

**Annual report including audited financial statements
as at 31st December 2018**

Absolute Return Strategy SICAV

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

R.C.S. Luxembourg B 90 086

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Absolute Return Strategy SICAV

Contents

Organisation 2

Report on activities of the Board of Directors 4

Audit report..... 6

Absolute Return Strategy SICAV - Multi-Manager Hedge 9

 Statement of net assets..... 9

 Statement of operations 10

 Statement of changes in net assets..... 11

 Statistical information 12

 Statement of investments and other net assets..... 13

Notes to the financial statements 14

Additional information (unaudited)..... 18

Absolute Return Strategy SICAV

Organisation

Registered Office

11, rue Aldringen
L-1118 LUXEMBOURG

Board of Directors

Chairman

Peter George SIERADZKI

CEO
InsingerGilissen Bankiers N.V.
AMSTERDAM

Directors

Steve GEORGALA

Managing Director
MAITLAND ADVISORY LLP
LONDON

Marcel ERNZER

Managing Director
WALLBERG INVEST S.A.
LUXEMBOURG

Marc Jan BALTUS

CFO
InsingerGilissen Bankiers N.V,
AMSTERDAM
Director
InsingerGilissen Asset Management N.V.
AMSTERDAM

Alternative Investment Fund Manager

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

Board of Directors of the Alternative Investment Fund Manager

Chairman

Vincent DECALF

Director

Olivier de JAMBLINNE de MEUX

Managing director

Stefan VAN GEYT

Conducting officers

Aurélien BARON
Kristel COOLS
Stefan VAN GEYT

Portfolio Manager

InsingerGilissen Asset Management N.V.
Herengracht 537
NL-1017 BV AMSTERDAM

Domiciliary Agent, Administrative Agent, Registrar and Transfer Agent

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

Depositary and Paying Agent

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

Absolute Return Strategy SICAV

Organisation (continued)

Auditor

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

Distributor

InsingerGilissen Bankiers N.V.
Herengracht 537
NL-1017 BV AMSTERDAM

Absolute Return Strategy SICAV

Report on activities of the Board of Directors

Annual report 2018 - Absolute Return Strategy SICAV - Multi-Manager Hedge

Market review 2018

Despite the US economy expanding at a rate not seen in many years, strong corporate earnings and a vibrant labor market, financial markets were volatile throughout most of 2018. After an extraordinary calm preceding year, 2018 can be characterized as the return of market volatility. The year began with enthusiasm for global stock markets. A strong rise of earnings expectations, on the back of fiscal stimulus passing through US Congress, pushed US equity markets to new all-time highs in the first few weeks of 2018. Sentiment shifted quickly however. Anxiety over US wage inflation and rising bond yields was a key driver for an early-year equity market correction in all major markets. While US markets were able to recover and continued their upward path towards new highs in September, stocks markets elsewhere in the world weakened for the remainder of the year. In Europe, aside from economic data disappointing relative to expectations, politics remained center stage with the UK Brexit saga adding new chapters, Italy on a collision course with Brussels on its budget proposals and French president Emmanuel Macron confronted with protests around his reform program. Trade tensions between the US and China also weighed on the European economy. These tensions also augmented more meaningful concerns about the fragility of the Chinese economy as a result of domestic deleveraging biting harder than intended by policy makers. The Chinese policy makers seemed more willing to act aggressively to boost private sector growth as the year progressed, with tax cuts, moderate easing in monetary policy and the decline in the exchange rate around mid-year. During the fourth quarter market volatility picked up significantly with a repricing of US growth expectations in the face of less friendly fiscal and monetary policy. The S&P 500 finished the fourth quarter down over 13% pushing the index into negative territory for the year with a loss of 4,4%. This made 2018 the first calendar year post the financial crisis where US equities delivered negative returns. Other equity markets fared much worse with the Euro Stoxx 50 Index and MSCI Emerging Markets Index down 15% and 14,6% respectively for the year. Within fixed income markets, the yield on 10-year Treasuries rose during most of the year, but as stock market volatility increased in the last quarter of the year safe haven demand drove prices higher. Ultimately, the yield on 10-year Treasuries closed 2018 at 2,68%, up from the 2017 closing yield of 2,41%. In Europe, bond markets were still supported by the ECB's quantitative easing program until December. The yield of 10-year German government debt fell by 23 basis points to end the year at 0,24%. Negative sentiment was also observable in most credit markets where corporate spreads rose, particularly for lower rated issuers in the back end of the year. The Bloomberg Barclays Global High Yield Index lost 4,06% in 2018. Similar to equities, the commodities complex had a volatile year with significant price declines in the fourth quarter. The S&P GSCI Index eventually returned -15,5% in 2018 having been up more than 13% in early October. The large decline in oil prices in the fourth quarter pushed the index lower. This was in part attributable to a perceived easing of President Trump's position on Iranian sanctions. As to currencies, most EM currencies faced headwinds in 2018 amid a blend of a strong US dollar, rising global bond yields and country-specific crises, Turkey and Argentina being the most notable. The euro also depreciated against the dollar by 4,5% over the year as did the British pound by 5,6%.

Developments and performance

Absolute Return Strategy SICAV - Multi-Manager Hedge (the "Fund") performed -3.1% net for the year 2018. The HFRX Global Hedge Index EUR declined by 9.93%.

With cash outperforming almost every asset class, sudden sharp reversals in investor sentiment and a high degree of political uncertainty, hedge funds faced challenging market conditions in 2018. The majority of the underlying managers posted negative returns for the year, but thanks to the performance of some of the managers in the distressed space (Davidson Kempner and Taconic Opportunity Offshore) and the outstanding performance of H2O Allegro, the fund managed to largely preserve capital before US dollar hedging costs. Unsurprisingly, in an environment with risk assets under pressure, long/short equity funds, that tend to have a structural long bias to equity markets, were dragged down in the fourth quarter when markets sold off hard. In a wave of deleveraging across hedge funds, crowded US tech stocks in particular got hit. The long/short equity funds within Absolute Return Strategy SICAV - Multi-Manager Hedge lost between about 3% and 7% in 2018. Equity Market Neutral managers were faced throughout the year with shifts in market regime and factor leadership, making it a tough environment for non-directional strategies. The most negative monthly returns for these managers were also in the fourth quarter when the – up to then – strong performance of momentum stocks rapidly reversed and investors rotated from growth/cyclical stocks into defensive names. Our selection of Market Neutral managers ended the year with a low single-digit performance. Among hedge fund strategies in 2018, Credit/Distressed and Global Macro were the best performing categories. Within the fund, the performance of discretionary global macro managers was mixed. Trend Macro disappointed in 2018, mainly due to short positions on Italian debt markets and long positions in Argentina bonds that translated into losses for the fund. On the other side of the spectrum was H2O Allegro that had another stellar year with a double-digits performance. Their currency positions, long USD in particular, had the largest positive contribution to performance. Systematic strategies with a trend following component, that came into the year with long positions in risk assets, suffered from the market reversals in late January. While some managers, like AHL Alpha, were able to recoup most of these losses during the rest of the year, others like R CFM Diversified were not. Two of the three multi-strategy funds in the portfolio posted positive returns, with the Taconic Opportunity Offshore being a positive outlier as a result of some of its M&A related and distressed holdings.

Absolute Return Strategy SICAV

Report on activities of the Board of Directors (continued)

During the year manager turnover was fairly low. In the first quarter the position in the Standard Life Global Absolute Return Fund was sold after a sustained period of weak returns and the departure of key staff. Most of the changes in the portfolio around midyear were related to substantial inflows into the fund that led to the rebalancing of many holdings. Towards year end the position in GAM Star Global Rates was sold. This was related to negative headlines around GAM. While the news flow was not linked to our specific holding, the combination of a lackluster performance, risk limits of the fund reaching the high end of our comfort zone and the possibility of strong outflows, made us decide to sell the position. In the last quarter we also increased our allocation to Global Macro and CTA strategies by adding to Trend Macro and AHL Alpha. This was done with the goal of adding to strategies that should be able to perform well in the case that an unexpected global recession would lead to a sustained down trend.

Market outlook

In 2018, after years of relatively low volatility on financial markets, investors were confronted again with strong market fluctuations. With most central banks gradually moving away from the era of ultra-accommodating monetary policy and with late cycle dynamics becoming more pronounced, we believe a higher volatility regime is here to stay. While this type of environment is likely to be reflected in the return stream of the fund, we do expect that a prolonged period of higher volatility will create opportunities for several of the managers we invest with. We continue to like global macro managers as they should see their opportunity set broaden with market dislocations becoming more frequent. While sudden factor-, style- and market reversals will remain challenging for market neutral and CTA strategies, our selection of managers have demonstrated in the past the ability to navigate through these episodes. Global M&A activity experienced a slowdown in the second half of 2018, in the context of the ongoing trade war, lower growth expectations and political uncertainties. As we expects some of these risks to subside and with wider deal spreads, opportunities will remain for our event-driven multi strategy managers. The performance of long/short equity and credit managers will be largely affected by the general trend of risk assets. Our research efforts in 2019 will focus more on introducing new sources of returns. Increasing the diversification of the portfolio is a continuous process and this becomes even more important at a time when traditional asset classes are losing steam.

Luxembourg, 19th February 2019

The Board of Directors

Note: The information in this report represents historical data and is not an indication of future results.



Audit report

To the Shareholders of
Absolute Return Strategy SICAV

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Absolute Return Strategy SICAV (the “Fund”) as at 31 December 2018, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

What we have audited

The Fund’s financial statements comprise:

- the statement of net assets as at 31 December 2018;
- the statement of investments and other net assets as at 31 December 2018;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

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

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



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

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

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

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund;



- conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 23 April 2019

Thierry Blondeau

Absolute Return Strategy SICAV - Multi-Manager Hedge

Statement of net assets (in EUR)

as at 31st December 2018

Assets

Investments

Securities portfolio at market value	54,368,553.06
	<u>54,368,553.06</u>

Cash and cash equivalents

Cash at banks	8,328,235.77
	<u>8,328,235.77</u>

Receivables

Receivable on sales of securities	2,313.07
Unrealised gain on forward foreign exchange contracts	20,779.24
Equalisation factor	3,036.00
	<u>26,128.31</u>

Total assets

62,722,917.14

Liabilities

Payables

Expenses payable	108,323.98
	<u>108,323.98</u>

Other liabilities

Prepaid subscriptions	1,602,149.00
	<u>1,602,149.00</u>

Total liabilities

1,710,472.98

Total net assets at the end of the year

61,012,444.16

Breakdown of net assets per share class

Share class	Number of shares	Currency of share class	NAV per share in currency of share class	Net assets per share class (in EUR)
B Share Class	494,183.352	EUR	123.46	<u>61,012,444.16</u>
				<u>61,012,444.16</u>

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

Absolute Return Strategy SICAV - Multi-Manager Hedge

Statement of operations (in EUR)

from 1st January 2018 to 31st December 2018

Income

Realised gain on investments

- on securities portfolio	744,302.00
- on forward foreign exchange contracts	315,814.24
- on foreign exchange	110,534.12
	<hr/>
	1,170,650.36

Appreciation of unrealised results on investments

- on securities portfolio	4,692,415.30
- on forward foreign exchange contracts	20,779.24
	<hr/>
	4,713,194.54

Other income

Other revenue	21,386.58
	<hr/>
	21,386.58

Total income

5,905,231.48

Expenses

Investment advisory or management fees

Portfolio management fees	318,266.82
	<hr/>
	318,266.82

Other expenses

Depository fees	32,085.48
Central administration costs	41,623.04
Professional fees	28,388.18
Other administration costs	10,371.50
Subscription duty ("taxe d'abonnement")	23,407.45
Bank interest paid	11,267.83
Other fees	34,095.16
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	181,238.64

Realised loss on investments

- on securities portfolio	583,138.80
- on forward foreign exchange contracts	943,626.91
	<hr/>
	1,526,765.71

Depreciation of unrealised results on investments

- on securities portfolio	5,742,544.72
- on forward foreign exchange contracts	119,719.61
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	5,862,264.33

Total expenses

7,888,535.50

Net expenditure

-1,983,304.02

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

Absolute Return Strategy SICAV - Multi-Manager Hedge

Statement of changes in net assets (in EUR)

from 1st January 2018 to 31st December 2018

Net expenditure	-1,983,304.02
Subscriptions	26,331,151.00
Redemptions	-12,890,553.97
Total changes in net assets	<u>11,457,293.01</u>
Total net assets at the beginning of the year	<u>49,555,151.15</u>
Total net assets at the end of the year	<u><u>61,012,444.16</u></u>

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

Absolute Return Strategy SICAV - Multi-Manager Hedge

Statistical information (in EUR)

as at 31st December 2018

Total net assets	Currency	31.12.2016	31.12.2017	31.12.2018
	EUR	52,512,980.80	49,555,151.15	61,012,444.16

Net asset value per share	Currency	31.12.2016	31.12.2017	31.12.2018
B Share Class	EUR	122.77	127.41	123.46

Number of shares	outstanding at the beginning of the year 01.01.2018	issued	redeemed	outstanding at the end of the year 31.12.2018
B Share Class	388,946.191	205,966.522	-100,729.361	494,183.352

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

Absolute Return Strategy SICAV - Multi-Manager Hedge

Statement of investments and other net assets (in EUR)

as at 31st December 2018

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
Investments in securities					
Other transferable securities					
Closed-ended investment funds					
USD	332.4649	Altima Restructure Fd Ltd Ser 10 B Sub 10*	242,941.07	179,164.61	0.29
USD	1,059.8194	Altima Restructure Fd Ltd Ser 11 B Sub 10*	774,438.69	86,937.09	0.14
USD	69.3734	Altima Restructure Fd Ltd Ser 4 B Sub 10*	50,693.02	3,728.12	0.01
USD	713.0462	Altima Restructure Fd Ltd Ser 6 B Sub 10*	521,042.14	8,980.70	0.02
USD	77.0224	Pine River Fd Ltd B Initial Ser 1*	200,549.55	244,171.87	0.40
USD	162.1566	Raptor Private Hgs Ltd*	94,985.48	51,513.35	0.08
Total closed-ended investment funds			1,884,649.95	574,495.74	0.94
Open-ended investment funds					
Investment funds (UCITS)					
EUR	23,954.5011	Alken Fd Abs Ret Europe EU1 Cap	3,018,569.25	3,015,632.14	4.94
EUR	9,381.585	Aviva Investors Multi-Strateg Target Return Fd I Cap	1,000,000.00	924,214.65	1.52
EUR	2,062.53	Boussard & Gavaudan SICAV Absolute Return Z EUR Cap	2,249,998.43	2,163,346.47	3.55
EUR	22.5624	H2O Allegro I Cap	2,635,440.19	3,759,366.49	6.16
EUR	21,498.885	InRIS UCITS Plc R CFM Diversified Fd I EUR Cap	2,249,999.89	2,203,850.70	3.61
EUR	1,238,137.0989	Majedie Asset Mgt (Intl) Inv Fd Co Plc Tortoise Z EUR Cap	1,199,990.09	1,162,039.95	1.90
EUR	1,957,263.107	Merian Gl Inv Ser Plc Equity Abs Return Fd I Hed EUR Cap	3,082,605.01	3,142,385.92	5.15
EUR	28,611.958	Muzinich Fds LongShortCreditYield Units N Hedged EUR Cap	2,886,846.24	2,873,212.82	4.71
EUR	16,000	Schroder GAIA Sirios US Equity C EUR Hedged Cap	1,982,992.71	2,038,880.00	3.34
EUR	30,986.3942	U Access (I) UCITS Fd Plc Trend Macro B EUR Hedged Cap	3,160,000.00	2,976,416.69	4.88
			23,466,441.81	24,259,345.83	39.76
GBP	857,469.5122	Majedie Asset Mgt (Intl) Inv Fd Co Plc Tortoise Z GBP Dist	1,019,945.60	943,881.54	1.55
Total investment funds (UCITS)			24,486,387.41	25,203,227.37	41.31
Investment funds (UCI)					
EUR	11,300	Arrowgrass Intl Fd Ltd BL EUR NNI S0308 (B1)	1,659,504.32	1,934,450.39	3.17
EUR	42,550.255	Eger L-S Fd (EUR, GBP&NOK) Ltd B1 EUR	1,115,088.81	3,849,931.75	6.31
EUR	14,115.1918	Marshall Wace Fds Plc Market Neutral TOPS A EUR	1,800,000.00	3,053,663.66	5.01
EUR	2,112.15	Northwest Fd Ltd Ser B	3,717,961.04	3,724,290.73	6.10
EUR	906.1598	Taconic Opportunity Off Fd Ltd M Ser 1	1,395,887.00	1,629,073.83	2.67
EUR	715	Taconic Opportunity Off Fd Ltd M Ser 2 Non-Restricted Cap	715,000.00	719,378.28	1.18
EUR	11,900	Winton Fd Ltd (The) C EUR Ser 0818	1,190,000.00	1,157,746.69	1.90
EUR	8,985.23509	Winton Fd Ltd (The) C Lead Ser Cap	1,142,814.89	2,557,948.90	4.19
			12,736,256.06	18,626,484.23	30.53
USD	2,821,970.035	AHL Alpha (Cayman) Ltd A USD	3,290,869.85	3,281,435.14	5.38
USD	1,225	David Kempn Dis Opp Intl C Ltd A Tr 2 01 Aug 2018	1,049,565.18	1,033,265.30	1.69
USD	758.1173	David Kempn Dis Opp Intl C Ltd A Tr 2 01 Jan 2018	585,628.36	2,305,980.59	3.78
USD	12,351.78	Horizon Portfolio I Ltd Fd USD Ser 1 Non voting	3,265,607.51	3,343,664.69	5.48
			8,191,670.90	9,964,345.72	16.33
Total investment funds (UCI)			20,927,926.96	28,590,829.95	46.86
Total investments in securities			47,298,964.32	54,368,553.06	89.11
Cash at banks				8,328,235.77	13.65
Other net assets/(liabilities)				-1,684,344.67	-2.76
Total				61,012,444.16	100.00

*see Note 5.

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

Absolute Return Strategy SICAV

Notes to the financial statements

as at 31st December 2018

Note 1 - General information

Absolute Return Strategy SICAV (the "Company") was incorporated in Luxembourg on 29th November 2002 for an unlimited period and is an open-ended investment company registered pursuant to Part II of the Luxembourg law of 17th December 2010 on Undertakings for Collective Investment (the "Law of 2010"). The Company qualifies as an Alternative Investment Fund ("AIF") under the Law of 12th July 2013 on Alternative Investment Fund Managers ("AIFM") implementing Directive 2011/61/EU of the European Parliament and of the Council of 8th June 2011 on Alternative Investment Fund Managers (the "AIFMD").

The most recent financial statements, annual report, key investor information document as well as copies of the Articles of Incorporation of the Company and the material contracts referred to in the prospectus are available for inspection during usual business hours at the registered office of the Company in Luxembourg and can be obtained free of charge upon request from the AIFM.

Note 2 - Significant accounting policies

a) Presentation of the financial statements

The financial statements of the Company are prepared in accordance with Luxembourg legal and regulatory requirements concerning undertakings for collective investment and with generally accepted accounting principles in Luxembourg.

b) Valuation of assets

Each share or unit in an open-ended UCI is valued at the last available Net Asset Value whether estimated or final, which is computed for such units or shares at or prior to the valuation day on which the Net Asset Value of the Shares of the Sub-Fund is determined and as approved by the Central Administration of the Company.

In assessing the valuation of the underlying funds, reliance is placed upon unaudited Net Asset Values supplied by the underlying funds or their administrators, which may be subject to adjustment upon finalisation of the audit of their financial statements.

The financial statements include investments in underlying investment funds, whose fair values have been derived from unaudited net asset values provided by such funds or their agents in accordance with the prospectus.

In respect of shares or units held by the Company, for which issues and redemptions are restricted and a secondary market trading is effected between dealers who, as main market makers, offer prices in response to market conditions, the Directors may decide to value such shares or units in line with the prices so established.

If events have occurred which may have resulted in a material change in the Net Asset Value of such shares or units in other UCI since the day on which the latest Net Asset Value was calculated, the value of such shares or units may be adjusted in order to reflect, in the reasonable opinion of the Board of Directors, such change of value.

Securities (including shares or units in closed-ended UCIs) which are quoted or dealt in on a stock exchange are valued at their latest available published stock exchange closing price or, for securities quoted or dealt on several stock exchanges, at the closing price on the stock exchange which is normally the principal market for such security.

Securities traded on another regulated market operating regularly, recognised and open to the public (a "regulated market"), are valued as near as possible as for quoted securities.

In the event that any of the securities held in any portfolio at the valuation day are not quoted or traded on a stock exchange or another regulated market or, for any one of the securities, no price quotation is available, or if the price as determined pursuant to the above mentioned paragraphs is not in the opinion of the Board of Directors representative of the fair market value of the relevant securities, the value of such securities is determined based on the reasonably foreseeable sales price determined prudently and in good faith.

If, since the valuation day there has been a material movement in the quotations on the markets on which a substantial portion of the investments of the Company attributable to a particular Sub-Fund is listed or dealt in, the Board of Directors may, in order to safeguard the interests of the Shareholders and the Company, cancel the first valuation and carry out a second valuation.

Should circumstances so require, the Board of Directors may also adopt other valuation methods in accordance with generally accepted procedures.

Absolute Return Strategy SICAV

Notes to the financial statements (continued)

as at 31st December 2018

c) Acquisition cost of securities in the portfolio

The acquisition cost of the securities held by the Sub-Fund that are denominated in currencies other than the reference currency of the Sub-Fund is converted into this currency at the exchange rate prevailing on the date of purchase.

d) Net realised gain/(loss) on securities portfolio

The realised gains and losses on securities portfolio are calculated on the basis of the average acquisition cost. The realised gains and losses on sales of securities portfolio are recorded net in the statement of operations.

e) Investment portfolio income

Dividend income is recorded at the ex-date, net of any withholding tax.

Interest income accrued and payable are recorded, net of any withholding tax.

f) Valuation of forward foreign exchange contracts

Forward foreign exchange contracts are valued at forward market rates for the remaining period from valuation date to the maturity of the contracts. Unrealised gains or losses are recorded in the statement of net assets. Variation of the unrealised gains or losses and realised gains or losses are recorded in the statement of operations.

g) Conversion of foreign currencies

Cash at banks, other net assets and liabilities and the market value of the securities in the portfolio expressed in currencies other than the reference currency of the Sub-Fund are converted into this currency at the exchange rate prevailing on the date of the report. Income and expenses expressed in currencies other than the reference currency of the Sub-Fund are converted into this currency at the exchange rate prevailing on the date of the transaction. Net realised gains or losses on foreign exchange are recorded in the statement of operations.

h) Transaction fees

Transaction costs disclosed under the item "Transaction fees" in the expenses of the statement of operations and are mainly composed of broker fees incurred by the Company and of fees relating to liquidation of transactions paid to the depositary as well as of transaction fees relating to term deposits. No transaction fees have been paid during the year.

Note 3 - Portfolio management fee

As remuneration for its services, the Portfolio Manager receives from the Company an annual fee at the maximum annual rate of 0.60% on the average net assets of the Sub-Fund.

The actual management fees charged during the year ended 31st December 2018 are 0.60% p.a. of the average net assets attributable to Class B.

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

As remuneration for the services of Depositary as rendered by KBL EUROPEAN PRIVATE BANKERS S.A., the Depositary charged an all-in fee of 0.06% per annum of the total net assets of the Company. This fee is reflected in the "Statement of operations" in the caption "Depositary fees".

As remuneration for the services of AIFM, Domiciliary Agent, Administrative Agent and Registrar and Transfer Agent as rendered by KREDIETRUST LUXEMBOURG S.A. the Company supported an all-in fee of 0.08% per annum of the total net assets of the Company. The total amount fees to the Depositary and the Paying Agent, the AIFM, Domiciliary Agent, Administrative Agent and Registrar and Transfer Agent is subject to a minimum of EUR 50,000 per annum should the total net assets of the Company be below EUR 40 million. This fee is reflected in the "Statement of operations" in the caption "Central administration costs".

The Depositary, and the Administrative Agent are also entitled to be reimbursed of reasonable disbursements and out of pocket expenses which are not included in the above mentioned fees.

Absolute Return Strategy SICAV

Notes to the financial statements (continued)

as at 31st December 2018

Note 5 - Valuation of illiquid securities

The following underlying funds as held by Absolute Return Strategy SICAV - Multi-Manager Hedge were gated as at 31st December 2018 :

	Fair Value (in EUR)	% net assets
Altima Restructure Fd Ltd Ser 4 B Sub 10	3,728.12	0.01
Altima Restructure Fd Ltd Ser 6 B Sub 10	8,980.70	0.02
Altima Restructure Fd Ltd Ser 10 B Sub 10	179,164.61	0.29
Altima Restructure Fd Ltd Ser 11 B Sub 10	86,937.09	0.14
Pine River Fd Ltd B Initial Ser 1	244,171.87	0.40
Raptor Private Hgs Ltd	51,513.35	0.08

The Board of Directors approved to value the positions of Altima each month with a discount which varies from 0% to 90%. The discount is based on the latest available official NAV for the Altima Funds. In respect of the valuation of Pine River and Raptor Private Holdings, no information is known to the Portfolio Manager that the valuation based on the NAV statement received from Administrator of the underlying funds is not fair. Based on this, expectation is that the proceeds of the liquidation is expected to be paid fully.

Note 6 - Subscription duty ("*taxe d'abonnement*")

The Company is governed by Luxembourg law.

Pursuant to the legislation and regulations in force, the Company is subject to an annual "*taxe d'abonnement*" of 0.05% which is payable quarterly and calculated on the basis of the net assets of the Sub-Fund on the last day of each quarter.

Pursuant to Article 175 (a) of the amended law of 17th December 2010, the net assets invested in undertakings for collective investment already subject to the "*taxe d'abonnement*" are exempt from this tax.

Note 7 - Forward foreign exchange contracts

As at 31st December 2018, the following Sub-Fund has entered in the following forward foreign exchange contract with KBL EUROPEAN PRIVATE BANKERS S.A. :

Absolute Return Strategy SICAV - Multi-Manager Hedge

Currency	Purchases	Currency	Sales	Maturity	Unrealised result (in EUR)
EUR	10,121,280.87	USD	11,600,000.00	01.03.2019	<u>20,779.24</u>
					<u>20,779.24</u>

Note 8 - Changes in investments

The statement of changes in investments for the reporting period is available free of charge at the registered office of the Company.

Note 9 - Equalisation factor

It is normal practice, for the Funds in which the Company invests, to apply an "Equalisation factor", whereby the Company may be required to pay an amount in excess of the net asset value representing its part of the performance fee accrual of the underlying Funds within the net asset value. The "Equalisation factor" ensures that the performance fee is charged only to those shares which have increased in value and that all shareholders have the same amount per share at risk.

Absolute Return Strategy SICAV

Notes to the financial statements (continued)

as at 31st December 2018

As at 31st December 2018, the Equalisation factor in the statement of net assets of the Company relates to the following Funds:

- Marshall Wace Fds Plc Market Neutral TOPS A EUR
- Northwest Fd Ltd Ser B
- AHL Alpha (Cayman) Ltd A USD
- Horizon Portfolio I Ltd Fd USD Ser 1 Non voting

This amount is reflected in the caption "Other fees".

Note 10 - Events

With effect on 11th April 2018, the Board of Directors of the Company has adopted the change of the currency of the combined statement of net assets, combined statement of operations and changes in net assets from USD to EUR. The currency of the sub-fund was already in EUR.

Note 11 - Subsequent

There are no significant subsequent events to report.

Absolute Return Strategy SICAV

Additional information (unaudited)

as at 31st December 2018

1. Liquidity

The investors may subscribe or redeem in the Sub-Fund of the Company every last business day of the month in Luxembourg ("T") and where subscription orders have to be prepaid and redemption proceeds will be paid to the investors once the Net Asset Value of respective month is calculated. We refer to the prospectus of the Company for more information related to the subscription and redemption procedures and applicable notice period of the Sub-Fund of this Company.

The below table shows the period required to redeem the total investment portfolio and where the period is based on the redemption frequency of the securities as held on 31st December 2018 by the only Sub-Fund of the SICAV:

	Investor Liquidity							
	1 day	2-7 days	8-30 days	31-90 days	91-180 days	181-365 days	Illiquid	Total
Absolute Return Strategy SICAV- Multi-Manager Hedge	13.30	35.40	6.60	43.76	0	0	0.94	100

2. Risks

The risk profile of the fund is given in the KIID available on the site www.insingergilissen.nl.

There were no active breaches in the Absolute Return Strategy SICAV in 2018.

3. Leverage

The level of leverage, calculated in accordance with the AIFM law, which the fund can employ and its real exposure at the end of December 2018 is as follows:

	Commitment method		Gross method	
	Exposure	Max.	Exposure	Max.
Absolute Return Strategy SICAV - Multi-Manager Hedge	100%	105%	105.77%	200%

4. Remuneration

- Art.20 (2) e) of the Law of 12th July 2013 The total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the AIFM to its staff, and number of beneficiaries, and, where relevant, carried interest paid by the AIF.	Fixed remuneration: EUR 3,051,022.16 Variable remuneration: EUR 277,200.00 Number of the beneficiaries : 33
- Art.20 (2) f) of the Law of 12th July 2013 The aggregate amount of remuneration broken down by senior management and members of staff of the AIFM whose actions have a material impact on the risk profile of the AIF.	Remuneration of the senior management: EUR 875,074.20

Absolute Return Strategy SICAV

Additional information (unaudited) (continued)

as at 31st December 2018

5. Information concerning the transparency of securities financing transactions and of reuse of cash collateral (regulation EU 2015/2365, hereafter "SFTR")

During the reporting period, the Fund did not engage in transactions which are subject to the publication requirements of SFTR. Accordingly, no information concerning the transparency of securities financing transactions and of reuse of cash collateral should be reported.

6. Ongoing Charges Figure (Expense ratio)

The Ongoing Charges Figure of the Sub-Fund is calculated by dividing the total expenses by the average Net Asset Value of the Sub-Fund. The average Net Asset Value as at 31st December 2018 is calculated by averaging the Net Assets Value of each Valuation of the Sub-Fund in the year of 2018.

Below ongoing charges figures exclude any performance fees, transaction costs/fees and bank interest paid. There are no performance fees and/or transaction fees applicable for the Sub-Fund. The calculation of the ongoing charges figure of the underlying funds is based on available information of these underlying funds.

The average Net Asset Value for the Sub-Fund for the year ended 31st December 2018 is EUR 52,983,647.

The Ongoing Charges Figure ("OCF") based on the information of the 2018 annual report is as follows:

- excluding the OCF of the underlying funds is 0.88% per annum
- including the OCF of the underlying funds is 2.35% per annum