Opening net asset value per unit	9.50	10.67	11.82
Return before and after operating charges	1.14	(1.17)	(1.15)
Closing net asset value per unit	<u>10.64</u>	<u>9.50</u>	<u>10.67</u>
Performance			
Return after operating charges	12.0%	(11.0)%	(9.7)%
Other information			
Closing net asset value (US\$000)	5,415	6,005	7,578
Closing number of units (note 13)	508,709	631,921	710,094
Operating charges	2.5%	2.7%	2.4%
Direct transaction costs	0.2%	0.3%	0.3%
Prices			
Highest unit price	10.71	11.29	12.00
Lowest unit price	9.28	8.85	10.40

A reconciliation of the net asset value per unit to the dealing price is shown in note 15.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Dynamic Multi-Asset Fund

Portfolio Statement

As at 31 March 2017

Holding/ Nominal Value	Investment	Market value US\$000	Percentage of Total Net Assets %
	Australia (2016: 0.00%)		
12,500,000	Australian Mines Ltd	76	0.57
357,000	Mineral Deposits Ltd Corp NPV	121	0.90
100,000	Resolute Mining NPV	99	0.74
446,857	Prairie Mining Ltd	191	1.42
		487	3.63
	Bermuda (2016: 0.00%)		
60,000	Capital Drilling Ltd Ord USD0.0001	41	0.30
		41	0.30
	Canada (2016: 2.41%)		
6,250	Brio Gold Inv NPV	15	0.11
17,424	Chatham Rock Phosphate	6	0.04
200,000	Denison Mines Corp Common 4 month hold restricted	142	1.06
50,000	Endeavour Silver Corp	158	1.18
40,000	Kinross Gold Corp Com NPV	140	1.04
333,000	Margaux Resources Ltd	79	0.59
100,000	Yamana Gold Inc Com NPV	274	2.04
		814	6.06
	Germany (2016: 3.47%)		
17,500	iShares Stoxx Europe 600 Oil & Gas UCITS ETF	594	4.42
		594	4.42
	Guernsey (2016: 12.92%)		
2,077	CMA Global Hedge Prf *	10	0.07
300,000	Duke Royalty Ltd	170	1.27
1,327,085	Global Mena Finance Ord NP *	647	4.81
90,000	NB Distressed Debt New Red Ord	89	0.66
294,751	NB Global Floating Red Ord NPV GBP	359	2.67
		1,275	9.48
	Hong Kong (2016: 4.28%)		
500,000	iShares Asia Trust FTSE A50 China Index ETF	724	5.39
		724	5.39
	Ireland (2016: 11.89%)		
15,000	iShares Euro Dividend UCITS ETF EUR (Dist)	363	2.70
25,000	iShares MSCI Japan UCITS ETF USD (Dist)	323	2.40
10,000	iShares UK Dividend UCITS ETF GBP (Dist)	116	0.86
509	Tiburon-Taiko Fund-B USD	1,007	7.49
		1,809	13.45
	Jersey (2016: 9.40%)		
350,000	Blackstone/GSO Loan Financing Fund	389	2.89
306,362	Aberdeen Asian Inc Ord NPV	801	5.96
50,000	Centamin Plc ORD NPV (DI)	108	0.80
		1,298	9.65
	Lichtenstein (2016: 0.00%)		
30,000	Polar Emerging Markets Inc-I\$A *	335	2.49
		335	2.49

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Dynamic Multi-Asset Fund

Portfolio Statement (continued)

As at 31 March 2017

Holding/ Nominal Value	Investment	Market value US\$000	Percentage of Total Net Assets %
	Luxembourg (2016: 4.56%)		
153	Galloway Global Fixed Income Feeder Fund - Class B *	171	1.27
2,435	Pareturn Barwon LST USD MDO Management Co *	650	4.84
		821	6.11
	New Zealand (2016: 0.03%)	-	-
	United Kingdom (2016: 25.32%)		
60,000	Anglo Pacific GRP Ord GBP0.02	91	0.68
40,000	Arix Bioscience Ord	99	0.74
50,000	Balfour Beatty Ord GBP0.50	168	1.25
715,000	Bluejay Mining Plc	116	0.86
500,000	Invesco Fund Managers IP Asian Equity Inc Acc	511	3.80
1,217,430	President Energy P GBP0.01	104	0.77
250,000	Redx Pharma Ltd Ord NPV	120	0.89
1	Thesis UT Mgmt Ltd TM Sanditon UK A GBP NET AC	-	-
		1,209	8.99
	United States (2016: 14.38%)		
20,080	Global X Funds Uranium ETF (post rev split)	308	2.29
50,000	Hecla Mining Company Com USD0.25	264	1.96
300	iShares MSCI China Small-Cap	14	0.10
2,500	iShares Trust Core MSCI EAFE	145	1.08
10,000	Proshares Trust Short S&P 500 New (Post Rev)	345	2.57
		1,076	8.00
	Portfolio of investments (2016: 88.66%)	10,483	77.97
	Unrealised gain on forward foreign exchange contract (see note 12) (2016: 0.18%)	-	-
	Other net assets (2016: 11.16%)	2,962	22.03
	Total net assets	13,445	100.00

* These securities are unlisted

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Dynamic Multi-Asset Fund

Statement of Total Return

For the year ended 31 March 2017

	Notes	US\$000	2017 US\$000	US\$000	2016 US\$000
Net capital gains/(losses)	2		1,546		(1,803)
Revenue	3	385		282	
Expenses	4	(335)		(415)	
Net income/(expense) for the year			<u>50</u>		<u>(133)</u>
Total return			<u>1,596</u>		<u>(1,936)</u>
Change in net assets attributable to shareholders from investment activities			<u>1,596</u>		<u>(1,936)</u>

The results for the year relate to continuing operations. There are no recognised gains or losses for the year other than the total return.

Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the year ended 31 March 2017

	US\$000	2017 US\$000	US\$000	2016 US\$000
Opening net assets attributable to shareholders		15,172		19,401
Amounts receivable on issue of shares	11		25	
Amounts payable on cancellation of shares	(3,334)		(2,318)	
		(3,323)		(2,293)
Change in net assets attributable to shareholders from investment activities		<u>1,596</u>		<u>(1,936)</u>
Closing net assets attributable to shareholders		<u>13,445</u>		<u>15,172</u>

The notes on pages 44 to 50 form an integral part of these financial statements.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Dynamic Multi-Asset Fund

Balance Sheet

As at 31 March 2017

	Notes	2017 US\$000	2016 US\$000
Assets			
Fixed assets			
Investments		10,483	13,452
Current assets			
Receivable on forward exchange contract		-	27
Debtors and other assets	7	1,023	24
Cash and bank balances	8	2,188	1,981
Total assets		13,694	15,484
Liabilities			
Creditors	9	249	312
Total liabilities		249	312
Total net assets attributable to shareholders		13,445	15,172

The notes on pages 44 to 50 form an integral part of these financial statements.

Hume Dynamic Multi-Asset Fund

Notes to the Financial Statements

1. Accounting policies

The accounting policies are given on pages 12 to 20 of this Annual Report.

2. Net capital gains/(losses)

	2017	2016
	US\$000	US\$000
Non-derivative securities	1,285	(1,904)
Gains on forward exchange contracts	280	126
Currency losses	(4)	(13)
Transaction charges	(15)	(12)
Net capital gains/(losses)	1,546	(1,803)

3. Revenue

	2017	2016
	US\$000	US\$000
Dividends	382	271
Management fee rebate	3	11
Total revenue	385	282

4. Expenses

	2017	2016
	US\$000	US\$000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's fees	213	261
Payable to Custodian, associates of the Custodian and agents of either of them:		
Custodian's fees	17	23
Administration fees	54	72
Audit fees	7	7
Directors' fees	17	24
GFSC fees	2	2
Other fees	25	26
	105	131
Total expenses	335	415

5. Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and is charged an annual exemption fee.

6. Finance costs

Distributions and interest

The whole of the net revenue is accumulated and is reflected in the price.

Hume Dynamic Multi-Asset Fund

Notes to the Financial Statements

7. Debtors and other assets

	2017	2016
	US\$000	US\$000
Accrued revenue	5	22
Prepaid expenses	2	2
Sales awaiting settlement	1,016	-
Total debtors and other assets	1,023	24

8. Cash and bank balances

	2017	2016
	US\$000	US\$000
Cash and bank balances	2,188	1,981
Total cash and bank balances	2,188	1,981

9. Creditors

	2017	2016
	US\$000	US\$000
Accrued expenses	36	36
Purchases awaiting settlement	157	140
Amounts payable on cancellation of shares	56	136
Total creditors	249	312

10. Contingent liabilities

There are no contingent liabilities existing at the balance sheet date.

11. Related party transactions

	2017	2016
	US\$000	US\$000
Transactions with the Manager are detailed in note 4 to the financial statements		
Total amount due to Manager	15	17
	15	17

All transactions were entered into in the normal course of business and on normal commercial terms.

Hume Dynamic Multi-Asset Fund

Notes to the Financial Statements

12. Financial risk management

The main risks arising from the financial instruments are market price, currency exposure, interest rate, liquidity and credit risk. These risks are monitored by the Manager in pursuance of the investment objectives and policy of the Fund.

Currency exposure risk

A proportion of the net assets of the Fund is denominated in currencies other than US Dollars such that the Balance Sheet and the Statement of Total Return can be affected by currency movements.

The foreign currency exposure of the Fund as at 31 March 2017 and 2016 was as follows:

2017	Net foreign currency assets		
	Monetary exposure US\$000	Non-monetary exposure US\$000	Total US\$000
Australian Dollars	30	296	326
Canadian Dollars	1	814	815
Euro	428	983	1,411
Hong Kong Dollars	-	724	724
Sterling	(50)	4,417	4,367
Total	409	7,234	7,643

There were no forward exchange contracts outstanding at 31 March 2017.

2016	Net foreign currency assets		
	Monetary exposure US\$000	Non-monetary exposure US\$000	Total US\$000
Australian Dollars	1	-	1
Canadian Dollars	(140)	366	226
Euro	318	864	1,182
Hong Kong Dollars	-	650	650
New Zealand Dollars	-	5	5
Sterling	1,675	4,754	6,429
Total	1,854	6,639	8,493

The foreign currency exposure includes a forward exchange contract selling £1,400,000 for US\$2,040,000 for settlement on 16 May 2016.

At 31 March 2017, should the Euro have strengthened or weakened by 10% (representing the directors' assessment of a reasonably possible change) against the US Dollar and all other variables, including the price of the Fund's investments, were held constant, the total return and net assets would have decreased/increased by US\$141,000 (2016: US\$118,000).

Hume Dynamic Multi-Asset Fund

Notes to the Financial Statements

12. Financial risk management (continued)

Currency exposure risk (continued)

At 31 March 2017, should the Sterling have strengthened or weakened by 10% (representing the directors' assessment of a reasonably possible change) against the US Dollar and all other variables, including the price of the Fund's investments, were held constant, the total return and net assets would have decreased/increased by US\$437,000 (2016: US\$643,000).

Interest rate risk

The interest rate profile of the Fund's financial assets and liabilities at 31 March 2017 and 2016 was as follows:

2017	Floating rate financial⁽¹⁾ assets US\$000	Financial assets not carrying interest US\$000	Total assets US\$000
Currency			
Australian Dollar	30	296	326
Canadian Dollars	1	814	815
Euro	63	1,348	1,411
Hong Kong Dollars	-	724	724
Sterling	20	4,504	4,524
US Dollar	2,074	3,818	5,892
Total assets	2,188	11,504	13,692

	Financial liabilities not carrying interest US\$000	Total liabilities US\$000
Currency		
Sterling	157	157
US Dollar	92	92
Total liabilities	249	249

Hume Dynamic Multi-Asset Fund

Notes to the Financial Statements

12. Financial risk management (continued)

2016	Floating rate financial ⁽¹⁾ assets US\$000	Financial assets not carrying interest US\$000	Total assets US\$000
Currency			
Australian Dollar	1	-	1
Canadian Dollars	-	366	366
Euro	318	864	1,182
Hong Kong Dollars	-	650	650
New Zealand Dollars	-	5	5
Sterling	1,655	6,787	8,442
US Dollar	7	4,829	4,836
Total assets	1,981	13,501	15,482

Currency	Financial liabilities not carrying interest US\$000	Total liabilities US\$000
Canadian Dollars	140	140
US Dollar	172	172
Total liabilities	312	312

⁽¹⁾ Changes in the base rate will cause movements in the interest rate applied to cash balances and overdrafts

If the interest rates increased/decreased by 50 basis points at 31 March 2017 (representing the directors' assessment of a reasonably possible change) the total return and net assets would increase/decrease by US\$11,000 (2016: US\$10,000).

Fair value disclosures

The valuation techniques employed in valuing the investments are summarised below:

Valuation technique:	2017 US\$000	2016 US\$000
Quoted prices for identical instruments in active markets	8,670	9,613
Valuation techniques using observable market data	1,156	3,067
Valuation techniques using non-observable market data	647	762
Prices of latest transactions for identical instruments	10	10
	10,483	13,452

Hume Dynamic Multi-Asset Fund

Notes to the Financial Statements

13. Share classes

The Fund has the following share classes in issue, with the following charges and minimum initial investment levels:

	Initial charge	Manager's annual charge	Minimum initial investment
Euro	5.25%	1.50%	€1,000
Sterling	5.25%	1.50%	£1,000
US Dollar	5.25%	1.50%	\$1,000

The net asset value of each share class and the number of shares in each class are given in the comparative table on pages 38 and 39. A reconciliation of the dealing price to the net asset value per share is shown in note 15.

All share classes carry the same rights in the event of a winding up.

	Euro	Sterling	Dollar
Opening number of participating redeemable preference shares	6,536	523,157	631,921
Issued	-	323	526
Redeemed	-	(115,303)	(123,738)
Closing number of participating redeemable preference shares	6,536	408,177	508,709

14. Portfolio transaction costs

	US\$000	2017 US\$000	US\$000	2016 US\$000
Analysis of total purchase costs				
Purchases in the period before transaction costs		9,376		11,190
Commissions	15		34	
Total purchase costs		15		34
Gross purchase total		9,391		11,224
Analysis of total sale proceeds				
Gross sales in the period before transaction costs		13,645		14,653
Commissions	(15)		(12)	
Total sales costs		(15)		(12)
Total sales net of transaction costs		13,630		14,641

Hume Dynamic Multi-Asset Fund

Notes to the Financial Statements

15. Reconciliation of net asset value per share to dealing price

The net asset value per share is the net asset value of each share class calculated using the accounting policies set out in these financial statements divided by the number of shares in issue at the balance sheet date.

The dealing price is the value of each share class calculated using the policies set out in the scheme particulars divided by the number of shares in issue at the balance sheet date.

31 March 2017	Euro €	Sterling £	Dollar \$
Net asset value per share	12.01	15.57	10.64
Update to stale priced investment	0.03	0.04	0.04
Revaluation of portfolio from mid to bid price in the financial statements	0.02	0.03	0.02
Dealing price	12.06	15.64	10.70
31 March 2016	Euro €	Sterling £	Dollar \$
Net asset value per share	10.05	12.08	9.50
Capitalised restructuring costs expensed in the financial statements	0.01	0.01	0.01
Revaluation of portfolio from mid to bid price in the financial statements	0.01	0.01	0.01
Dealing price	10.07	12.10	9.52

Hume European Multi-Asset Fund

Investment objective and investment policy

Hume European Multi-Asset Fund (the “**Fund**”) is a fund of funds which invests in units or shares of CIS (which include any unit trust, limited partnership, investment company (whether closed or open-ended) and any like body or arrangement for the collective investment of property of any description). A proportion of the Fund may also be invested in Alternative Investment Funds.

“Alternative Investment Fund” is a market term used to describe a range of CIS which typically invest in closely defined investment areas using sophisticated investment techniques and instruments not usually associated with pooled investment vehicles. Such techniques may include investing in long or short positions in equities, options, convertibles, warrants and other similar investments. In addition, some funds may employ gearing in order to generate improved returns.

Alternative Investment Funds commonly aim to achieve absolute returns under all market conditions (i.e. growth in the value of investments), rather than relative returns (i.e. attempting to beat selected market indices).

The investment objective of the Fund is to achieve a total return from a combination of income and capital growth securities. The Fund invests in units or shares of CIS which invest in any or all geographical or economic sector or sectors of the world. Up to 20 per cent in value of the Fund at the time of purchase may be invested in investments other than CIS.

Investment Adviser’s Report

Performance

The fund rose 15.1% (€) in the period under review. This compared to a peer group median (Lipper Global mixed asset) of 13.7%.

Market Review

Global Bond and equity markets experienced a number of shocks during the period under review including the vote by the UK to leave the European Union in June 2016, the election of Republican outsider Donald Trump to the US presidency in November and the defeat of Italian PM Mario Renzi’s market reforms in December.

However the stabilisation of China’s economy meant the market’s worst fears that the slowdown in Chinese GDP growth would morph into outright recession proved unfounded and an orderly slowdown achieved. The key to a healthy global economy lies in our view in a rebalancing between the creditor countries of China, Germany and Japan that run large current account surpluses and the debtor nations of America and the UK that run similarly large current account deficits. There has been some evidence in the last 12 months of progress in this regard with investment intentions and capex rising as a % of GDP in the west while consumption as a % of GDP rises in China as exports slow and Chinese companies and households look to invest their significant cash balances outside China.

Along with healthy corporate earnings growth and subdued inflation and continued easy monetary policy stock market ratings have been supported and both bond and equity markets have seen positive returns.

Hume European Multi-Asset Fund

Investment Adviser's Report (continued)

Portfolio Review

The Fund recorded positive returns during the year under review.

In particular there were positive contributions from:

- Within holdings in third party managed funds, Blackstone GSO Loan Financing and Pareturn Barwon listed private equity fund performed particularly well.
- Within exchange traded funds the iShare European dividend ETF and the iShare European utilities and iShare oil and gas performed well.
- Within individual securities advantage was taken of the competitive position of UK exporters especially BAE Systems Burberry and Rolls and we also profited from trading European single shares like Hugo Boss.

Outlook

We are broadly constructive on the global economy which is seeing a reasonably benign period of GDP growth with inflation unusually low and generally positive corporate earnings. However this positive outlook for the global economy has led to asset prices becoming more fully priced and at risk of correction. A CAPE (cyclically adjusted price earnings ratio) of 20x or above is at high levels historically and with the US central bank having embarked on a rate tightening cycle, we emphasise a diversified asset allocation stance, with a preference for blue chip corporate bond and equity income, inflation hedges such as precious metals and commodities and alternatives such as private equity and infrastructure type investments that we believe will best protect investors in any bout of volatility to come.

The global economy is going through a period of intense development in new technologies with groundbreaking innovations in fields like engineering with such developments as a move away from the internal combustion engine towards new battery technology, new ways of developing and distributing energy and storing it, exciting advances in biotechnology to treat disease and ever more sophisticated ways of using satellites to enhance communication both for civil and military uses.

These developments, along with the rapidly changing way people are living their lives, reflected in increasing urbanisation, the evolving nature of property ownership and the increasing mobility of labour are phenomena that investors need to incorporate into their asset allocation thinking and investment strategy.

Peterhouse Asset Management Limited
September 2017

Hume European Multi-Asset Fund

Comparative Table

Euro share class	2017	2016	2015
	€	€	€
Change in net assets per unit			
Opening net asset value per unit	10.71	12.71	11.79
Return before and after operating charges	1.62	(2.00)	0.92
Closing net asset value per unit	<u>12.33</u>	<u>10.71</u>	<u>12.71</u>
Performance			
Return after operating charges	15.1%	(15.7)%	7.8%
Other information			
Closing net asset value (€000)	3,897	3,897	6,067
Closing number of units (note 13)	315,928	363,664	477,228
Operating charges	2.9%	3.6%	2.5%
Direct transaction costs	0.2%	0.3%	0.3%
Prices			
Highest unit price	12.42	13.16	12.97
Lowest unit price	10.47	10.22	10.68
Sterling share class	2017	2016	2015
	£	£	£
Change in net assets per unit			
Opening net asset value per unit	12.75	13.81	14.63
Return before and after operating charges	3.09	(1.06)	(0.82)
Closing net asset value per unit	<u>15.84</u>	<u>12.75</u>	<u>13.81</u>
Performance			
Return after operating charges	24.2%	(7.7)%	(5.6)%
Other information			
Closing net asset value (£000)	1,959	1,767	2,294
Closing number of units (note 13)	123,706	138,557	166,203
Operating charges	2.9%	3.6%	2.5%
Direct transaction costs	0.2%	0.3%	0.3%
Prices			
Highest unit price	15.97	14.19	14.83
Lowest unit price	12.66	12.05	12.79

A reconciliation of the net asset value per unit to the dealing price is shown in note 15.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume European Multi-Asset Fund

Portfolio Statement

As at 31 March 2017

Holding/ Nominal Value	Investment	Market value €000	Percentage of Total Net Assets %
Australia (2016: 0.00%)			
9,375,000	Australian Mines Ltd	54	0.87
178,500	Mineral Deposits Ltd Corp NPV	57	0.92
75,000	Resolute Mining NPV	69	1.12
223,000	Prairie Mining Ltd	89	1.44
		269	4.35
Bermuda (2016: 0.00%)			
60,000	Capital Drilling Ltd Ord USD0.0001	38	0.61
		38	0.61
Canada (2016: 2.07%)			
3,125	Brio Gold Inv NPV	7	0.11
8,712	Chatham Rock Phosphate	3	0.05
100,000	Denison Mines Corp Common 4 month hold restricted	67	1.08
25,000	Endeavour Silver Corp	74	1.20
30,000	Kinross Gold Corp Com NPV	98	1.58
166,000	Margaux Resources Ltd	37	0.60
50,000	Yamana Gold Inc Com NPV	128	2.07
		414	6.69
France (2016: 2.48%)			
10,000	Lyxor Intl AM UCITS ETF Stoxx Euro Div 30	163	2.63
		163	2.63
Germany (2016: 4.31%)			
10,0000	iShares Stoxx Europe 600 Oil & Gas UCITS ETF	317	5.12
		317	5.12
Guernsey (2016: 17.59%)			
162,500	Duke Royalty Ltd	86	1.39
1,170,852	Global Mena Finance Ord NP	534	8.63
75,334	NB Distressed Debt New Red Ord	69	1.12
		689	11.14
Hong Kong (2016: 1.86%)			
100,000	iShares Asia Trust FTSE A50 China Index ETF	136	2.20
		136	2.20
Ireland (2016: 15.14%)			
20,000	iShares Euro Dividend UCITS ETF EUR (Dist)	452	7.31
30,000	iShares UK Dividend UCITS ETF GBP (Dist)	327	5.29
		779	12.60
Jersey (2016: 8.98%)			
127,544	Aberdeen Asian Inc Ord NPV	312	5.04
175,000	Blackstone/GSO Loan Financing Fund	182	2.94
25,000	Centamin Plc Ord NPV (DI)	50	0.81
		544	8.79

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume European Multi-Asset Fund

Portfolio Statement (continued)

As at 31 March 2017

Holding/ Nominal Value	Investment	Market value €000	Percentage of Total Net Assets %
	Lichtenstein (2016: 0.00%)		
25,000	Polar Emerging Markets Inc-I\$A *	261	4.22
		261	4.22
	Luxembourg (2016: 3.72%)		
102	Galloway Global Fixed Income Feeder Fund - Class B	107	1.73
733	Pareturn Barwon LST USD MDO Management Co *	183	2.96
		290	4.69
	New Zealand (2016: 0.03%)	-	-
	United Kingdom (2016: 23.88%)		
60,000	Anglo Pacific GRP Ord GBP0.02	85	1.37
17,500	Arix Bioscience Ord	40	0.65
20,000	Balfour Beatty Ord GBP0.50	63	1.02
357,500	Bluejay Mining Plc	54	0.87
200,000	Invesco Fund Managers IP Asian Equity Inc Acc *	191	3.09
729,644	President Energy P GBP0.01	58	0.94
155,000	Redx Pharma Ltd Ord NPV	69	1.12
		560	9.06
	United States (2016: 10.72%)		
5,000	Global X Funds Uranium ETF (post rev split)	72	1.16
25,000	Hecla Mining Company Com USD0.25	123	1.99
2,500	iShares Trust Core MSCI EAFE	136	2.20
7,500	Proshares Trust Short S&P 500 New (Post Rev)	242	3.91
		573	9.26
	Portfolio of investments (2016: 90.78%)	5,033	81.36
	Other net assets (2016: 9.22%)	1,153	18.64
	Total net assets	6,186	100.00

* These securities are unlisted

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume European Multi-Asset Fund

Statement of Total Return

For the year ended 31 March 2017

	Notes	€000	2017 €000	€000	2016 €000
Net capital gains/(losses)	2		786		(1,177)
Revenue	3	257		165	
Expenses	4	(177)		(223)	
Net income/(expense) for the year			<u>80</u>	<u>(58)</u>	
Total return			<u>866</u>	<u>(1,235)</u>	
Change in net assets attributable to shareholders from investment activities			<u>866</u>	<u>(1,235)</u>	

The results for the year relate to continuing operations. There are no recognised gains or losses for the year other than the total return.

Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the year ended 31 March 2017

	€000	2017 €000	€000	2016 €000
Opening net assets attributable to shareholders		6,126		9,239
Amounts receivable on issue of shares	4		17	
Amounts payable on cancellation of shares	(810)		(1,895)	
		(806)		(1,878)
Change in net assets attributable to shareholders from investment activities		<u>866</u>		<u>(1,235)</u>
Closing net assets attributable to shareholders		<u>6,186</u>		<u>6,126</u>

The notes on pages 58 to 63 form an integral part of these financial statements.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume European Multi-Asset Fund

Balance Sheet

As at 31 March 2017

	Notes	2017 €000	2016 €000
Assets			
Fixed assets			
Investments		5,033	5,561
Current assets			
Debtors and other assets	7	453	9
Cash and bank balances	8	799	639
Total assets		6,285	6,209
Liabilities			
Creditors	9	99	83
Total liabilities		99	83
Total net assets attributable to shareholders		6,186	6,126

The notes on pages 58 to 63 form an integral part of these financial statements.

Hume European Multi-Asset Fund

Notes to the Financial Statements

1. Accounting policies

The accounting policies are given on pages 12 to 20 of this Annual Report.

2. Net capital gains/(losses)

	2017	2016
	€000	€000
Non-derivative securities	789	(1,125)
Currency gains/(losses)	3	(48)
Transaction charges	(6)	(4)
Net capital gains/(losses)	786	(1,177)

3. Revenue

	2017	2016
	€000	€000
Dividends	254	158
Management fee rebate	3	7
Total revenue	257	165

4. Expenses

	2017	2016
	€000	€000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's fees	92	117
Payable to Custodian, associates of the Custodian and agents of either of them:		
Custodian's fees	14	20
Administration fees	40	54
Audit fees	7	6
Directors' fees	7	11
GFSC fees	1	1
Other fees	16	14
	71	86
Total expenses	177	223

5. Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and is charged an annual exemption fee.

6. Finance costs

Distributions and interest

The whole of the net revenue is accumulated and is reflected in the price.

Hume European Multi-Asset Fund

Notes to the Financial Statements

7. Debtors and other assets

	2017	2016
	€000	€000
Accrued income	2	8
Prepaid expenses	-	1
Sales awaiting settlement	451	-
Total debtors and other assets	453	9

8. Cash and bank balances

	2017	2016
	€000	€000
Cash and bank balances	799	639
Total cash and bank balances	799	639

9. Creditors

	2017	2016
	€000	€000
Accrued expenses	24	22
Purchases awaiting settlement	73	61
Redemptions payable	2	-
Total creditors	99	83

10. Contingent liabilities

There are no contingent liabilities existing at the balance sheet date.

11. Related party transactions

	2017	2016
	€000	€000
Transactions with the Manager are detailed in note 4 to the financial statements		
Total amount due to Manager	7	8
	7	8

All transactions were entered into in the normal course of business and on normal commercial terms.

During the year ended 31 March 2016, £109,500 was received from the Company's Manager as reimbursement for losses suffered in the years ended 31 March 2014 and 2015 in respect of an investment in Hume Capital Securities plc, the former ultimate parent of the Investment Adviser.

Hume European Multi-Asset Fund

Notes to the Financial Statements

12. Financial risk management

The main risks arising from the financial instruments are market price, currency exposure, interest rate, liquidity and credit risk. These risks are monitored by the Manager in pursuance of the investment objectives and policy of the Fund.

Currency exposure risk

A proportion of the net assets of the Fund is denominated in currencies other than Euros such that the Balance Sheet and the Statement of Total Return can be affected by currency movements.

The foreign currency exposure of the Fund as at 31 March 2017 and 2016 was as follows:

2017	Net foreign currency assets		
	Monetary exposure	Non-monetary exposure	Total
Currency	€000	€000	€000
Australian Dollars	13	180	193
Canadian Dollars	1	414	415
Hong Kong Dollars	4	136	140
Sterling	(28)	2,517	2,489
US Dollar	280	1,124	1,404
Total	270	4,371	4,641

2016	Net foreign currency assets		
	Monetary exposure	Non-monetary exposure	Total
Currency	€000	€000	€000
Canadian Dollars	(61)	127	66
Hong Kong Dollars	4	114	118
New Zealand Dollar	7	2	9
Sterling	582	3,391	3,973
US Dollar	9	1,363	1,372
Total	541	4,997	5,538

At 31 March 2017, should Sterling have strengthened or weakened by 10% (representing the directors' assessment of a reasonably possible change) against the Euro and all other variables, including the price of the Fund's investments, were held constant, the total return and net assets would have decreased/increased by €249,000 (2016: €397,000).

At 31 March 2017, should the US Dollar have strengthened or weakened by 10% (representing the directors' assessment of a reasonably possible change) against the Euro and all other variables, including the price of the Fund's investments, were held constant, the total return and net assets would have decreased/increased by €140,000 (2016: €137,000).

Hume European Multi-Asset Fund

Notes to the Financial Statements

12. Financial risk management (continued)

Interest rate risk

The interest rate profile of the Fund's financial assets and liabilities at 31 March 2017 and 2016 was as follows:

2017	Floating rate financial⁽¹⁾ assets €000	Financial assets not carrying interest €000	Total assets €000
Currency			
Australian Dollars	13	180	193
Canadian Dollars	1	414	415
Euro	773	798	1,571
Hong Kong Dollars	4	136	140
Sterling	7	2,555	2,562
US Dollar	1	1,403	1,404
Total assets	799	5,486	6,285

Currency	Financial liabilities not carrying interest €000	Total liabilities €000
Sterling	73	73
Euro	26	26
Total liabilities	99	99

2016	Floating rate financial⁽¹⁾ assets €000	Financial assets not carrying interest €000	Total assets €000
Currency			
Canadian Dollars	-	127	127
Euro	44	565	609
Hong Kong Dollars	4	114	118
New Zealand Dollar	-	9	9
Sterling	582	3,391	3,973
US Dollar	9	1,363	1,372
Total assets	639	5,569	6,208

Currency	Financial liabilities not carrying interest €000	Total liabilities €000
Canadian Dollars	61	61
Euro	22	22
Total liabilities	83	83

⁽¹⁾ Changes in the base rate will cause movements in the interest rate applied to cash balances and overdrafts.

Hume European Multi-Asset Fund

Notes to the Financial Statements

12. Financial risk management (continued)

Interest rate risk (continued)

If the interest rates increased/decreased by 50 basis points at 31 March 2017 (representing the directors' assessment of a reasonably possible change) the total return and net assets would increase/decrease by €4,000 (2016: €3,000).

Fair value disclosures

The valuation techniques employed in valuing the investments are summarised below:

	2017	2016
	€000	€000
Valuation technique:		
Quoted prices for identical instruments in active markets	4,398	3,931
Valuation techniques using observable market data	101	1,044
Valuation techniques using non-observable market data	534	586
	5,033	5,561

13. Share classes

The Fund has the following share classes in issue, with the following charges and minimum initial investment levels:

	Initial charge	Manager's annual charge	Minimum initial investment
Euro	5.25%	1.50%	€1,000
Sterling	5.25%	1.50%	£1,000

The net asset value of each share class and the number of shares in each class are given in the comparative table on page 53. A reconciliation of the dealing price to the net asset value per share is shown in note 15.

All share classes carry the same rights in the event of a winding up.

	Euro	Sterling
Opening number of participating redeemable preference shares	363,664	138,557
Issued	363	12
Redeemed	(48,099)	(14,863)
Closing number of participating redeemable preference shares	315,928	123,706

Hume European Multi-Asset Fund

Notes to the Financial Statements

14. Portfolio transaction costs

	€000	2017 €000	€000	2016 €000
Analysis of total purchase costs				
Purchases in the period before transaction costs		4,297		5,289
Commissions	7		14	
Total purchase costs		<u>7</u>		<u>14</u>
Gross purchase total		<u>4,304</u>		<u>5,303</u>
Analysis of total sale proceeds				
Gross sales in the period before transaction costs		5,621		7,684
Commissions	(6)		(4)	
Total sales costs		<u>(6)</u>		<u>(4)</u>
Total sales net of transaction costs		<u>5,615</u>		<u>7,680</u>

15. Reconciliation of net asset value per share to dealing price

The net asset value per share is the net asset value of each share class calculated using the accounting policies set out in these financial statements divided by the number of shares in issue at the balance sheet date.

The dealing price is the value of each share class calculated using the policies set out in the scheme particulars divided by the number of shares in issue at the balance sheet date.

31 March 2017	Euro	Sterling
	€	£
Net asset value per share	12.33	15.84
Update to stale priced investment	0.07	0.08
Revaluation of portfolio from mid to bid price in the financial statements	0.02	0.03
Dealing price	<u>12.42</u>	<u>15.95</u>
31 March 2016	Euro	Sterling
	€	£
Net asset value per share	10.71	12.75
Capitalised restructuring costs expensed in the financial statements	0.01	0.01
Revaluation of portfolio from mid to bid price in the financial statements	0.01	0.01
Dealing price	<u>10.73</u>	<u>12.77</u>

Hume Global Bond Fund Cell GBP Class

Investment objective and investment policy

The investment objective of Hume Global Bond Fund Cell GBP Class (the “**Fund**”) is to preserve capital and to achieve a rate of return which is significantly in excess of the Bank of England base rate by investing in an underlying portfolio of bonds and fixed income securities.

The Fund endeavours to achieve its objectives by investing into other CIS which may be managed by associates of the Manager.

Save for CIS, the underlying investments are normally listed or dealt on major international stock exchanges, or on securities markets subject to the control of such stock exchanges or other regulatory authorities.

Traded options, warrants and market index futures may be utilised in the management of market risk and currencies may be hedged for defensive purposes only, provided that the total premium or margin in respect of any hedging transactions shall not at any time in aggregate exceed 10 per cent of the Net Asset Value.

Investment Adviser’s Report

Performance

The Fund returned -3.0% in the period under review. This compared to a Lipper offshore peer group median of 0.4%.

Market Review

Global Bond and equity markets experienced a number of shocks during the period under review including the vote by the UK to leave the European Union in June 2016, the election of Republican outsider Donald Trump to the US presidency in November and the defeat of Italian PM Mario Renzi’s market reforms in December.

However the stabilisation of China’s economy meant the market’s worst fears that the slowdown in Chinese GDP growth would morph into outright recession proved unfounded and an orderly slowdown achieved. The key to a healthy global economy lies in our view in a rebalancing between the creditor countries of China, Germany and Japan that run large current account surpluses and the debtor nations of America and the UK that run similarly large current account deficits. There has been some evidence in the last 12 months of progress in this regard with investment intentions and capex rising as a % of GDP in the west while consumption as a % of GDP rises in China as exports slow and Chinese companies and households look to invest their significant cash balances outside China.

Along with healthy corporate earnings growth and subdued inflation and continued easy monetary policy stock market ratings have been supported and both bond and equity markets have seen positive returns.

Portfolio Review

The Fund was invested throughout in government bonds of short duration via an iShares ETF 0-5 year bond fund reflecting the manager’s view that in government bonds best value lies in the short end of the curve.

Hume Global Bond Fund Cell GBP Class

Investment Adviser's Report (continued)

Outlook

We believe the outlook for government bonds remains challenging on account of the very low rates currently offered in both developed and developing markets.

In real terms most global bond markets are negatively yielding and we do not expect the trend to change outside of the US Dollar market.

It is true that US Dollar rates have bottomed for this cycle but even here five year rates are at best only matching inflation.

As we look further out however and with US short term interest rates on the rise, short to medium term bonds may start to offer some value again.

Peterhouse Asset Management Limited
September 2017

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Global Bond Fund Cell GBP Class

Comparative Table

	2017	2016	2015
	£	£	£
Change in net assets per unit			
Opening net asset value per unit	9.67	9.89	10.01
Return before operating charges *	0.08	0.18	0.12
Operating charges	(0.37)	(0.40)	(0.24)
Return after operating charges *	(0.29)	(0.22)	(0.12)
Closing net asset value per unit	9.38	9.67	9.89
* After direct transaction costs of:	-	-	0.02
Performance			
Return after operating charges	(3.0)%	(2.2)%	(1.2)%
Other information			
Closing net asset value (£000)	767	785	1,086
Closing number of units (note 12)	81,785	81,220	109,811
Operating charges	3.9%	4.8%	2.8%
Direct transaction costs	-	-	0.2%
Prices			
Highest unit price	9.69	9.92	10.08
Lowest unit price	9.35	9.64	9.86

A reconciliation of the net asset value per unit to the dealing price is shown in note 14.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Global Bond Fund Cell GBP Class

Portfolio Statement

As at 31 March 2017

Holding/ Nominal Value	Investment	Market value £000	Percentage of Total Net Assets %
5,150	iShares III PLC UK Gilts 0-5 yr UCITS ETF	<u>690</u>	<u>89.96</u>
	Portfolio of investments (2016: 96.05%)	690	89.96
	Other net assets (2016: 3.95%)	<u>77</u>	<u>10.04</u>
	Total net assets	<u><u>767</u></u>	<u><u>100.00</u></u>

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Global Bond Fund Cell GBP Class

Statement of Total Return

For the year ended 31 March 2017

	Notes	£000	2017 £000	£000	2016 £000
Net capital gains	2		3		6
Revenue	3	5		9	
Expenses	4	(30)		(38)	
Net expense for the year			(25)		(29)
Total return			(22)		(23)
Change in net assets attributable to shareholders from investment activities			(22)		(23)

The results for the year relate to continuing operations. There are no recognised gains or losses for the year other than the total return.

Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the year ended 31 March 2017

	£000	2017 £000	£000	2016 £000
Opening net assets attributable to shareholders		785		1,086
Amounts receivable on issue of shares	60		-	
Amounts payable on cancellation of shares	(56)		(278)	
		4		(278)
Change in net assets attributable to shareholders from investment activities		(22)		(23)
Closing net assets attributable to shareholders		767		785

The notes on pages 70 to 74 form an integral part of these financial statements.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Global Bond Fund Cell GBP Class

Balance Sheet

As at 31 March 2017

	Notes	2017 £000	2016 £000
Assets			
Fixed assets			
Investments		690	754
Current assets			
Cash and bank balances	7	83	40
Total assets		773	794
Liabilities			
Creditors	8	6	9
Total liabilities		6	9
Total net assets attributable to shareholders		767	785

The notes on pages 70 to 74 form an integral part of these financial statements.

Hume Global Bond Fund Cell GBP Class

Notes to the Financial Statements

1. Accounting policies

The accounting policies are given on pages 12 to 20 of this Annual Report.

2. Net capital gains

	2017	2016
	£000	£000
Non-derivative securities	3	6
Net capital gains	3	6

3. Revenue

	2017	2016
	£000	£000
Dividend	5	9
Total revenue	5	9

4. Expenses

	2017	2016
	£000	£000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's fees	7	9
Payable to Custodian, associates of the Custodian and agents of either of them:		
Custodian's fees	2	5
Administration fees	17	18
Audit fees	1	2
Directors' fees	1	1
Other fees	2	3
	21	24
Total expenses	30	38

5. Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and is charged an annual exemption fee.

6. Finance costs

Distributions and interest

The whole of the net revenue is accumulated and is reflected in the price.

Hume Global Bond Fund Cell GBP Class

Notes to the Financial Statements

7. Cash and bank balances

	2017	2016
	£000	£000
Cash and bank balances	83	40
Total cash and bank balances	83	40

8. Creditors

	2017	2016
	£000	£000
Accrued expenses	6	3
Redemptions payable	-	6
Total creditors	6	9

9. Contingent liabilities

There are no contingent liabilities existing at the balance sheet date.

10. Related party transactions

	2017	2016
	£000	£000
Transactions with the Manager are detailed in note 3 to the financial statements		
Total amount due to Manager	1	1
	1	1

All transactions were entered into in the normal course of business and on normal commercial terms.

11. Financial risk management

The main risks arising from the financial instruments are market price, currency exposure, interest rate, liquidity and credit risk. These risks are monitored by the Manager in pursuance of the investment objectives and policy of the Fund.

Currency exposure risk

The Fund has no foreign currency exposure as at 31 March 2017 and 2016.

Hume Global Bond Fund Cell GBP Class

Notes to the Financial Statements

11. Financial risk management (continued)

Interest rate risk

The interest rate profile of the Fund's financial assets and liabilities at 31 March 2017 and 2016 was as follows:

2017	Floating rate financial⁽¹⁾ assets £000	Financial assets not carrying interest £000	Total assets £000
Currency			
Sterling	83	690	773
Total assets	83	690	773

	Financial liabilities not carrying interest £000	Total liabilities £000
Currency		
Sterling	6	6
Total liabilities	6	6

2016	Floating rate financial⁽¹⁾ assets £000	Financial assets not carrying interest £000	Total assets £000
Currency			
Sterling	40	754	794
Total assets	40	754	794

	Financial liabilities not carrying interest £000	Total liabilities £000
Currency		
Sterling	9	9
Total liabilities	9	9

⁽¹⁾ Changes in the base rate will cause movements in the interest rate applied to cash balances and overdrafts

If the interest rates increased/decreased by 50 basis points at 31 March 2017 (representing the directors' assessment of a reasonably possible change) the total return and net assets would increase/decrease by £Nil (2016: £Nil).

Hume Global Bond Fund Cell GBP Class

Notes to the Financial Statements

11. Financial risk management (continued)

Fair value disclosures

The valuation techniques employed in valuing the investments are summarised below:

Valuation technique:	2017 £000	2016 £000
Quoted prices for identical instruments in active markets	690	754
	690	754

12. Share classes

The Fund has one share class in issue, with the following charges and minimum initial investment levels:

	Initial charge	Manager's annual charge	Minimum initial investment
Sterling	5.25%	0.95%	£1,000

The net asset value per share and the number of shares in issue are given in the comparative table on page 66. A reconciliation of the dealing price to the net asset value per share is shown in note 14.

Opening number of participating redeemable preference shares	81,220
Issued	6,394
Redeemed	(5,829)
Closing number of participating redeemable preference shares	81,785

13. Portfolio transaction costs

	2017 £000	2016 £000
Analysis of total sale proceeds		
Gross sales in the period before transaction costs	67	311
Commissions	-	-
Total sales costs	-	-
Total sales net of transaction costs	67	311

There were no purchases during the year ended 31 March 2017 (2016: £Nil).

Hume Global Bond Fund Cell GBP Class

Notes to the Financial Statements

14. Reconciliation of net asset value per share to dealing price

The net asset value per share is the net asset value calculated using the accounting policies set out in these financial statements divided by the number of shares in issue at the balance sheet date.

The dealing price is the value calculated using the policies set out in the scheme particulars divided by the number of shares in issue at the balance sheet date.

	2017	2016
	£	£
Net asset value per share	9.38	9.67
Capitalised restructuring costs expensed in the financial statements	0.01	0.02
Dealing price	9.39	9.69

Hume Global Bond Fund Cell Euro Class

Investment objective and investment policy

The investment objective of Hume Global Bond Fund Cell Euro Class (the “**Fund**”) is to preserve capital and to achieve a rate of return which is significantly in excess of the Bank of England base rate by investing in an underlying portfolio of bonds and fixed income securities.

The Fund endeavours to achieve its objectives by investing into other CIS which may be managed by associates of the Manager.

Save for CIS, the underlying investments are normally listed or dealt on major international stock exchanges, or on securities markets subject to the control of such stock exchanges or other regulatory authorities.

Traded options, warrants and market index futures may be utilised in the management of market risk and currencies may be hedged for defensive purposes only, provided that the total premium or margin in respect of any hedging transactions shall not at any time in aggregate exceed 10 per cent of the Net Asset Value.

Investment Adviser’s Report

Performance

The Fund returned -6.7% in the period under review. This compared to a Lipper peer group of -0.3%.

Market Review

Global Bond and equity markets experienced a number of shocks during the period under review including the vote by the UK to leave the European Union in June 2016, the election of Republican outsider Donald Trump to the US presidency in November and the defeat of Italian PM Mario Renzi’s market reforms in December.

However the stabilisation of China’s economy meant the market’s worst fears that the slowdown in Chinese GDP growth would morph into outright recession proved unfounded and an orderly slowdown achieved. The key to a healthy global economy lies in our view in a rebalancing between the creditor countries of China, Germany and Japan that run large current account surpluses and the debtor nations of America and the UK that run similarly large current account deficits. There has been some evidence in the last 12 months of progress in this regard with investment intentions and capex rising as a % of GDP in the west while consumption as a % of GDP rises in China as exports slow and Chinese companies and households look to invest their significant cash balances outside China.

Along with healthy corporate earnings growth and subdued inflation and continued easy monetary policy stock market ratings have been supported and both bond and equity markets have seen positive returns.

Portfolio Review

The Fund was invested throughout in government bonds of short duration via an iShares ETF 0-5 year bond fund reflecting the manager’s view that in government bonds best value lies in the short end of the curve.

Hume Global Bond Fund Cell Euro Class

Investment Adviser's Report (continued)

Outlook

We believe the outlook for government bonds remains challenging on account of the very low rates currently offered in both developed and developing markets.

In real terms most global bond markets are negatively yielding and we do not expect the trend to change outside of the US Dollar market.

It is true that US Dollar rates have bottomed for this cycle but even here five year rates are at best only matching inflation.

As we look further out however and with US short term interest rates on the rise, short to medium term bonds may start to offer some value again.

Peterhouse Asset Management Limited
September 2017

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Global Bond Fund Cell Euro Class

Comparative Table

	2017	2016	2015
	€	€	€
Change in net assets per unit			
Opening net asset value per unit	8.68	9.49	9.91
Return before operating charges *	-	(0.12)	0.03
Operating charges	(0.58)	(0.69)	(0.45)
Return after operating charges *	(0.58)	(0.81)	(0.42)
Closing net asset value per unit	8.10	8.68	9.49
* After direct transaction costs of:	-	0.02	0.01
Performance			
Return after operating charges	(6.7)%	(8.5)%	(4.2)%
Other information			
Closing net asset value (€000)	400	435	521
Closing number of units (note 12)	49,404	50,110	54,916
Operating charges	7.3%	8.3%	5.9%
Direct transaction costs	-	0.5%	0.2%
Prices			
Highest unit price	8.72	9.54	10.13
Lowest unit price	8.08	8.72	9.54

A reconciliation of the net asset value per unit to the dealing price is shown in note 14.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Global Bond Fund Cell Euro Class

Portfolio Statement

As at 31 March 2017

Holding/ Nominal Value	Investment	Market value €000	Percentage of Total Net Assets %
2,700	iShares Euro Gov Bond 1-3 yr UCITS	<u>389</u>	<u>97.25</u>
	Portfolio of investments (2016: 85.99%)	389	97.25
	Other net assets (2016: 14.01%)	<u>11</u>	<u>2.75</u>
	Total net assets	<u>400</u>	<u>100.00</u>

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Global Bond Fund Cell Euro Class

Statement of Total Return

For the year ended 31 March 2017

	Notes	€000	2017 €000	€000	2016 €000
Net capital losses	2		-		(6)
Revenue	3	-		1	
Expenses	4	(29)		(36)	
Net expense for the year			(29)		(35)
Total return			(29)		(41)
Change in net assets attributable to shareholders from investment activities			(29)		(41)

The results for the year relate to continuing operations. There are no recognised gains or losses for the year other than the total return.

Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the year ended 31 March 2017

	€000	2017 €000	€000	2016 €000
Opening net assets attributable to shareholders		435		521
Amounts receivable on issue of shares	1		1	
Amounts payable on cancellation of shares	(7)		(46)	
		(6)		(45)
Change in net assets attributable to shareholders from investment activities		(29)		(41)
Closing net assets attributable to shareholders		400		435

The notes on pages 81 to 85 form an integral part of these financial statements.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Global Bond Fund Cell Euro Class

Balance Sheet

As at 31 March 2017

	Notes	2017 €000	2016 €000
Assets			
Fixed assets			
Investments		389	374
Current assets			
Cash and bank balances	7	17	63
Total assets		406	437
Liabilities			
Creditors	8	6	2
Total liabilities		6	2
Total net assets attributable to shareholders		400	435

The notes on pages 81 to 85 form an integral part of these financial statements.

Hume Global Bond Fund Cell Euro Class

Notes to the financial statements

1. Accounting policies

The accounting policies are given on pages 12 to 20 of this Annual Report.

2. Net capital losses

	2017	2016
	€000	€000
Non-derivative securities	-	(8)
Losses on forward exchange contracts	-	(5)
Currency gains	-	8
Transaction charges	-	(1)
Net capital losses	-	(6)

3. Revenue

	2017	2016
	€000	€000
Dividends	-	1
Total revenue	-	1

4. Expenses

	2017	2016
	€000	€000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's fees	4	4
Payable to Custodian, associates of the Custodian and agents of either of them:		
Custodian's fees	1	4
Administration fee	19	23
Audit fees	1	1
Directors' fees	1	1
Other fees	3	3
	24	28
Total expenses	29	36

Hume Global Bond Fund Cell Euro Class

Notes to the financial statements

5. Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and is charged an annual exemption fee.

6. Finance costs

Distributions and interest

The whole of the net revenue is accumulated and is reflected in the price.

7. Cash and bank balances

	2017	2016
	€000	€000
Cash and bank balances	17	63
Total cash and bank balances	17	63

8. Creditors

	2017	2016
	€000	€000
Accrued expenses	6	2
Total creditors	6	2

9. Contingent liabilities

There are no contingent liabilities existing at the balance sheet date.

10. Related party transactions

	2017	2016
	€000	€000
Transactions with the Manager are detailed in note 4 to the financial statements		
Total amount due to Manager	-	-
	-	-

All transactions were entered into in the normal course of business and on normal commercial terms.

11. Financial risk management

The main risks arising from the financial instruments are market price, currency exposure, interest rate, liquidity and credit risk. These risks are monitored by the Manager in pursuance of the investment objectives and policy of the Fund.

Currency exposure risk

There was no foreign currency exposure of the Fund as at 31 March 2017 and 2016.

Hume Global Bond Fund Cell Euro Class

Notes to the financial statements

11. Financial risk management (continued)

Interest rate risk

The interest rate profile of the Fund's financial assets and liabilities at 31 March 2017 and 2016 was as follows:

2017	Floating rate financial⁽¹⁾ assets €000	Financial assets not carrying interest €000	Total assets €000
Currency			
Sterling	17	389	406
Total assets	17	389	406

	Financial liabilities not carrying interest €000	Total liabilities €000
Currency		
Sterling	6	6
Total liabilities	6	6

2016	Floating rate financial⁽¹⁾ assets €000	Financial assets not carrying interest €000	Total assets €000
Currency			
Sterling	63	374	437
Total assets	63	374	437

	Financial liabilities not carrying interest €000	Total liabilities €000
Currency		
Sterling	2	2
Total liabilities	2	2

⁽¹⁾ Changes in the base rate will cause movements in the interest rate applied to cash balances and overdrafts

If the interest rates increased/decreased by 50 basis points at 31 March 2017 (representing the directors' assessment of a reasonably possible change) the total return and net assets would increase/decrease by €Nil (2016: €Nil).

Hume Global Bond Fund Cell Euro Class

Notes to the financial statements

11. Financial risk management (continued)

Fair value disclosures

The valuation techniques employed in valuing the investments are summarised below:

Valuation technique:	2017 €000	2016 €000
Quoted prices for identical instruments in active markets	389	374
	389	374

12. Share classes

The Fund has one share class in issue, with the following charges and minimum initial investment levels:

	Initial charge	Manager's annual charge	Minimum initial investment
Euro	5.25%	0.95%	€1,000

The net asset value per share and the number of shares in issue are given in the comparative table on page 77. A reconciliation of the dealing price to the net asset value per share is shown in note 14.

Opening number of participating redeemable preference shares	50,110
Issued	74
Redeemed	(780)
Closing number of participating redeemable preference shares	49,404

13. Portfolio transaction costs

	€000	2017 €000	€000	2016 €000
Analysis of total purchase costs				
Purchases in the period before transaction costs		36		373
Commissions	-		1	
Total purchase costs		-		1
Gross purchase total		36		374
Analysis of total sale proceeds				
Gross sales in the period before transaction costs		21		541
Commissions	-		(1)	
Total sales costs		-		(1)
Total sales net of transaction costs		21		540

Hume Global Bond Fund Cell Euro Class

Notes to the financial statements

14. Reconciliation of net asset value per share to dealing price

The net asset value per share is the net asset value calculated using the accounting policies set out in these financial statements divided by the number of shares in issue at the balance sheet date.

The dealing price is the value calculated using the policies set out in the scheme particulars divided by the number of shares in issue at the balance sheet date.

	2017	2016
	€	€
Net asset value per share	8.10	8.68
Capitalised restructuring costs expensed in the financial statements	0.02	0.04
Dealing price	8.12	8.72

Hume Global Bond Fund Cell USD Class

Investment objective and investment policy

The investment objective of Hume Global Bond Fund Cell USD Class (the “**Fund**”) is to preserve capital and to achieve a rate of return which is significantly in excess of the Bank of England base rate by investing in an underlying portfolio of bonds and fixed income securities.

The Fund endeavours to achieve its objectives by investing into other CIS which may be managed by associates of the Manager.

Save for CIS, the underlying investments are normally listed or dealt on major international stock exchanges, or on securities markets subject to the control of such stock exchanges or other regulatory authorities.

Traded options, warrants and market index futures may be utilised in the management of market risk and currencies may be hedged for defensive purposes only, provided that the total premium or margin in respect of any hedging transactions shall not at any time in aggregate exceed 10 per cent of the Net Asset Value.

Investment Adviser’s Report

Performance

The Fund returned -2.0% in the period index review. This compared to a peer group median (Lipper offshore) of 0.9%.

Market Review

Global Bond and equity markets experienced a number of shocks during the period under review including the vote by the UK to leave the European Union in June 2016, the election of Republican outsider Donald Trump to the US presidency in November and the defeat of Italian PM Mario Renzi’s market reforms in December.

However the stabilisation of China’s economy meant the market’s worst fears that the slowdown in Chinese GDP growth would morph into outright recession proved unfounded and an orderly slowdown achieved. The key to a healthy global economy lies in our view in a rebalancing between the creditor countries of China, Germany and Japan that run large current account surpluses and the debtor nations of America and the UK that run similarly large current account deficits. There has been some evidence in the last 12 months of progress in this regard with investment intentions and capex rising as a % of GDP in the west while consumption as a % of GDP rises in China as exports slow and Chinese companies and households look to invest their significant cash balances outside China.

Along with healthy corporate earnings growth and subdued inflation and continued easy monetary policy stock market ratings have been supported and both bond and equity markets have seen positive returns.

Portfolio Review

The Fund was invested throughout in government bonds of short duration via the iShares ETF 0-5 year bond fund to reflect the manager’s view that in government bonds the best value lies in the short end of the curve.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Global Bond Fund Cell USD Class

Investment Adviser's Report (continued)

Outlook

We believe the outlook for government bonds remains challenging on account of the very low rates currently offered in both developed and developing markets.

In real terms most global bond markets are negatively yielding and we do not expect the trend to change outside of the US Dollar market.

It is true that US Dollar rates have bottomed for this cycle but even here five year rates are at best only matching inflation.

As we look further out however and with US short term interest rates on the rise, short to medium term bonds may start to offer some value again.

Peterhouse Asset Management Limited
September 2017

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Global Bond Fund Cell USD Class

Comparative Table

	2017 US\$	2016 US\$	2015 US\$
Change in net assets per unit			
Opening net asset value per unit	10.99	11.16	11.24
Return before operating charges *	0.03	0.11	0.11
Operating charges	(0.25)	(0.28)	(0.19)
Return after operating charges *	(0.22)	(0.17)	(0.08)
Closing net asset value per unit	10.77	10.99	11.16
* After direct transaction costs of:	-	0.14	0.01
Performance			
Return after operating charges	(2.0)%	(1.5)%	(0.7)%
Other information			
Closing net asset value (US\$000)	3,987	4,264	4,873
Closing number of units (note 13)	370,294	387,966	436,786
Operating charges	(2.4)%	2.7%	1.7%
Direct transaction costs	-	0.3%	-
Prices			
Highest unit price	11.00	11.19	11.29
Lowest unit price	10.73	10.96	11.12

A reconciliation of the net asset value per unit to the dealing price is shown in note 15.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Global Bond Fund Cell USD Class

Portfolio Statement

As at 31 March 2017

Holding/ Nominal Value	Investment	Market value US\$000	Percentage of Total Net Assets %
30,000	iShares USD Treasury Bond 1-3 yr UCIT	<u>3,963</u>	<u>99.40</u>
	Portfolio of investments (2016: 98.17%)	3,963	99.40
	Other net assets (2016: 1.83%)	<u>24</u>	<u>0.60</u>
	Total net assets	<u><u>3,987</u></u>	<u><u>100.00</u></u>

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Global Bond Fund Cell USD Class

Statement of Total Return

For the year ended 31 March 2017

	Notes	US\$000	2017 US\$000	US\$000	2016 US\$000
Net capital (losses)/gains	2		(23)		20
Revenue	3	32		27	
Expenses	4	(94)		(115)	
Net expense for the year			<u>(62)</u>	<u>(88)</u>	
Total return			<u>(85)</u>	<u>(68)</u>	
Change in net assets attributable to shareholders from investment activities			<u>(85)</u>	<u>(68)</u>	

The results for the year relate to continuing operations. There are no recognised gains or losses for the year other than the total return.

Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the year ended 31 March 2017

	2017 US\$000	2016 US\$000
Opening net assets attributable to shareholders	4,264	4,873
Amounts payable on cancellation of shares	(192)	(541)
Change in net assets attributable to shareholders from investment activities	<u>(85)</u>	<u>(68)</u>
Closing net assets attributable to shareholders	<u>3,987</u>	<u>4,264</u>

The notes on pages 92 to 96 form an integral part of these financial statements.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Global Bond Fund Cell USD Class

Balance Sheet

As at 31 March 2017

	Notes	2017 US\$000	2016 US\$000
Assets			
Fixed assets			
Investments		3,963	4,186
Current assets			
Debtors and other assets	7	1	-
Cash and bank balances	8	39	93
Total assets		4,003	4,279
Liabilities			
Creditors	9	16	15
Total liabilities		16	15
Total net assets attributable to shareholders		3,987	4,264

The notes on pages 92 to 96 form an integral part of these financial statements.

Hume Global Bond Fund Cell USD Class

Notes to the Financial Statements

1. Accounting policies

The accounting policies are given on pages 12 to 20 of this Annual Report.

2. Net capital (losses)/gains

	2017 US\$000	2016 US\$000
Non-derivative securities	(24)	(9)
Losses on forward exchange contracts	-	(13)
Currency gains/(losses)	1	49
Transaction charges	-	(7)
Net capital (losses)/gains	(23)	20

3. Revenue

	2017 US\$000	2016 US\$000
Dividends	32	27
Total revenue	32	27

4. Expenses

	2017 US\$000	2016 US\$000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's fees	36	45
Payable to Custodian, associates of the Custodian and agents of either of them:		
Custodian's fees	10	15
Administration fees	29	32
Audit fees	3	9
Directors' fees	5	6
Other fees	11	8
	48	55
Total expenses	94	115

5. Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and is charged an annual exemption fee.

6. Finance costs

Distributions and interest

The whole of the net revenue is accumulated and is reflected in the price.

Hume Global Bond Fund Cell USD Class

Notes to the Financial Statements

7. Debtors and other assets

	2017 US\$000	2016 US\$000
Prepaid expenses	1	-
Total debtors and other assets	1	-

8. Cash and bank balances

	2017 US\$000	2016 US\$000
Cash and bank balances	39	93
Total cash and bank balances	39	93

9. Creditors

	2017 US\$000	2016 US\$000
Accrued expenses	16	15
Total creditors	16	15

10. Contingent liabilities

There are no contingent liabilities existing at the balance sheet date.

11. Related party transactions

	2017 US\$000	2016 US\$000
Transactions with the Manager are detailed in note 4 to the financial statements		
Total amount due to Manager	3	3
	3	3

All transactions were entered into in the normal course of business and on normal commercial terms.

12. Financial risk management

The main risks arising from the financial instruments are market price, currency exposure, interest rate, liquidity and credit risk. These risks are monitored by the Manager in pursuance of the investment objectives and policy of the Fund.

Currency exposure risk

There was no foreign currency exposure as at 31 March 2017 and 2016.

Hume Global Bond Fund Cell USD Class

Notes to the Financial Statements

12. Financial risk management (continued)

Interest rate risk

The interest rate profile of the Fund's financial assets and liabilities at 31 March 2017 and 2016 was as follows:

2017	Floating rate financial⁽¹⁾ assets US\$000	Financial assets not carrying interest US\$000	Total assets US\$000
Currency			
US Dollar	39	3,963	4,002
Total assets	39	3,963	4,002

2017	Financial liabilities not carrying interest US\$000	Total liabilities US\$000
Currency		
US Dollar	16	16
Total liabilities	16	16

2016	Floating rate financial⁽¹⁾ assets US\$000	Financial assets not carrying interest US\$000	Total assets US\$000
Currency			
US Dollar	93	4,186	4,279
Total assets	93	4,186	4,279

2016	Financial liabilities not carrying interest US\$000	Total liabilities US\$000
Currency		
US Dollar	15	15
Total liabilities	15	15

⁽¹⁾ Changes in the base rate will cause movements in the interest rate applied to cash balances and overdrafts

If the interest rates increased/decreased by 50 basis points at 31 March 2017 (representing the directors' assessment of a reasonably possible change) the total return and net assets would increase/decrease by US\$Nil (2016: US\$Nil).

Hume Global Bond Fund Cell USD Class

Notes to the Financial Statements

12. Financial risk management (continued)

Fair value disclosures

The valuation techniques employed in valuing the investments are summarised below:

Valuation technique:	2017 US\$000	2016 US\$000
Quoted prices for identical instruments in active markets	3,963	4,186
	3,963	4,186

13. Share classes

The Fund has one share class in issue, with the following charges and minimum initial investment levels:

	Initial charge	Manager's annual charge	Minimum initial investment
US Dollar	5.25%	0.95%	US\$1,000

The net asset value per share and the number of shares in issue are given in the comparative table on page 88. A reconciliation of the dealing price to the net asset value per share is shown in note 15.

Opening number of participating redeemable preference shares	387,966
Redeemed	<u>(17,672)</u>
Closing number of participating redeemable preference shares	<u>370,294</u>

Hume Global Bond Fund Cell USD Class

Notes to the Financial Statements

14. Portfolio transaction costs

	€000	2017 €000	€000	2016 €000
Analysis of total purchase costs				
Purchases in the period before transaction costs		-		4,382
Commissions	-		7	
Total purchase costs		-		7
Gross purchase total		-		4,389
Analysis of total sale proceeds				
Gross sales in the period before transaction costs		199		4,753
Commissions	-		(7)	
Total sales costs		-		(7)
Total sales net of transaction costs		199		4,746

15. Reconciliation of net asset value per share to dealing price

The net asset value per share is the net asset value calculated using the accounting policies set out in these financial statements divided by the number of shares in issue at the balance sheet date.

The dealing price is the value calculated using the policies set out in the scheme particulars divided by the number of shares in issue at the balance sheet date.

	2017 US\$	2016 US\$
Net asset value per share	10.77	10.99
Capitalised restructuring costs expensed in the financial statements	-	0.01
Dealing price	10.77	11.00

Hume Global Equity Fund

Investment objective and investment policy

The investment objective of Hume Global Equity Fund (the “**Fund**”) is to achieve long term capital growth through an actively managed portfolio of international equity and fixed interest securities.

The Fund endeavours to achieve its objectives by acting as a feeder fund into the Class B Shares of European Wealth Global Opportunities Fund (the “**Master Fund**”), a sub-fund of the European Wealth Group Limited.

The Master Fund may invest in a focused portfolio of international equities, usually somewhere between 40-60 stocks. The Master Fund’s investments may be held on a very short-term basis if the Underlying Manager is of the view that by holding them in such a manner returns will be maximised. The Master Fund is not bound by constraints in terms of geographical location, market capitalisation or industry sector. Each investment is listed or traded on a recognised market.

Investments may include convertible securities and up to 5 per cent of the Master Fund’s net asset value may be invested in warrants. The Master Fund may also hold ancillary liquid assets such as cash and bank deposits. Cash may be held in different currencies according to expectations for the directional movement of foreign exchange rates.

Save for CIS, the ultimate equity investments accessed via the Master Fund are normally listed or dealt on major international stock exchanges, or on securities markets subject to the control of such stock exchanges or other regulatory authorities.

Traded options, warrants and market index futures may be utilised in the management of market risk and currencies may be hedged for defensive purposes only, provided that the total premium or margin in respect of any hedging transactions shall not at any time in aggregate exceed 10 per cent of the Net Asset Value.

Investment Adviser’s Report

The report below summarises the portfolio strategy of the underlying fund that was held until sale on 15 December 2016.

Market Review

Global Bond and equity markets experienced a number of shocks during the period under review including the vote by the UK to leave the European Union in June 2016, the election of Republican outsider Donald Trump to the US presidency in November and the defeat of Italian PM Mario Renzi’s market reforms in December.

However the stabilisation of China’s economy meant the market’s worst fears that the slowdown in Chinese GDP growth would morph into outright recession proved unfounded and an orderly slowdown achieved. The key to a healthy global economy lies in our view in a rebalancing between the creditor countries of China, Germany and Japan that run large current account surpluses and the debtor nations of America and the UK that run similarly large current account deficits. There has been some evidence in the last 12 months of progress in this regard with investment intentions and capex rising as a % of GDP in the west while consumption as a % of GDP rises in China as exports slow and Chinese companies and households look to invest their significant cash balances outside China.

Hume Global Equity Fund

Investment Adviser's Report (continued)

Along with healthy corporate earnings growth and subdued inflation and continued easy monetary policy stock market ratings have been supported and both bond and equity markets have seen positive returns.

Portfolio Review

The manager focused on a thematic approach with a number of themes driving portfolio strategy, among them:

The "Internet of Things" or "connected world" space via names such as Qualcomm and Infineon - global leaders in semi-conductor design and especially the increasing demand for sensors and interconnection seen in the automotive space (electric and hybrid cars, autonomous driving and sensors. Following the election of Donald Trump, the fund increased exposure to the US economy, reflecting the Trump election victory and the pro-business focus. However overall the fund ran an underweight stance in US technology growth names still wary of the valuations in relation to other opportunities.

Reform of the US tax laws- the proposal to slash corporate and personal income taxes is a key part of the new administration's policies. Getting these through the US Congress; however, may prove trickier. Should these pass then one is minded of the dramatic impact that we saw when Ronald Reagan introduced similar tax cuts with a huge boost to US economic growth.

An underweight exposure to pharmaceuticals- We have now all but eliminated the Fund's exposure to US pharmaceutical manufacturers. The high price of drugs in the US is a key concern of the new administration and whilst stock prices are historically attractive, we are somewhat wary of taking any material exposure at this time, anticipating further negative news to emerge. Domestic US exposure, especially infrastructure related should be amongst the main beneficiaries from the new president and indeed we have already seen this reflected to a degree with Ashtead and Heidelberg Cement.

Political factors-political shocks could emerge-elections in Europe, most notably France Germany, Holland and Italy. The ramifications of and running alongside this there is the matter of the Brexit negotiations and the start of the Trump presidency.

Outlook

In light of this, the manager's main focus is on the economy both regional and global. On that front the outlook is for more of the same, modest growth across the globe with an increasing emphasis on infrastructure spending. "Standard" monetary support seems to have run its course with little stimulus being achieved (but having seen off the economic collapse that once appeared inevitable). Inflation does appear to be more likely to rise but we are not so concerned with that prospect. After fighting the threat of deflation for so many years and with economic growth still stuttering, Central Banks are more likely to err on the side of caution when it comes to interest rate policy. The side effect of higher inflation being a welcome adjustment to attitudes towards "risk free" returns and a more normal pricing of returns is to be welcomed.

Hume Global Equity Fund

Investment Adviser's Report (continued)

Focussing on where we see value, rather than chasing the latest investment fashions, is a key focus for us. Our key long term themes still focus on demographics (increased demand for healthcare globally) and the rising middle classes in both China and increasingly India remain. Alongside this we still have to look at "productivity improvers" from technology, not just the actual technology companies, where concepts (and therefore share prices) can often be over hyped, but those in the food chain from suppliers to customers.

We have sold the fund's positions in the underlying fund in which the feeder fund was invested and we are currently in the process of seeking alternative investments for the fund.

A proposal is in the process of being prepared and we will look to write to shareholders in due course with more detail about these.

Peterhouse Asset Management Limited
September 2017

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Global Equity Fund

Comparative Table

	2017	2016	2015
	£	£	£
Change in net assets per unit			
Opening net asset value per unit	1.13	1.25	1.17
Return before operating charges *	0.10	(0.08)	0.11
Operating charges	(0.08)	(0.04)	(0.03)
Return after operating charges *	0.02	(0.12)	0.08
Closing net asset value per unit	1.15	1.13	1.25
* After direct transaction costs of:	-	-	-
Performance			
Return after operating charges	1.8%	(9.6)%	6.8%
Other information			
Closing net asset value (£000)	87	1,035	2,707
Closing number of units (note 12)	75,734	918,553	2,170,553
Operating charges (% of closing net asset value)	45.98%	5.6%	2.0%
Direct transaction costs	-	-	-
Prices			
Highest unit price	1.23	1.28	1.25
Lowest unit price	1.12	1.04	1.05

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Global Equity Fund

Portfolio Statement

As at 31 March 2017

	Market value £000	Percentage of Total Net Assets %
Portfolio of investments (2016: 99.52%)	-	-
Other net assets (2016: 0.48%)	<u>87</u>	<u>100.00</u>
Total net assets	<u><u>87</u></u>	<u><u>100.00</u></u>

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Global Equity Fund

Statement of Total Return

For the year ended 31 March 2017

	Notes	£000	2017 £000	£000	2016 £000
Net capital gains/(losses)	2		115		(249)
Expenses	3	<u>(40)</u>		<u>(58)</u>	
Net expense for the year			<u>(40)</u>		<u>(58)</u>
Total return			<u>75</u>		<u>(307)</u>
Change in net assets attributable to shareholders from investment activities			<u>75</u>		<u>(307)</u>

The results for the year relate to continuing operations. There are no recognised gains or losses for the year other than the total return.

Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the year ended 31 March 2017

	2017 £000	2016 £000
Opening net assets attributable to shareholders	1,035	2,707
Amounts payable on cancellation of shares	(1,023)	(1,365)
Change in net assets attributable to shareholders from investment activities	<u>75</u>	<u>(307)</u>
Closing net assets attributable to shareholders	<u>87</u>	<u>1,035</u>

The notes on pages 104 to 107 form an integral part of these financial statements.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Global Equity Fund

Balance Sheet

As at 31 March 2017

	Notes	2017 £000	2016 £000
Assets			
Fixed assets			
Investments		-	1,030
Current assets			
Cash and bank balances	6	97	12
Total assets		97	1,042
Liabilities			
Creditors	7	10	7
Total liabilities		10	7
Total net assets attributable to shareholders		87	1,035

The notes on pages 104 to 107 form an integral part of these financial statements.

Hume Global Equity Fund

Notes to the Financial Statements

1. Accounting policies

The accounting policies are given on pages 12 to 20 of this Annual Report.

2. Net capital gains/(losses)

	2017	2016
	£000	£000
Non-derivative securities	115	(249)
Net capital gains/(losses)	115	(249)

3. Expenses

	2017	2016
	£000	£000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's fees	3	17
Payable to Custodian, associates of the Custodian and agents of either of them:		
Custodian's fees	12	10
Administration fee	15	16
Audit fees	5	5
Directors' fees	1	4
Other fees	4	6
	25	31
Total expenses	40	58

4. Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and is charged an annual exemption fee.

5. Finance costs

Distributions and interest

The whole of the net revenue is accumulated and is reflected in the price.

Hume Global Equity Fund

Notes to the Financial Statements

6. Cash and bank balances

	2017	2016
	£000	£000
Cash and bank balances	97	12
Total cash and bank balances	97	12

7. Creditors

	2017	2016
	£000	£000
Accrued expenses	10	7
Total creditors	10	7

8. Contingent liabilities

There are no contingent liabilities existing at the balance sheet date.

9. Related party transactions

	2017	2016
	£000	£000
Transactions with the Manager are detailed in note 3 to the financial statements		
Total amount due to Manager	-	1
	-	1

The Fund's investment in a CIS managed by the Manager or an associate of the Manager is detailed in the Portfolio Statement. The investment was disposed of during the year. All transactions were entered into in the normal course of business and on normal commercial terms.

10. Financial risk management

The main risks arising from the financial instruments are market price, currency exposure, interest rate, liquidity and credit risk. These risks are monitored by the Manager in pursuance of the investment objectives and policy of the Fund.

Currency exposure risk

At 31 March 2016 and 2017, all assets and liabilities were denominated in Sterling.

Hume Global Equity Fund

Notes to the Financial Statements

10. Financial risk management (continued)

Interest rate risk

The interest rate profile of the Fund's financial assets and liabilities at 31 March 2017 and 2016 was as follows:

2017	Floating rate financial⁽¹⁾ assets £000	Financial assets not carrying interest £000	Total assets £000
Currency			
Sterling	97	-	97
Total assets	97	-	97

	Financial liabilities not carrying interest £000	Total liabilities £000
Currency		
Sterling	10	10
Total liabilities	10	10

2016	Floating rate financial⁽¹⁾ assets £000	Financial assets not carrying interest £000	Total assets £000
Currency			
Sterling	12	1,030	1,042
Total assets	12	1,030	1,042

	Financial liabilities not carrying interest £000	Total liabilities £000
Currency		
Sterling	7	7
Total liabilities	7	7

(1) Changes in the base rate will cause movements in the interest rate applied to cash balances and overdrafts

If the interest rates increased/decreased by 50 basis points at 31 March 2017 (representing the directors' assessment of a reasonably possible change) the total return and net assets would increase/decrease by £Nil(2016: £Nil).

Hume Global Equity Fund

Notes to the Financial Statements

11. Financial risk management (continued)

Fair value disclosures

The valuation techniques employed in valuing the investments are summarised below:

	2017	2016
	£000	£000
Valuation technique:		
Valuation techniques using observable market data	-	1,030
	<u>-</u>	<u>1,030</u>

12. Share classes

The Fund has one class in issue, with the following charges and minimum initial investment levels:

	Initial charge	Manager's annual charge	Minimum initial investment
Sterling	5.25%	0.95%	£1,000

The net asset value per share and the number of shares in issue are given in the comparative table on page 100.

Opening number of participating redeemable preference shares	918,553
Redeemed	<u>(842,819)</u>
Closing number of participating redeemable preference shares	<u>75,734</u>

13. Portfolio transaction costs

There were no transaction costs relating to the purchases of £Nil (2016: £Nil) or sales of £1,145,000 (2016: £1,433,000) of assets during the year.

Hume Cautious Multi-Asset (Sterling) Fund

Investment objective and investment policy

The investment objective of the Hume Cautious Multi-Asset (Sterling) Fund (the “**Fund**”) is to provide an attractive rate of return subject to both a desire for capital preservation and the prevailing interest rate background.

The Fund’s strategy is designed to provide liquidity and principal preservation, but with an emphasis on seeking returns that are superior to those of traditional money market offerings.

The Fund will normally invest in a concentrated portfolio of between one and ten investments, though where circumstances dictate, the upper end of this range may be increased. The largest individual weightings are expected to be to “rated” money market and “cash plus” funds, (for example those rated AAAM or AAAf by Standard and Poors), any of which may account for up to 100% of the portfolio.

Bond and fixed income funds (including ETFs) with an average duration of less than three years may also be included in the portfolio, provided that, in the Manager’s opinion they meet satisfactory levels of liquidity and credit exposure in addition to providing an attractive total return. It is envisaged that such funds will not account for more than 50% of the portfolio at any given time.

Other investments such as individual securities, ETFs, equity funds, and alternative investments in other assets may be held up to a maximum of 25% of the portfolio. In considering these investments, the Manager will have due regard for the market background and the desire for capital preservation. The use of such investments may establish circumstances where the Manager deems it appropriate to increase the number of investments in the portfolio above the upper end of the normal range.

The Fund may engage in transactions in derivative instruments for investment purposes, hedging purposes or for the purposes of efficient portfolio management. This may involve the use of instruments relating to interest rates, equities, equity indices, currencies and credit. The use of these instruments will enable the Manager either to protect gains on existing investment positions, mitigate against losses or generate additional income or capital gains in certain market conditions.

Investment Adviser’s Report

Performance

Based on dealing price the Fund rose by 2.5%¹. This compared to a Lipper peer group median of 0.3%..

Market Review

The background for short duration assets remained challenging through the period.

With interest rates under pressure on the back of deflationary pressures globally, the downward move was exacerbated by the twin electoral shocks in the UK of “Brexit” on 23 June 2016 and in the US of the election of Donald Trump on 08 November 2016.

¹ The increase in net asset value per share of 10.5% as shown in the Comparative Table on page 110 includes an increase of 8.0% arising from an adjustment to write down the Fund’s investment in Providence Investment Funds PCC Limited for financial reporting purposes in the financial statements as at 31 March 2016 and the subsequent redemption in the current period of Shares upon the creation of the S Share Class.

Hume Cautious Multi-Asset (Sterling) Fund

Investment Adviser's Report (continued)

A further significant loosening of monetary policy was observed in Europe as the European Central Bank increased its quantitative easing programme and expanded its balance sheet by buying bonds, resulting in 2 year bund yields ending the period in negative territory.

Yield curve flattening (2 year to 10 year spread less than 100bps in the US) amid political concerns in Europe and further strong export growth from Asia into the west meant for a tough time for investors in cash or cash type proxies.

Portfolio Review

The Fund recorded positive returns during the year under review.

The specific drivers behind this positive performance were:

- A move towards longer duration assets with a preference for BB and BBB corporate credits. Up to 25% of the Fund is now invested in what the manager believes are reasonably priced but still high quality credits
- Within holdings in third party managed funds Blackstone GSO Loan Financing performed particularly well as did the NB Floating Rate Income Fund
- Within exchange traded funds holdings in the iShare European Property and iShare European utilities performed especially well.

Outlook

The outlook for cash and short term duration debt we believe is somewhat more positive than for some time.

We believe global interest rates are turning up and as of writing, the US central bank, the US Federal Reserve, has lifted short term interest rates four times from the low and communicated further rises are on the way, meaning US Dollar deposits are on the verge of turning positive in real terms for the first time in this cycle.

While European Central banks continue to be more cautious about normalising interest rates, Asian central banks offer positive returns (outside of Japan) and emerging markets the same.

With US Dollar rates on the rise and a global economic recovery well established now, we believe cash and near cash investments have a place in any diversified portfolio.

We believe that selectively investment in BBB investment grade credit offers good value and somewhat higher yield than available on deposits.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Cautious Multi-Asset (Sterling) Fund

Comparative Table

	2017	2016	2015
	£	£	£
Change in net assets per unit			
Opening net asset value per unit	70.10	75.21	74.84
Return before operating charges *	8.30	(4.26)	1.11
Operating charges	(0.94)	(0.85)	(0.74)
Return after operating charges *	7.36	(5.11)	0.37
Closing net asset value per unit	77.46	70.10	75.21
* After direct transaction costs of:	0.01	-	-
Performance			
Return after operating charges	10.5%	(6.8)%	0.5%
Other information			
Closing net asset value (£000)	22,486	28,558	36,676
Closing number of units (note 13)	290,300	407,407	487,642
Operating charges	1.45%	1.3%	1.0%
Direct transaction costs	-	-	-
Prices			
Highest unit price	77.75	75.62	75.34
Lowest unit price	75.62	75.17	74.92

A reconciliation of the net asset value per unit to the dealing price is shown in note 15.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Cautious Multi-Asset (Sterling) Fund

Portfolio Statement

As at 31 March 2017

Holding/ Nominal Value	Investment	Market value £000	Percentage of Total Net Assets %
	United Kingdom (2016: 67.11%)		
108,434	Fed Prime Rate Sterling CSH PL-3 *	11,344	50.45
78,211	Fed Prime Rate Sterling Liquidity - 3 *	78	0.35
		11,422	50.80
	Germany (2016: 0.00%)		
20,000	Blackrock AM (DE) iShares Stoxx Europe 600	500	2.22
		500	2.22
	Guernsey (2016: 6.27%)		
1,859,004	NB Global Floating Red Ord NPV GBP	1,812	8.06
		1,812	8.06
	Ireland (2016: 0.00%)		
10,000	iShares IV PLC USD Short Dur	765	3.40
		765	3.40
	Jersey (2016: 4.34%)		
1,425,000	Blackstone/GSO Loan Financing Fund	1,266	5.63
		1,266	5.63
	Luxembourg (2016: 21.05%)		
939	JPMorgan Asset Mgm Mgd Res I Hedged Acc NAV *	6,044	26.88
		6,044	26.88
	United States (2016: 0.00%)		
12,500	iShares Trust U.S Preferred Stock ETF	387	1.72
		387	1.72
	Portfolio of investments (2016: 98.77%)	22,196	98.71
	Other net assets (2016: 1.23%)	290	1.29
	Total net assets	22,486	100.00

* These securities are unlisted

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Cautious Multi-Asset (Sterling) Fund

Statement of Total Return

For the year ended 31 March 2017

	Notes	£000	2017 £000	£000	2016 £000
Net capital gains/(losses)	2		763		(2,127)
Revenue	3	207		437	
Expenses	4	(327)		(379)	
Net (expense)/revenue for the year			<u>(120)</u>		<u>58</u>
Total return			<u>643</u>		<u>(2,069)</u>
Change in net assets attributable to shareholders from investment activities			<u>643</u>		<u>(2,069)</u>

The results for the year relate to continuing operations. There are no recognised gains or losses for the period other than the total return.

Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the year ended 31 March 2017

	£000	2017 £000	2016
Opening net assets attributable to shareholders		28,558	36,676
Amounts receivable on issue of shares	88		105
Amounts payable on cancellation of shares	(6,725)		(6,154)
Transferred to S Share Portfolio	<u>(78)</u>		<u>-</u>
		(6,715)	(6,049)
Change in net assets attributable to shareholders from investment activities		<u>643</u>	<u>(2,069)</u>
Closing net assets attributable to shareholders		<u>22,486</u>	<u>28,558</u>

The notes on pages 114 to 119 form an integral part of these financial statements.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Cautious Multi-Asset (Sterling) Fund

Balance Sheet

As at 31 March 2017

	Notes	2017 £000	2016 £000
Assets			
Fixed assets			
Investments		22,196	28,208
Current assets			
Debtors and other assets	7	2	128
Cash and bank balances	8	356	256
Total assets		22,554	28,592
Liabilities			
Creditors	9	68	34
Total liabilities		68	34
Total net assets attributable to shareholders		22,486	28,558

The notes on pages 114 to 119 form an integral part of these financial statements.

Hume Cautious Multi-Asset (Sterling) Fund

Notes to the Financial Statements

1. Accounting policies

The accounting policies are given on pages 12 to 20 of this Annual Report.

2. Net capital gains/(losses)

	2017	2016
	£000	£000
Non-derivative securities	732	(2,134)
Currency gains	32	7
Transaction charges	(1)	-
Net capital gains/(losses)	763	(2,127)

3. Revenue

	2017	2016
	£000	£000
Dividends	207	437
Total revenue	207	437

4. Expenses

	2017	2016
	£000	£000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's fees	131	169
Payable to Custodian, associates of the Custodian and agents of either of them:		
Custodian's fees	18	31
Administration fees	95	82
Audit fees	4	4
Directors' fees	32	47
GFSC fees	2	2
Other fees	45	44
	178	179
Total expenses	327	379

5. Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and is charged an annual exemption fee.

6. Finance costs

Distributions and interest

The whole of the net revenue is accumulated and is reflected in the price.

Hume Cautious Multi-Asset (Sterling) Fund

Notes to the Financial Statements

7. Debtors and other assets

	2017	2016
	£000	£000
Accrued revenue	-	126
Prepaid expenses	2	2
Total debtors and other assets	2	128

8. Cash and bank balances

	2017	2016
	£000	£000
Cash and bank balances	356	256
Total cash and bank balances	356	256

9. Creditors

	2017	2016
	£000	£000
Accrued expenses	30	34
Redemptions payable	38	-
Total creditors	68	34

10. Contingent liabilities

There are no contingent liabilities existing at the balance sheet date.

11. Related party transactions

	2017	2016
	£000	£000
Transactions with the Manager are detailed in note 4 to the financial statements		
Total amount due to Manager	9	11
	9	11

All related party transactions were entered into in the normal course of business and on normal commercial terms.

12. Financial risk management

The main risks arising from the financial instruments are market price, currency exposure, interest rate, liquidity and credit risk. These risks are monitored by the Manager in pursuance of the investment objectives and policy of the Fund.

Currency exposure risk

A proportion of the net assets of the Fund is denominated in currencies other than Sterling such that the Balance Sheet and the Statement of Total Return can be affected by currency movements.

Hume Cautious Multi-Asset (Sterling) Fund

Notes to the Financial Statements

12. Financial risk management (continued)

Currency exposure risk (continued)

The foreign currency exposure of the Fund as at 31 March 2017 was as follows:

2017	Net foreign currency assets		
	Monetary exposure £000	Non-monetary exposure £000	Total £000
Currency			
Euro	-	1,766	1,766
US Dollar	-	1,152	1,152
Total	-	2,918	2,918

2016	Net foreign currency assets		
	Monetary exposure £000	Non-monetary exposure £000	Total £000
Currency			
Euro	176	1,239	1,415
Total	176	1,239	1,415

At 31 March 2017, should the Euro have strengthened or weakened by 10% (representing the directors' assessment of a reasonably possible change) against Sterling and all other variables, including the price of the Fund's investments, were held constant, the total return and net assets would have decreased/increased by £177,000 (2016: £141,000).

At 31 March 2017, should the US Dollar have strengthened or weakened by 10% (representing the directors' assessment of a reasonably possible change) against Sterling and all other variables, including the price of the Fund's investments, were held constant, the total return and net assets would have decreased/increased by £115,000 (2016: £Nil).

Hume Cautious Multi-Asset (Sterling) Fund

Notes to the Financial Statements

12. Financial risk management (continued)

Interest rate risk

The interest rate profile of the Fund's financial assets and liabilities at 31 March 2017 and 2016 was as follows:

2017	Floating rate financial ⁽¹⁾ assets £000	Financial assets not carrying interest £000	Total assets £000
Currency			
Sterling	356	19,278	19,634
Euro	-	1,766	1,766
US Dollar	-	1,152	1,152
Total assets	356	22,196	22,552

	Financial liabilities not carrying interest £000	Total liabilities £000
Currency		
Sterling	68	68
Total assets	68	68

2016	Floating rate financial ⁽¹⁾ assets £000	Financial assets not carrying interest £000	Total assets £000
Currency			
Sterling	80	27,095	27,175
Euro	176	1,239	1,415
Total assets	256	28,334	28,590

	Financial liabilities not carrying interest £000	Total liabilities £000
Currency		
Sterling	34	34
Total assets	34	34

⁽¹⁾ Changes in the base rate will cause movements in the interest rate applied to cash balances and overdrafts

If the interest rates increased/decreased by 50 basis points at 31 March 2017 (representing the directors' assessment of a reasonably possible change) the total return and net assets would increase/decrease by £2,000 (2016: £1,000).

Hume Cautious Multi-Asset (Sterling) Fund

Notes to the Financial Statements

12. Financial risk management (continued)

Fair value disclosures

The valuation techniques employed in valuing the investments are summarised below:

	2017	2016
	£000	£000
Valuation technique:		
Quoted prices for identical instruments in active markets	4,730	3,030
Valuation techniques using observable market data	17,466	25,178
	<u>22,196</u>	<u>28,208</u>

13. Share classes

The Fund has one share class in issue, with the following charges and minimum initial investment levels:

	Initial charge	Manager's annual charge	Minimum initial investment
Sterling	5.25%	1.50%	£1,000

The net asset value per share and the number of shares in issue are given in the comparative table on page 110. A reconciliation of the dealing price to the net asset value per share is shown in note 15.

Opening number of participating redeemable preference shares	407,407
Issued	1,144
Redeemed	(87,639)
Transferred to S Share Portfolio	<u>(30,612)</u>
Closing number of participating redeemable preference shares	<u>290,300</u>

At a board meeting of the Company held on 2 August 2016, the board decided to declare the investments of the Hume Cautious Multi Asset (Euro) Fund, Hume Cautious Multi Asset (Sterling) Fund and Hume Cautious Multi Asset (US Dollar) Fund (each a "Fund" and collectively the "Funds") in Providence Investment Funds PCC Limited ("Providence") as Illiquid Investments in accordance with article 49 of the Company's articles of incorporation. This followed the non-payment of requested redemptions in Providence on 30 June 2016 and the Manager subsequently becoming aware that Providence was unable to make payments of these amounts due to the Funds or commit to a future date for payment. The board then sought, and obtained, the consent of the Guernsey Financial Services Commission to create an S Share Portfolio in each of the Funds, comprising the investment in Providence, related receivable balances and an allocation of cash to pay expenses of the S Share Portfolio, and accordingly S Shares were issued to each Shareholder in the Funds. These S Shares entitle each Shareholder to an interest in the S Share Portfolio.

Hume Cautious Multi-Asset (Sterling) Fund

Notes to the Financial Statements

13. Share classes (continued)

For the purposes of effecting this transaction, the investment in Providence and any receivable balances were valued at full value, being their nominal value plus accrued interest due, in accordance with the terms of the Company's Scheme Particulars. However, for the purposes of these financial statements the assets were transferred in at fair value.

14. Portfolio transaction costs

	US\$000	2017 US\$000	US\$000	2016 US\$000
Analysis of total purchase costs				
Purchases in the year before transaction costs		1,587		16,858
Commissions	2		2	
Total purchase costs		2		2
Gross purchase total		1,589		16,860
Analysis of total sale proceeds				
Gross sales in the year before transaction costs		8,333		23,126
Commissions	(1)		-	
Total sales costs		(1)		-
Total sales net of transaction costs		8,332		23,126

15. Reconciliation of net asset value per share to dealing price

The net asset value per share is the net asset value calculated using the accounting policies set out in these financial statements divided by the number of shares in issue at the balance sheet date.

The dealing price is the value calculated using the policies set out in the scheme particulars divided by the number of shares in issue at the balance sheet date.

	2017 £	2016 £
Net asset value per share	77.46	70.10
Capitalised restructuring costs expensed in the financial statements	0.05	0.07
Revaluation of portfolio from mid to bid price in the financial statements	0.01	-
Provision for write down of investments	-	5.45
Dealing price	77.52	75.62

Hume Cautious Multi-Asset (Sterling) Fund – S Share Portfolio

Investment objective and investment policy

At a board meeting of the Company held on 2 August 2016, the board decided to declare the investments of the Hume Cautious Multi Asset (Euro) Fund, Hume Cautious Multi Asset (Sterling) Fund and Hume Cautious Multi Asset (US Dollar) Fund (each a “Fund” and collectively the “Funds”) in Providence Investment Funds PCC Limited (“Providence”) as Illiquid Investments in accordance with article 49 of the Company’s articles of incorporation. This followed the non-payment of requested redemptions in Providence on 30 June 2016 and the Manager subsequently becoming aware that Providence was unable to make payments of these amounts due to the Funds or commit to a future date for payment. The board then sought, and obtained, the consent of the Guernsey Financial Services Commission to create an S Share Portfolio in each of the Funds, comprising the investment in Providence, related receivable balances and an allocation of cash to pay expenses of the S Share Portfolio, and accordingly S Shares were issued to each Shareholder in the Funds.

On 8 August 2016, each Fund redeemed the number of Participating Shares held by each Participating Shareholder which represent an interest in investments to be transferred to the S Share Portfolio and issued a pro rata number of S Shares of the relevant Fund based on the net asset value of the S Share Portfolio as at that date.

On 9 August 2016 Administration Managers were appointed to Providence by order of the Royal Court of Guernsey on the application of the Guernsey Financial Services Commission. The Administration Manager reported their provisional findings to the Royal Court on 9 September 2016 indicating that Providence has no material assets. As a consequence, the Directors concluded that it was appropriate to make full provision against the investments in Providence as at 31 March 2016. The provision made by the Hume Cautious Multi Asset (Sterling) Fund was £2,220,000.

Investment Adviser’s Report

There was no trading in the period under review.

Peterhouse Asset Management Limited
September 2017

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the period ended 31 March 2017

Hume Cautious Multi-Asset (Sterling) Fund – S Share Portfolio

Comparative Table

	2017
	£
Change in net assets per unit	
Net asset value per unit at inception on 8 August 2016	0.33
Return before operating charges *	-
Operating charges	(0.05)
Return after operating charges *	(0.05)
Closing net asset value per unit	0.28
* After direct transaction costs of:	-
Performance	
Return after operating charges (for period since inception)	(15.2)%
Other information	
Closing net asset value (£000)	66
Closing number of units (note 8)	234,894
Operating charges (for period since inception)	18.2%
Direct transaction costs (for period since inception)	-
Prices **	
Highest unit price	0.33
Lowest unit price	0.28

** As the S Shares are not redeemable at the Shareholders' option, there is no dealing price. A net asset value per unit is calculated on a quarterly basis and is used for this disclosure.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the period ended 31 March 2017

Hume Cautious Multi-Asset (Sterling) Fund – S Share Portfolio

Portfolio Statement

As at 31 March 2017

Holding/ Nominal Value	Investment	Market value £000	Percentage of Total Net Assets %
	Guernsey (2016: 0.00%)		
7,200	Providence Hume Fixed Income GBP C Pref *	-	-
7,000	Providence Hume Fixed Income GBP C3 Pref 5 May *	-	-
		<hr/>	<hr/>
		-	-
	Portfolio of investments (2016: 0.00%)	-	-
	Other net assets (2016: 0.00%)	<hr/> 66	<hr/> 100.00
	Total net assets	<hr/> <hr/> 66	<hr/> <hr/> 100.00

* These securities are unlisted

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the period ended 31 March 2017

Hume Cautious Multi-Asset (Sterling) Fund – S Share Portfolio

Statement of Total Return

For the period ended 31 March 2017

	Notes	Period from 8 August 2016 to 31 March 2017 £000
Expenses	2	<u>(12)</u>
Net expense for the period		<u>(12)</u>
Total return		<u>(12)</u>
Change in net assets attributable to shareholders from investment activities		<u>(12)</u>

The results for the period relate to continuing operations. There are no recognised gains or losses for the period other than the total return.

Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the period ended 31 March 2017

	Notes	Period from 8 August 2016 to 31 March 2017 £000
Opening net assets attributable to shareholders		-
Amounts receivable on issue of shares	8	78
Change in net assets attributable to shareholders from investment activities		<u>(12)</u>
Closing net assets attributable to shareholders		<u>66</u>

The notes on pages 125 to 127 form an integral part of these financial statements.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the period ended 31 March 2017

Hume Cautious Multi-Asset (Sterling) Fund – S Share Portfolio

Balance Sheet

As at 31 March 2017

	Notes	2017 £000
Assets		
Current assets		
Cash and bank balances	4	<u>67</u>
Total assets		<u>67</u>
Liabilities		
Creditors	5	<u>1</u>
Total liabilities		<u>1</u>
Total net assets attributable to shareholders		<u><u>66</u></u>

The notes on pages 125 to 127 form an integral part of these financial statements.

Hume Cautious Multi-Asset (Sterling) Fund – S Share Portfolio

Notes to the Financial Statements

1. Accounting policies

The accounting policies are given on pages 12 to 20 of this Annual Report.

2. Expenses

	2017 £000
Payable to Custodian, associates of the Custodian and agents of either of them:	
Custodian's fees	2
Administration fees	10
	10
Total expenses	12

3. Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and is charged an annual exemption fee.

4. Cash and bank balances

	2017 £000
Cash and bank balances	67
Total cash and bank balances	67

5. Creditors

	2017 £000
Accrued expenses	1
Total creditors	1

6. Contingent liabilities

There are no contingent liabilities existing at the balance sheet date.

Hume Cautious Multi-Asset (Sterling) Fund – S Share Portfolio

Notes to the Financial Statements

7. Financial risk management

The main risks arising from the financial instruments are market price, currency exposure, interest rate, liquidity and credit risk. These risks are monitored by the Manager in pursuance of the investment objectives and policy of the Fund.

Currency exposure risk

At 31 March 2017, all assets and liabilities were denominated in Sterling.

Interest rate risk

The interest rate profile of the Fund's financial assets and liabilities at 31 March 2017 was as follows:

2017	Floating rate financial⁽¹⁾ assets	Financial assets not carrying interest	Total assets
Currency	£000	£000	£000
Sterling	67	-	67
Total assets	67	-	67

	Financial liabilities not carrying interest	Total liabilities
Currency	£000	£000
Sterling	1	1
Total assets	1	1

⁽¹⁾ Changes in the base rate will cause movements in the interest rate applied to cash balances and overdrafts

If the interest rates increased/decreased by 50 basis points at 31 March 2017 (representing the directors' assessment of a reasonably possible change) the total return and net assets would increase/decrease by £Nil.

Fair value disclosures

The valuation techniques employed in valuing the investments are summarised below:

	2017
	£000
Valuation technique:	
Valuation techniques using non-observable market data	-
	-

Hume Cautious Multi-Asset (Sterling) Fund – S Share Portfolio

Notes to the Financial Statements

8. Share classes

The Fund has one share class in issue.

The S Shares are not redeemable at the S Shareholder's option but will be redeemed and replaced by Participating Shares as and when the directors decide that the investments in the S Share Portfolio become liquid. These S Shares entitle each Shareholder to an interest in the S Share Portfolio.

The net asset value per share and the number of shares in issue are given in the comparative table on page 121.

Opening number of S Shares	-
Issued	234,894
Closing number of S Shares	234,894

For the purposes of transferring the illiquid assets from Hume Cautious Multi-Asset (Sterling) Fund to Hume Cautious Multi-Asset (Sterling) Fund – S Share Portfolio, the investment in Providence and any related receivable balances were valued at full value, being their nominal value plus accrued interest due, in accordance with the terms of the Company's Scheme Particulars. However, for the purposes of these financial statements the assets were transferred in at fair value.

	2017
	£000
Transferred in at full value:	
Investments in Providence	1,420
Receivable on redemption of Providence	800
Interest receivable from Providence	51
	<u>2,271</u>
Revaluation to fair value	(2,271)
Cash to cover fees	78
Fair value of S Share issue	78

Hume Cautious Multi-Asset (Euro) Fund

Investment objective and investment policy

The investment objective of the Hume Cautious Multi-Asset (Euro) Fund (the “**Fund**”) is to provide an attractive rate of return subject to both a desire for capital preservation and the prevailing interest rate background.

The Fund’s strategy is designed to provide liquidity and principal preservation, but with an emphasis on seeking returns that are superior to those of traditional money market offerings.

The Fund will normally invest in a concentrated portfolio of between one and ten investments, though where circumstances dictate, the upper end of this range may be increased. The largest individual weightings are expected to be to “rated” money market and “cash plus” funds, (for example those rated AAAM or AAAF by Standard and Poors), any of which may account for up to 100% of the portfolio.

Bond and fixed income funds (including ETFs) with an average duration of less than three years may also be included in the portfolio, provided that, in the Manager’s opinion they meet satisfactory levels of liquidity and credit exposure in addition to providing an attractive total return. It is envisaged that such funds will not account for more than 50% of the portfolio at any given time.

Other investments such as individual securities, ETFs, equity funds, and alternative investments in other assets may be held up to a maximum of 25% of the portfolio. In considering these investments, the Manager will have due regard for the market background and the desire for capital preservation. The use of such investments may establish circumstances where the Manager deems it appropriate to increase the number of investments in the portfolio above the upper end of the normal range.

The Fund may engage in transactions in derivative instruments for investment purposes, hedging purposes or for the purposes of efficient portfolio management. This may involve the use of instruments relating to interest rates, equities, equity indices, currencies and credit. The use of these instruments will enable the Manager either to protect gains on existing investment positions, mitigate against losses or generate additional income or capital gains in certain market conditions.

Investment Adviser’s Report

Performance

Based on dealing price the Fund rose by 1.5%¹. This compared to a Lipper peer group median of 0.02%.

The background for short duration assets remained challenging through the period.

With interest rates under pressure on the back of deflationary pressures globally, the downward move was exacerbated by the twin electoral shocks in the UK of “Brexit” on 23 June 2016 and in the US of the election of Donald Trump on 08 November 2016.

¹ The increase in net asset value per share of 10.3% as shown in the Comparative Table on page 130 includes an increase of 8.8% arising from an adjustment to write down the Fund’s investment in Providence Investment Funds PCC Limited for financial reporting purposes in the financial statements as at 31 March 2016 and the subsequent redemption in the current period of Shares upon the creation of the S Share Class.

Hume Cautious Multi-Asset (Euro) Fund

Investment Adviser's Report (continued)

A further significant loosening of monetary policy was observed in Europe as the European Central Bank increased its quantitative easing programme and expanded its balance sheet by buying bonds, resulting in 2 year bund yields ending the period in negative territory.

Yield curve flattening (2 year to 10 year spread less than 100bps in the US) amid political concerns in Europe and further strong export growth from Asia into the west meant for a tough time for investors in cash or cash type proxies.

Portfolio Review

The Fund recorded positive returns in the period under review. It benefited especially from three key factors that contributed:

A move to longer duration assets with a preference for BB and BBB rated credits. Up to 25% of the Fund is now invested in what the manager believes are reasonably priced but still high quality bonds and loans to blue chip corporate issuers in the US, UK and continental Europe.

Outlook

The outlook for cash and short term duration debt we believe is somewhat more positive than for some time.

We believe global interest rates are turning up and as of writing, the US central bank, the US Federal Reserve, has lifted short term interest rates four times from the low and communicated further rises are on the way, meaning US Dollar deposits are on the verge of turning positive in real terms for the first time in this cycle.

While European Central banks continue to be more cautious about normalising interest rates, Asian central banks offer positive returns (outside of Japan) and emerging markets the same.

With US Dollar rates on the rise and a global economic recovery well established now, we believe cash and near cash investments have a place in any diversified portfolio.

We believe that selectively investment in BBB investment grade credit offers good value and somewhat higher yield than available on deposits.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Cautious Multi-Asset (Euro) Fund

Comparative Table

	2017	2016	2015
	€	€	€
Change in net assets per unit			
Opening net asset value per unit	11.40	12.45	12.38
Return before operating charges *	1.37	(0.87)	0.22
Operating charges	(0.20)	(0.18)	(0.15)
Return after operating charges *	1.17	(1.05)	0.07
Closing net asset value per unit	12.57	11.40	12.45
* After direct transaction costs of:	0.01	-	-
Performance			
Return after operating charges	10.3%	(8.4)%	0.6%
Other information			
Closing net asset value (€000)	8,338	9,986	13,027
Closing number of units (note 13)	663,299	876,057	1,046,229
Operating charges	1.8%	1.8%	1.3%
Direct transaction costs	-	-	-
Prices			
Highest unit price	12.59	12.53	12.48
Lowest unit price	12.40	12.35	12.38

A reconciliation of the net asset value per unit to the dealing price is shown in note 15.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Cautious Multi-Asset (Euro) Fund

Portfolio Statement

As at 31 March 2017

Holding/ Nominal Value	Investment	Market value €000	Percentage of Total Net Assets %
	United Kingdom (2016: 1.66%)		
1,158	Fed Prime Sterling Cash Plus 3 Class EUR *	115	1.38
		115	1.38
	Germany (2016: 0.00%)		
20,000	Blackrock AM (DE) iShares Stoxx Europe 600	585	7.02
		585	7.02
	Guernsey (2016: 5.66%)	-	-
	Ireland (86.34%)		
449,358	Federated-Fed-EUR-Kurzlauffer *	6,480	77.72
7,500	iShares European Property Yield UCITS EFT	283	3.39
4,000	iShares IV PLC USD Short Dur	358	4.29
		7,121	85.40
	Jersey (2016: 5.71%)		
450,000	Blackstone/GSO Loan Financing Fund	468	5.61
		468	5.61
	Portfolio of investments (2016: 99.37%)	8,289	99.41
	Unrealised gain on forward foreign exchange contracts (see note 12) (2016: 0.12%)	-	-
	Other net assets (2016: 0.51%)	49	0.59
	Total net assets	8,338	100.00

* These securities are unlisted

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Cautious Multi-Asset (Euro) Fund

Statement of Total Return

For the year ended 31 March 2017

	Notes	€000	2017 €000	€000	2016 €000
Net capital gains/(losses)	2		186		(959)
Revenue	3	102		213	
Expenses	4	(151)		(176)	
Net (expense)/revenue for the year			<u>(49)</u>		<u>37</u>
Total return			<u>137</u>		<u>(922)</u>
Change in net assets attributable to shareholders from investment activities			<u>137</u>		<u>(922)</u>

The results for the year relate to continuing operations. There are no recognised gains or losses for the period other than the total return.

Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the year ended 31 March 2017

	€000	2017 €000	€000	2016 €000
Opening net assets attributable to shareholders		9,986		13,027
Amounts receivable on issue of shares	288		33	
Amounts payable on cancellation of shares	(2,044)		(2,152)	
Transferred to S Share Portfolio	(29)		-	
		(1,785)		(2,119)
Change in net assets attributable to shareholders from investment activities		<u>137</u>		<u>(922)</u>
Closing net assets attributable to shareholders		<u>8,338</u>		<u>9,986</u>

The notes on pages 134 to 139 form an integral part of these financial statements.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Cautious Multi-Asset (Euro) Fund

Balance Sheet

As at 31 March 2017

	Notes	2017 €000	2016 €000
Assets			
Fixed assets			
Investments		8,289	9,923
Current assets			
Debtors and other assets	7	10	56
Receivable on forward exchange contract		-	12
Cash and bank balances	8	108	13
Total assets		8,407	10,004
Liabilities			
Creditors	9	69	18
Total liabilities		69	18
Total net assets attributable to shareholders		8,338	9,986

The notes on pages 134 to 139 form an integral part of these financial statements.

Hume Cautious Multi-Asset (Euro) Fund

Notes to the Financial Statements

1. Accounting policies

The accounting policies are given on pages 12 to 20 of this Annual Report.

2. Net capital gains/(losses)

	2017	2016
	€000	€000
Non-derivative securities	153	(1,017)
Gains on forward exchange contracts	41	47
Currency (losses)/gains	(6)	11
Transaction charges	(2)	-
Net capital gains/(losses)	186	(959)

3. Revenue

	2017	2016
	€000	€000
Dividends	84	189
Management fee rebate	18	24
Total revenue	102	213

4. Expenses

	2017	2016
	€000	€000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's fees	48	61
Payable to Custodian, associates of the Custodian and agents of either of them:		
Custodian's fees	13	18
Administration fees	54	57
Audit fees	5	5
Directors' fees	11	17
GFSC fees	1	1
Other fees	19	17
	90	97
Total expenses	151	176

5. Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and is charged an annual exemption fee.

Hume Cautious Multi-Asset (Euro) Fund

Notes to the Financial Statements

6. Finance costs

Distributions and interest

The whole of the net revenue is accumulated and is reflected in the price.

7. Debtors and other assets

	2017	2016
	€000	€000
Accrued revenue	9	55
Prepaid expenses	1	1
Total debtors and other assets	10	56

8. Cash and bank balances

	2017	2016
	€000	€000
Cash and bank balances	108	13
Total cash and bank balances	108	13

9. Creditors

	2017	2016
	€000	€000
Accrued expenses	19	18
Redemptions payable	50	-
Total creditors	69	18

10. Contingent liabilities

There are no contingent liabilities existing at the balance sheet date.

11. Related party transactions

	2017	2016
	€000	€000
Transactions with the Manager are detailed in note 4 to the financial statements		
Total amount due to Manager	3	4
	3	4

All related party transactions were entered into in the normal course of business and on normal commercial terms.

Hume Cautious Multi-Asset (Euro) Fund

Notes to the Financial Statements

12. Financial risk management

The main risks arising from the financial instruments are market price, currency exposure, interest rate, liquidity and credit risk. These risks are monitored by the Manager in pursuance of the investment objectives and policy of the Fund.

Currency exposure risk

A proportion of the net assets of the Fund is denominated in currencies other than Euros such that the Balance Sheet and the Statement of Total Return can be affected by currency movements.

The foreign currency exposure of the Fund as at 31 March 2017 and 2016 was as follows:

2017	Net foreign currency assets		
	Monetary exposure €000	Non-monetary exposure €000	Total €000
Currency			
US Dollar	-	358	358
Total	-	358	358

There were no forward exchange contracts outstanding at 31 March 2017.

2016	Net foreign currency assets		
	Monetary exposure €000	Non-monetary exposure €000	Total €000
Currency			
Sterling	-	30	30
Total	-	30	30

The foreign currency exposure includes a forward exchange contract selling £425,000 for €547,000 for settlement on 16 May 2016.

At 31 March 2017, should Sterling have strengthened or weakened by 10% (representing the directors' assessment of a reasonably possible change) against the Euro and all other variables, including the price of the Fund's investments, were held constant, the total return and net assets would have decreased and increased respectively by €Nil (2016: €3,000).

At 31 March 2017, should the US Dollar have strengthened or weakened by 10% (representing the directors' assessment of a reasonably possible change) against the Euro and all other variables, including the price of the Fund's investments, were held constant, the total return and net assets would have decreased and increased respectively by €36,000 (2016: €Nil).

Hume Cautious Multi-Asset (Euro) Fund

Notes to the Financial Statements

12. Financial risk management (continued)

Interest rate risk

The interest rate profile of the Fund's financial assets and liabilities at 31 March 2017 and 2016 was as follows:

2017	Floating rate financial ⁽¹⁾ assets €000	Financial assets not carrying interest €000	Total assets €000
Currency			
Euro	108	7,940	8,048
US Dollar	-	358	358
Total assets	108	8,298	8,406

Currency	Financial liabilities not carrying interest €000	Total liabilities €000
Euro	69	69
Total liabilities	69	69

2016	Floating rate financial ⁽¹⁾ assets €000	Financial assets not carrying interest €000	Total assets €000
Currency			
Euro	13	9,425	9,438
Sterling	-	565	565
Total assets	13	9,990	10,003

Currency	Financial liabilities not carrying interest €000	Total liabilities €000
Euro	18	18
Total liabilities	18	18

⁽¹⁾ Changes in the base rate will cause movements in the interest rate applied to cash balances and overdrafts

If the interest rates increased/decreased by 50 basis points at 31 March 2017 (representing the directors' assessment of a reasonably possible change) the total return and net assets would increase/decrease by €1,000 (2016: €Nil).

Hume Cautious Multi-Asset (Euro) Fund

Notes to the Financial Statements

12. Financial risk management (continued)

Fair value disclosures

The valuation techniques employed in valuing the investments are summarised below:

	2017	2016
	€000	€000
Valuation technique:		
Quoted prices for identical instruments in active markets	1,694	1,135
Valuation techniques using observable market data	6,595	8,788
	8,289	9,923

13. Share classes

The Fund has one share class in issue, with the following charges and minimum initial investment levels:

	Initial charge	Manager's annual charge	Minimum initial investment
Euro	5.25%	1.50%	€1,000

The net asset value per share and the number of shares in issue are given in the comparative table on page 131. A reconciliation of the dealing price to the net asset value per share is shown in note 15.

Opening number of participating redeemable preference shares	876,057
Issued	23,080
Redeemed	(163,367)
Transferred to S Share Portfolio	(72,471)
Closing number of participating redeemable preference shares	663,299

At a board meeting of the Company held on 2 August 2016, the board decided to declare the investments of the Hume Cautious Multi Asset (Euro) Fund, Hume Cautious Multi Asset (Sterling) Fund and Hume Cautious Multi Asset (US Dollar) Fund (each a "Fund" and collectively the "Funds") in Providence Investment Funds PCC Limited ("Providence") as Illiquid Investments in accordance with article 49 of the Company's articles of incorporation. This followed the non-payment of requested redemptions in Providence on 30 June 2016 and the Manager subsequently becoming aware that Providence was unable to make payments of these amounts due to the Funds or commit to a future date for payment. The board then sought, and obtained, the consent of the Guernsey Financial Services Commission to create an S Share Portfolio in each of the Funds, comprising the investment in Providence, related receivable balances and an allocation of cash to pay expenses of the S Share Portfolio, and accordingly S Shares were issued to each Shareholder in the Funds. These S Shares entitle each Shareholder to an interest in the S Share Portfolio.

Hume Cautious Multi-Asset (Euro) Fund

Notes to the Financial Statements

13. Share classes (continued)

For the purposes of effecting this transaction, the investment in Providence and any receivable balances were valued at full value, being their nominal value plus accrued interest due, in accordance with the terms of the Company's Scheme Particulars. However, for the purposes of these financial statements the assets were transferred in at fair value.

14. Portfolio transaction costs

	€000	2017 €000	€000	2016 €000
Analysis of total purchase costs				
Purchases in the period before transaction costs		1,483		2,071
Commissions	2		-	
Total purchase costs		2		-
Gross purchase total		1,485		2,071
Analysis of total sale proceeds				
Gross sales in the period before transaction costs		3,272		3,942
Commissions	(2)		-	
Total sales costs		(2)		-
Total sales net of transaction costs		3,270		3,942

15. Reconciliation of net asset value per share to dealing price

The net asset value per share is the net asset value calculated using the accounting policies set out in these financial statements divided by the number of shares in issue at the balance sheet date.

The dealing price is the value calculated using the policies set out in the scheme particulars divided by the number of shares in issue at the balance sheet date.

	2017 €	2016 €
Net asset value per share	12.57	11.40
Capitalised restructuring costs expensed in the financial statements	0.01	0.02
Revaluation of portfolio from mid to bid price in the financial statements	0.01	-
Provision for write down of investments (note 16)	-	0.98
Dealing price	12.59	12.40

Hume Cautious Multi-Asset (Euro) Fund – S Share Portfolio

Investment objective and investment policy

At a board meeting of the Company held on 2 August 2016, the board decided to declare the investments of the Hume Cautious Multi Asset (Euro) Fund, Hume Cautious Multi Asset (Sterling) Fund and Hume Cautious Multi Asset (US Dollar) Fund (each a “Fund” and collectively the “Funds”) in Providence Investment Funds PCC Limited (“Providence”) as Illiquid Investments in accordance with article 49 of the Company’s articles of incorporation. This followed the non-payment of requested redemptions in Providence on 30 June 2016 and the Manager subsequently becoming aware that Providence was unable to make payments of these amounts due to the Funds or commit to a future date for payment. The board then sought, and obtained, the consent of the Guernsey Financial Services Commission to create an S Share Portfolio in each of the Funds, comprising the investment in Providence, related receivable balances and an allocation of cash to pay expenses of the S Share Portfolio, and accordingly S Shares were issued to each Shareholder in the Funds.

On 8 August 2016, each Fund redeemed the number of Participating Shares held by each Participating Shareholder which represent an interest in investments to be transferred to the S Share Portfolio and issued a pro rata number of S Shares of the relevant Fund based on the net asset value of the S Share Portfolio as at that date.

On 9 August 2016 Administration Managers were appointed to Providence by order of the Royal Court of Guernsey on the application of the Guernsey Financial Services Commission. The Administration Manager reported their provisional findings to the Royal Court on 9 September 2016 indicating that Providence has no material assets. As a consequence, the Directors concluded that it was appropriate to make full provision against the investments in Providence as at 31 March 2016. The provision made by the Hume Cautious Multi Asset (Euro) Fund was €860,000.

Investment Adviser’s Report

There was no trading in the period under review.

Peterhouse Asset Management Limited
September 2017

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the period ended 31 March 2017

Hume Cautious Multi-Asset (Euro) Fund – S Share Portfolio

Comparative Table

	2017
	€
Change in net assets per unit	
Net asset value per unit at inception on 8 August 2016	0.32
Return before operating charges *	-
Operating charges	(0.14)
Return after operating charges *	(0.14)
Closing net asset value per unit	0.18
* After direct transaction costs of:	-
Performance	
Return after operating charges (for period since inception)	(43.8)%
Other information	
Closing net asset value (€000)	16
Closing number of units (note 8)	90,770
Operating charges (for period since inception)	81.2%
Direct transaction costs (for period since inception)	-
Prices **	
Highest unit price	0.32
Lowest unit price	0.18

** As the S Shares are not redeemable at the Shareholders' option, there is no dealing price. A net asset value per unit is calculated on a quarterly basis and is used for this disclosure.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the period ended 31 March 2017

Hume Cautious Multi-Asset (Euro) Fund – S Share Portfolio

Portfolio Statement

As at 31 March 2017

Holding/ Nominal Value	Investment	Market value €000	Percentage of Total Net Assets %
	Guernsey (2016: 0.00%)		
2,600	Providence Hume Fixed Income EUR C Pref *	-	-
2,500	Providence Hume Fixed Income EUR C3 Pref 5 May *	-	-
		<hr/>	<hr/>
		-	-
	Portfolio of investments (2016: 0.00%)	-	-
	Other net assets (2016: 0.00%)	<hr/> 16	<hr/> 100.00
	Total net assets	<hr/> <hr/> 16	<hr/> <hr/> 100.00

* These securities are unlisted

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the period ended 31 March 2017

Hume Cautious Multi-Asset (Euro) Fund – S Share Portfolio

Statement of Total Return

For the period ended 31 March 2017

	Notes	Period from 8 August 2016 to 31 March 2017 €000
Expenses	2	<u>(13)</u>
Net expense for the period		<u>(13)</u>
Total return		<u>(13)</u>
Change in net assets attributable to shareholders from investment activities		<u>(13)</u>

The results for the period relate to continuing operations. There are no recognised gains or losses for the period other than the total return.

Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the period ended 31 March 2017

	Notes	Period from 8 August 2016 to 31 March 2017 €000
Opening net assets attributable to shareholders		-
Amounts receivable on issue of shares	8	29
Change in net assets attributable to shareholders from investment activities		<u>(13)</u>
Closing net assets attributable to shareholders		<u>16</u>

The notes on pages 145 to 147 form an integral part of these financial statements.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the period ended 31 March 2017

Hume Cautious Multi-Asset (Euro) Fund – S Share Portfolio

Balance Sheet

As at 31 March 2017

	Notes	2017 €000
Assets		
Current assets		
Cash and bank balances	4	<u>17</u>
Total assets		<u>17</u>
Liabilities		
Creditors	5	<u>1</u>
Total liabilities		<u>1</u>
Total net assets attributable to shareholders		<u><u>16</u></u>

The notes on pages 145 to 147 form an integral part of these financial statements.

Hume Cautious Multi-Asset (Euro) Fund – S Share Portfolio

Notes to the Financial Statements

1. Accounting policies

The accounting policies are given on pages 12 to 20 of this Annual Report.

2. Expenses

	2017 €000
Payable to Custodian, associates of the Custodian and agents of either of them:	
Custodian's fees	1
	<hr/>
Administration fees	12
	<hr/>
	12
	<hr/>
Total expenses	13
	<hr/> <hr/>

3. Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and is charged an annual exemption fee.

4. Cash and bank balances

	2017 €000
Cash and bank balances	17
	<hr/>
Total cash and bank balances	17
	<hr/> <hr/>

5. Creditors

	2017 €000
Accrued expenses	1
	<hr/>
Total creditors	1
	<hr/> <hr/>

6. Contingent liabilities

There are no contingent liabilities existing at the balance sheet date.

Hume Cautious Multi-Asset (Euro) Fund – S Share Portfolio

Notes to the Financial Statements

7. Financial risk management

The main risks arising from the financial instruments are market price, currency exposure, interest rate, liquidity and credit risk. These risks are monitored by the Manager in pursuance of the investment objectives and policy of the Fund.

Currency exposure risk

The foreign currency exposure of the Fund as at 31 March 2017 was as follows:

2017	Net foreign currency assets		
	Monetary exposure €000	Non-monetary exposure €000	Total €000
Currency			
Sterling	(1)	-	(1)
Total	(1)	-	(1)

At 31 March 2017, should Sterling have strengthened or weakened by 10% (representing the directors' assessment of a reasonably possible change) against the US Dollar and all other variables, including the price of the Fund's investments, were held constant, the total return and net assets would have decreased and increased respectively by US\$Nil.

Interest rate risk

The interest rate profile of the Fund's financial assets and liabilities at 31 March 2017 was as follows:

2017	Floating rate financial ⁽¹⁾ assets €000	Financial assets not carrying interest €000	Total assets €000
	Currency		
Euro	17	-	17
Total assets	17	-	17

2017	Financial liabilities not carrying interest €000	Total liabilities €000
	Currency	
Sterling	1	1
Total assets	1	1

⁽¹⁾ Changes in the base rate will cause movements in the interest rate applied to cash balances and overdrafts

If the interest rates increased/decreased by 50 basis points at 31 March 2017 (representing the directors' assessment of a reasonably possible change) the total return and net assets would increase/decrease by €Nil

Hume Cautious Multi-Asset (Euro) Fund – S Share Portfolio

Notes to the Financial Statements

7. Financial risk management (continued)

Fair value disclosures

The valuation techniques employed in valuing the investments are summarised below:

	2017
	€000
Valuation technique:	
Valuation techniques using non-observable market data	-
	<u>-</u>

8. Share classes

The Fund has one share class in issue.

The S Shares are not redeemable at the S Shareholder's option but will be redeemed and replaced by Participating Shares as and when the directors decide that the investments in the S Share Portfolio become liquid. These S Shares entitle each Shareholder to an interest in the S Share Portfolio.

The net asset value per share and the number of shares in issue are given in the comparative table on page 141.

Opening number of S Shares	-
Issued	<u>90,770</u>
Closing number of S Shares	<u>90,770</u>

For the purposes of transferring the illiquid assets from Hume Cautious Multi-Asset (Euro) Fund to Hume Cautious Multi-Asset (Euro) Fund – S Share Portfolio, the investment in Providence and any receivable balances were valued at full value, being their nominal value plus accrued interest due, in accordance with the terms of the Company's Scheme Particulars. However, for the purposes of these financial statements the assets were transferred in at fair value.

	2017
	€000
Transferred in at full value:	
Investments in Providence	510
Receivable on redemption of Providence	350
Interest receivable from Providence	<u>19</u>
	879
Revaluation to fair value	(879)
Cash to cover fees	<u>29</u>
Fair value of S Share issue	<u>29</u>

Hume Cautious Multi-Asset (US Dollar) Fund

Investment objective and investment policy

The investment objective of the Hume Cautious Multi-Asset (US Dollar) Fund (the “**Fund**”) is to provide an attractive rate of return subject to both a desire for capital preservation and the prevailing interest rate background.

The Fund’s strategy is designed to provide liquidity and principal preservation, but with an emphasis on seeking returns that are superior to those of traditional money market offerings.

The Fund will normally invest in a concentrated portfolio of between one and ten investments, though where circumstances dictate, the upper end of this range may be increased. The largest individual weightings are expected to be to “rated” money market and “cash plus” funds, (for example those rated AAAM or AAAf by Standard and Poors), any of which may account for up to 100% of the portfolio.

Bond and fixed income funds (including ETFs) with an average duration of less than three years may also be included in the portfolio, provided that, in the Manager’s opinion they meet satisfactory levels of liquidity and credit exposure in addition to providing an attractive total return. It is envisaged that such funds will not account for more than 50% of the portfolio at any given time.

Other investments such as individual securities, ETFs, equity funds, and alternative investments in other assets may be held up to a maximum of 25% of the portfolio. In considering these investments, the Manager will have due regard for the market background and the desire for capital preservation. The use of such investments may establish circumstances where the Manager deems it appropriate to increase the number of investments in the portfolio above the upper end of the normal range.

The Fund may engage in transactions in derivative instruments for investment purposes, hedging purposes or for the purposes of efficient portfolio management. This may involve the use of instruments relating to interest rates, equities, equity indices, currencies and credit. The use of these instruments will enable the Manager either to protect gains on existing investment positions, mitigate against losses or generate additional income or capital gains in certain market conditions.

Investment Adviser’s Report

Performance

Based on dealing price the Fund rose by 3.4%¹. This compared to a Lipper peer group median of 0.09%.

Market Review

The background for short duration assets remained challenging through the period.

With interest rates under pressure on the back of deflationary pressures globally, the downward move was exacerbated by the twin electoral shocks in the UK of “Brexit” on 23 June 2016 and in the US of the election of Donald Trump on 08 November 2016.

¹ The increase in net asset value per share of 12.6% as shown in the Comparative Table on page 150 includes an increase of 9.2% arising from an adjustment to write down the Fund’s investment in Providence Investment Funds PCC Limited for financial reporting purposes in the financial statements as at 31 March 2016 and the subsequent redemption in the current period of Shares upon the creation of the S Share Class.

Hume Cautious Multi-Asset (US Dollar) Fund

Investment Adviser's Report (continued)

A further significant loosening of monetary policy was observed in Europe as the European Central Bank increased its quantitative easing programme and expanded its balance sheet by buying bonds, resulting in 2 year bund yields ending the period in negative territory.

Yield curve flattening (2 year to 10 year spread less than 100bps in the US) amid political concerns in Europe and further strong export growth from Asia into the west meant for a tough time for investors in cash or cash type proxies.

Portfolio Review

The Fund recorded positive returns in the period under review. It benefited especially from three key factors that contributed:

- A move to longer duration assets with a preference for BB and BBB rated credits. Up to 25% of the sub fund is now invested in what the manager believes are better value but still high quality bonds and loans to blue chip corporate issuers in the UK, US and continental Europe.
- Within third party funds, Blackstone GSO Loan Financing Fund and Carador Income Fund performed particularly well.
- Within exchange traded funds the iShare Utility and iShare Property were strong contributors.

Outlook

The outlook for cash and short term duration debt we believe is somewhat more positive than for some time.

We believe global interest rates are turning up and as of writing, the US central bank, the US Federal Reserve, has lifted short term interest rates four times from the low and communicated further rises are on the way, meaning US Dollar deposits are on the verge of turning positive in real terms for the first time in this cycle.

While European Central banks continue to be more cautious about normalising interest rates, Asian central banks offer positive returns (outside of Japan) and emerging markets the same.

With US Dollar rates on the rise and a global economic recovery well established now, we believe cash and near cash investments have a place in any diversified portfolio.

We believe that selectively investment in BBB investment grade credit offers good value and somewhat higher yield than available on deposits.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Cautious Multi-Asset (US Dollar) Fund

Comparative Table

	2017	2016	2015
	US\$	US\$	US\$
Change in net assets per unit			
Opening net asset value per unit	80.01	88.41	88.46
Return before operating charges *	11.44	(7.12)	1.07
Operating charges	(1.36)	(1.28)	(1.12)
Return after operating charges *	10.08	(8.40)	(0.05)
Closing net asset value per unit	90.09	80.01	88.41
* After direct transaction costs of:	0.02	0.02	0.01
Performance			
Return after operating charges	12.6%	(9.5)%	(0.1)%
Other information			
Closing net asset value (US\$000)	10,008	11,526	16,659
Closing number of units (note 13)	111,090	144,063	188,434
Operating charges	1.7%	1.9%	1.3%
Direct transaction costs	-	-	-
Prices			
Highest unit price	90.25	88.90	88.71
Lowest unit price	87.26	86.55	88.43

A reconciliation of the net asset value per unit to the dealing price is shown in note 15.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Cautious Multi-Asset (US Dollar) Fund

Portfolio Statement

As at 31 March 2017

Holding/ Nominal Value	Investment	Market value US\$000	Percentage of Total Net Assets %
	United Kingdom (2016: 83.82%)		
44,360	Fed Prime Sterling Cash Plus 3 USD Class *	4,530	45.26
		4,530	45.26
	Germany (2016: 0.00%)		
12,500	Blackrock AM (DE) iShares Stoxx Europe 600	391	3.91
		391	3.91
	Guernsey (2016: 7.90%)		
910,000	NB Global Floating Red Ord NPV USD	920	9.19
		920	9.19
	Ireland (2016: 7.78%)		
325,000	Carador Income Fund Ord NPV (USD)	244	2.44
51,379	Federated-Sh Trm Prime Insurance *	51	0.51
2,500	iShares IV PLC USD Short Dur	239	2.38
		534	5.33
	Luxemburg (2016: 0.00%)		
300	JPMorgan Asset Mgm Mgd Res I USD Acc *	3,122	31.20
		3,122	31.20
	United States (2016: 0.00%)		
10,000	iShares Trust U.S Preferred Stock ETF	387	3.87
		387	3.87
	Portfolio of investments (2016: 99.50%)	9,884	98.76
	Other net assets (2016: 0.50%)	124	1.24
	Total net assets	10,008	100.00

** These securities are unlisted

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Cautious Multi-Asset (US Dollar) Fund

Statement of Total Return

For the year ended 31 March 2017

	Notes	US\$000	2017 US\$000	US\$000	2016 US\$000
Net capital gain/(losses)	2		401		(1,296)
Revenue	3	137		293	
Expenses	4	(174)		(213)	
Net (expense)/revenue for the year			<u>(37)</u>		<u>80</u>
Total return			<u>364</u>		<u>(1,216)</u>
Change in net assets attributable to shareholders from investment activities			<u>364</u>		<u>(1,216)</u>

The results for the year relate to continuing operations. There are no recognised gains or losses for the period other than the total return.

Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the year ended 31 March 2017

	US\$000	2017 US\$000	US\$000	2016 US\$000
Opening net assets attributable to shareholders		11,526		16,659
Amounts receivable on issue of shares	50		40	
Amounts payable on cancellation of shares	(1,899)		(3,957)	
Transferred to S Share Portfolio	<u>(33)</u>		<u>-</u>	
		(1,882)		(3,917)
Change in net assets attributable to shareholders from investment activities		<u>364</u>		<u>(1,216)</u>
Closing net assets attributable to shareholders		<u>10,008</u>		<u>11,526</u>

The notes on pages 154 to 159 form an integral part of these financial statements.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Hume Cautious Multi-Asset (US Dollar) Fund

Balance Sheet

As at 31 March 2017

	Notes	2017 US\$000	2016 US\$000
Assets			
Fixed assets			
Investments		9,884	11,468
Current assets			
Debtors and other assets	7	1	60
Cash and bank balances	8	141	47
Total assets		10,026	11,575
Liabilities			
Creditors	9	18	49
Total liabilities		18	49
Total net assets attributable to shareholders		10,008	11,526

The notes on pages 154 to 159 form an integral part of these financial statements.

Hume Cautious Multi-Asset (US Dollar) Fund

Notes to Financial Statements

1. Accounting policies

The accounting policies are given on pages 12 to 20 of this Annual Report.

2. Net capital gains/(losses)

	2017	2016
	US\$000	US\$000
Non-derivative securities	394	(1,248)
Losses on forward exchange contracts	-	(47)
Currency gains	8	1
Transaction costs	(1)	(2)
Net capital gains/(losses)	401	(1,296)

3. Revenue

	2017	2016
	US\$000	US\$000
Dividends	137	293
Total revenue	137	293

4. Expenses

	2017	2016
	US\$000	US\$000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's fees	55	73
Payable to Custodian, associates of the Custodian and agents of either of them:		
Custodian's fees	15	21
Administration fees	68	71
Audit fees	1	5
Directors' fees	13	20
GFSC fee	1	1
Other fees	21	22
	104	119
Total expenses	174	213

5. Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and is charged an annual exemption fee.

Hume Cautious Multi-Asset (US Dollar) Fund

Notes to Financial Statements

6. Finance costs

Distributions and interest

The whole of the net revenue is accumulated and is reflected in the price.

7. Debtors and other assets

	2017	2016
	US\$000	US\$000
Accrued revenue	-	59
Prepaid expenses	1	1
Total debtors and other assets	1	60

8. Cash and bank balances

	2017	2016
	US\$000	US\$000
Cash and bank balances	141	47
Total cash and bank balances	141	47

9. Creditors

	2017	2016
	US\$000	US\$000
Accrued expenses	18	21
Redemptions payable	-	28
Total creditors	18	49

10. Contingent liabilities

There are no contingent liabilities existing at the balance sheet date.

11. Related party transactions

	2017	2016
	US\$000	US\$000
Transactions with the Manager are detailed in note 4 to the financial statements		
Total amount due to Manager	4	6
	4	6

All related party transactions were entered into in the normal course of business and on normal commercial terms.

12. Financial risk management

The main risks arising from the financial instruments are market price, currency exposure, interest rate, liquidity and credit risk. These risks are monitored by the Manager in pursuance of the investment objectives and policy of the Fund.

Hume Cautious Multi-Asset (US Dollar) Fund

Notes to Financial Statements

12. Financial risk management (continued)

Currency exposure risk

A proportion of the net assets of the Fund is denominated in currencies other than US Dollars such that the Balance Sheet and the Statement of Total Return can be affected by currency movements.

The foreign currency exposure of the Fund as at 31 March 2017 was as follows:

2017	Net foreign currency assets		
	Monetary exposure US\$000	Non-monetary exposure US\$000	Total US\$000
Currency			
Euro	-	391	391
Total	-	391	391

The Fund had no foreign currency exposure or forward foreign exchange contracts outstanding as at 31 March 2016.

At 31 March 2017, should the Euro have strengthened or weakened by 10% (representing the directors' assessment of a reasonably possible change) against the US Dollar and all other variables, including the price of the Fund's investments, were held constant, the total return and net assets would have decreased and increased respectively by US\$39,000 (2016: €Nil).

Interest rate risk

The interest rate profile of the Fund's financial assets and liabilities at 31 March 2017 and 2016 was as follows:

2017	Floating rate financial ⁽¹⁾ assets US\$000	Financial assets not carrying interest US\$000	Total assets US\$000
Currency			
Euro	-	391	391
US Dollar	141	9,493	9,634
Total assets	141	9,884	10,025

	Financial liabilities not carrying interest US\$000	Total liabilities US\$000
Currency		
US Dollar	18	18
Total liabilities	18	18

Hume Cautious Multi-Asset (US Dollar) Fund

Notes to Financial Statements

12. Financial risk management (continued)

Interest rate risk (continued)

2016	Floating rate financial ⁽¹⁾ assets US\$000	Financial assets not carrying interest US\$000	Total assets US\$000
Currency			
US Dollar	47	11,527	11,574
Total assets	47	11,527	11,574

Currency	Financial liabilities not carrying interest US\$000	Total liabilities US\$000
US Dollar	49	49
Total liabilities	49	49

⁽¹⁾ Changes in the base rate will cause movements in the interest rate applied to cash balances and overdrafts

If the interest rates increased/decreased by 50 basis points at 31 March 2017 (representing the directors' assessment of a reasonably possible change) the total return and net assets would increase/decrease by US\$1,000 (2016: US\$Nil).

Fair value disclosures

The valuation techniques employed in valuing the investments are summarised below:

Valuation technique:	2017 US\$000	2016 US\$000
Quoted prices for identical instruments in active markets	2,181	1,505
Valuation techniques using observable market data	7,703	9,963
	9,884	11,468

13. Share classes

The Fund has one share class in issue, with the following charges and minimum initial investment levels:

	Initial charge	Manager's annual charge	Minimum initial investment
US Dollar	5.25%	1.50%	US\$1,000

The net asset value per share and the number of shares in issue are given in the comparative table on page 150. A reconciliation of the dealing price to the net asset value per share is shown in note 15.

Hume Cautious Multi-Asset (US Dollar) Fund

Notes to Financial Statements

13. Share classes (continued)

Opening number of participating redeemable preference shares	144,063
Issued	570
Redeemed	(21,371)
Transferred to S Share Portfolio	<u>(12,172)</u>
Closing number of participating redeemable preference shares	<u>111,090</u>

At a board meeting of the Company held on 2 August 2016, the board decided to declare the investments of the Hume Cautious Multi Asset (Euro) Fund, Hume Cautious Multi Asset (Sterling) Fund and Hume Cautious Multi Asset (US Dollar) Fund (each a "Fund" and collectively the "Funds") in Providence Investment Funds PCC Limited ("Providence") as Illiquid Investments in accordance with article 49 of the Company's articles of incorporation. This followed the non-payment of requested redemptions in Providence on 30 June 2016 and the Manager subsequently becoming aware that Providence was unable to make payments of these amounts due to the Funds or commit to a future date for payment. The board then sought, and obtained, the consent of the Guernsey Financial Services Commission to create an S Share Portfolio in each of the Funds, comprising the investment in Providence, related receivable balances and an allocation of cash to pay expenses of the S Share Portfolio, and accordingly S Shares were issued to each Shareholder in the Funds. These S Shares entitle each Shareholder to an interest in the S Share Portfolio.

For the purposes of effecting this transaction, the investment in Providence and any receivable balances were valued at full value, being their nominal value plus accrued interest due, in accordance with the terms of the Company's Scheme Particulars. However, for the purposes of these financial statements the assets were transferred in at fair value.

14. Portfolio transaction costs

	US\$000	2017 US\$000	US\$000	2016 US\$000
Analysis of total purchase costs				
Purchases in the year before transaction costs		4,057		3,107
Commissions	<u>1</u>		<u>2</u>	
Total purchase costs		<u>4,058</u>		<u>3,109</u>
Analysis of total sale proceeds				
Gross sales in the year before transaction costs		6,036		7,031
Commissions	<u>(1)</u>		<u>(2)</u>	
Total sales costs		<u>(1)</u>		<u>(2)</u>
Total sales net of transaction costs		<u>6,035</u>		<u>7,029</u>

Hume Cautious Multi-Asset (US Dollar) Fund

Notes to Financial Statements

15. Reconciliation of net asset value per share to dealing price

The net asset value per share is the net asset value calculated using the accounting policies set out in these financial statements divided by the number of shares in issue at the balance sheet date.

The dealing price is the value calculated using the policies set out in the scheme particulars divided by the number of shares in issue at the balance sheet date.

	2017	2016
	US\$	US\$
Net asset value per share	90.09	80.01
Capitalised restructuring costs expensed in the financial statements	0.11	0.17
Revaluation of portfolio from mid to bid price in the financial statements	0.03	-
Provision for write down of investments (note 16)	-	7.08
Dealing price	90.23	87.26

Hume Cautious Multi-Asset (US Dollar) Fund – S Share Portfolio

Investment objective and investment policy

At a board meeting of the Company held on 2 August 2016, the board decided to declare the investments of the Hume Cautious Multi Asset (Euro) Fund, Hume Cautious Multi Asset (Sterling) Fund and Hume Cautious Multi Asset (US Dollar) Fund (each a “Fund” and collectively the “Funds”) in Providence Investment Funds PCC Limited (“Providence”) as Illiquid Investments in accordance with article 49 of the Company’s articles of incorporation. This followed the non-payment of requested redemptions in Providence on 30 June 2016 and the Manager subsequently becoming aware that Providence was unable to make payments of these amounts due to the Funds or commit to a future date for payment. The board then sought, and obtained, the consent of the Guernsey Financial Services Commission to create an S Share Portfolio in each of the Funds, comprising the investment in Providence, related receivable balances and an allocation of cash to pay expenses of the S Share Portfolio, and accordingly S Shares were issued to each Shareholder in the Funds.

On 8 August 2016, each Fund redeemed the number of Participating Shares held by each Participating Shareholder which represent an interest in investments to be transferred to the S Share Portfolio and issued a pro rata number of S Shares of the relevant Fund based on the net asset value of the S Share Portfolio as at that date.

On 9 August 2016 Administration Managers were appointed to Providence by order of the Royal Court of Guernsey on the application of the Guernsey Financial Services Commission. The Administration Manager reported their provisional findings to the Royal Court on 9 September 2016 indicating that Providence has no material assets. As a consequence, the Directors concluded that it was appropriate to make full provision against the investments in Providence as at 31 March 2016. The provision made by the Hume Cautious Multi Asset (US Dollar) Fund was US\$1,020,000.

Investment Adviser’s Report

There was no trading in the period under review.

Peterhouse Asset Management Limited
September 2017

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the period ended 31 March 2017

Hume Cautious Multi-Asset (US Dollar) Fund – S Share Portfolio

Comparative Table

	2017 US\$
Change in net assets per unit	
Net asset value per unit at inception on 8 August 2016	0.31
Return before operating charges *	-
Operating charges	(0.13)
Return after operating charges *	(0.13)
Closing net asset value per unit	0.18
* After direct transaction costs of:	-
Performance	
Return after operating charges (for period since inception)	(41.9)%
Other information	
Closing net asset value (US\$000)	20
Closing number of units (note 8)	107,632
Operating charges (for period since inception)	65.0%
Direct transaction costs (for period since inception)	--
Prices **	
Highest unit price	0.31
Lowest unit price	0.18

** As the S Shares are not redeemable at the Shareholders' option, there is no dealing price. A net asset value per unit is calculated on a quarterly basis and is used for this disclosure.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the period ended 31 March 2017

Hume Cautious Multi-Asset (US Dollar) Fund – S Share Portfolio

Portfolio Statement

As at 31 March 2017

Holding/ Nominal Value	Investment	Market value US\$000	Percentage of Total Net Assets %
	Guernsey (2016: 0.00%)		
3,200	Providence Hume Fixed Income USD C Pref *	-	-
3,000	Providence Hume Fixed Income USD C3 Pref 5 May *	-	-
		<hr/>	<hr/>
		-	-
	Portfolio of investments (2016: 0.00%)	-	-
	Other net assets (2016: 0.00%)	20	100.00
		<hr/>	<hr/>
	Total net assets	20	100.00
		<hr/> <hr/>	<hr/> <hr/>

* These securities are unlisted

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the period ended 31 March 2017

Hume Cautious Multi-Asset (US Dollar) Fund – S Share Portfolio

Statement of Total Return

For the period ended 31 March 2017

	Notes	Period from 8 August 2016 to 31 March 2017 US\$000
Expenses	2	<u>(13)</u>
Net expense for the period		<u>(13)</u>
Total return		<u>(13)</u>
Change in net assets attributable to shareholders from investment activities		<u>(13)</u>

The results for the period relate to continuing operations. There are no recognised gains or losses for the period other than the total return.

Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the period ended 31 March 2017

	Notes	Period from 8 August 2016 to 31 March 2017 US\$000
Opening net assets attributable to shareholders		-
Amounts receivable on issue of shares	8	33
Change in net assets attributable to shareholders from investment activities		<u>(13)</u>
Closing net assets attributable to shareholders		<u>20</u>

The notes on pages 165 to 167 form an integral part of these financial statements.

Hume Global Investors PCC Limited
Annual Report and Financial Statements for the period ended 31 March 2017

Hume Cautious Multi-Asset (US Dollar) Fund – S Share Portfolio

Balance Sheet

As at 31 March 2017

	Notes	2017 US\$000
Assets		
Current assets		
Cash and bank balances	4	<u>21</u>
Total assets		<u>21</u>
Liabilities		
Creditors	5	<u>1</u>
Total liabilities		<u>1</u>
Total net assets attributable to shareholders		<u><u>20</u></u>

The notes on pages 165 to 167 form an integral part of these financial statements.

Hume Cautious Multi-Asset (US Dollar) Fund – S Share Portfolio

Notes to the Financial Statements

1. Accounting policies

The accounting policies are given on pages 12 to 20 of this Annual Report.

2. Expenses

	2017 US\$000
Payable to Custodian, associates of the Custodian and agents of either of them:	
Custodian's fees	1
Administration fees	12
	12
Total expenses	13

3. Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and is charged an annual exemption fee.

4. Cash and bank balances

	2017 US\$000
Cash and bank balances	21
Total cash and bank balances	21

5. Creditors

	2017 US\$000
Accrued expenses	1
Total creditors	1

6. Contingent liabilities

There are no contingent liabilities existing at the balance sheet date.

Hume Cautious Multi-Asset (US Dollar) Fund – S Share Portfolio

Notes to the Financial Statements

7. Financial risk management

The main risks arising from the financial instruments are market price, currency exposure, interest rate, liquidity and credit risk. These risks are monitored by the Manager in pursuance of the investment objectives and policy of the Fund.

Currency exposure risk

The foreign currency exposure of the Fund as at 31 March 2017 was as follows:

2017	Net foreign currency assets		
	Monetary exposure US\$000	Non-monetary exposure US\$000	Total US\$000
Currency			
Sterling	(1)	-	(1)
Total	(1)	-	(1)

At 31 March 2017, should Sterling have strengthened or weakened by 10% (representing the directors' assessment of a reasonably possible change) against the US Dollar and all other variables, including the price of the Fund's investments, were held constant, the total return and net assets would have decreased and increased respectively by US\$Nil.

Interest rate risk

The interest rate profile of the Fund's financial assets and liabilities at 31 March 2017 was as follows:

2017	Floating rate financial ⁽¹⁾ assets US\$000	Financial assets not carrying interest US\$000	Total assets US\$000
Currency			
US Dollars	21	-	21
Total assets	21	-	21

	Financial liabilities not carrying interest US\$000	Total liabilities US\$000
Currency		
Sterling	1	1
Total assets	1	1

⁽¹⁾ Changes in the base rate will cause movements in the interest rate applied to cash balances and overdrafts

If the interest rates increased/decreased by 50 basis points at 31 March 2017 (representing the directors' assessment of a reasonably possible change) the total return and net assets would increase/decrease by US\$Nil

Hume Cautious Multi-Asset (US Dollar) Fund – S Share Portfolio

Notes to the Financial Statements

7. Financial risk management (continued)

Fair value disclosures

The valuation techniques employed in valuing the investments are summarised below:

	2017 US\$000
Valuation technique:	
Valuation techniques using non-observable market data	-
	<u>-</u>

8. Share classes

The Fund has one share class in issue.

The S Shares are not redeemable at the S Shareholder's option but will be redeemed and replaced by Participating Shares as and when the directors decide that the investments in the S Share Portfolio become liquid. These S Shares entitle each Shareholder to an interest in the S Share Portfolio.

The net asset value per share and the number of shares in issue are given in the comparative table on page 161.

Opening number of S Shares	-
Issued	<u>107,632</u>
Closing number of S Shares	<u>107,632</u>

For the purposes of transferring the illiquid assets from Hume Cautious Multi-Asset (US Dollar) Fund to Hume Cautious Multi-Asset (US Dollar) Fund – S Share Portfolio, the investment in Providence and any receivable balances were valued at full value, being their nominal value plus accrued interest due, in accordance with the terms of the Company's Scheme Particulars. However, for the purposes of these financial statements the assets were transferred in at fair value.

	2017 US\$000
Transferred in at full value:	
Investments in Providence	620
Receivable on redemption of Providence	400
Interest receivable from Providence	<u>23</u>
	1,043
Revaluation to fair value	(1,043)
Cash to cover fees	<u>33</u>
Fair value of S Share issue	<u>33</u>

Further information

General

The details of the share classes in issue, the attributable charges and the minimum initial investments per share class are included in the notes to the financial statements of the individual Funds where applicable. The full details of all share classes are contained in the Scheme Particulars which are available from the Manager upon request and on the website www.humecapital.com.

Directors

Hugh Ward*

Keith Bayliss (resigned 31 January 2017)

Peter Dew*

Stephen Dowds (resigned 5 May 2016)

Paul Everitt* (resigned 29 July 2016)

Daniel (“Daan”) van den Noort (MD)*

*Independent director

The address of each of the directors is that of the registered office.

Registered Office

Regency Court
Glategny Esplanade
St. Peter Port, Guernsey
Channel Islands GY1 1WW

Manager

Peterhouse Capital (Guernsey) Limited
Regency Court
Glategny Esplanade
St. Peter Port, Guernsey
Channel Islands GY1 1WW

Administrator, Secretary and Registrar

International Administration Group (Guernsey) Limited
Regency Court
Glategny Esplanade
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Application Procedures Customer Services:

Tel: +44 1481 752 929

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Hume Global Investors PCC Limited
Annual Report and Financial Statements for the year ended 31 March 2017

Further information

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Correspondence Address:

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GY1 3PH

Investment Adviser to the Manager

Peterhouse Asset Management Limited

New Liverpool House

15 - 17 Eldon Street

London

EC2M 7LD

Authorised and Regulated by the Financial Conduct Authority.

Custodian

BNP Paribas Securities Services SCA – Guernsey Branch

PO Box 412

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St. Julian's Avenue

St. Peter Port

Guernsey

Channel Islands

GY1 3WE

Independent Auditor

Grant Thornton Limited

Lefebvre House

Lefebvre Street

St. Peter Port

Guernsey

Channel Islands

GY1 3TF