

## **EFFEPILUX ALTERNATIVE**

**Société d'Investissement à Capital Variable - Fonds d'Investissement Spécialisé  
R.C.S. Luxembourg B 150.495**

**Excerpt from Annual report, including audited Financial Statements  
as at December 31, 2015**

No subscription can be received on the basis of this annual report. Subscriptions may only be accepted on the basis of the current prospectus accompanied by an application form, and the latest available annual report of the Company.

## **EFFEPILUX ALTERNATIVE**

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## **EFFEPILUX ALTERNATIVE**

**Société d'Investissement à Capital Variable - Fonds d'Investissement Spécialisé**

### **Management and Administration**

#### **Registered Office**

28-32, Place de la gare, L-1616 Luxembourg

#### **Board of Directors**

Chairman:

Mr Luciano ORIFIAMMI	Former Chairman of the Board of Directors and of the Investment Committee Fondo Pensione per il personale delle Aziende del Gruppo Unicredito Italiano, Milan, Italy
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Members:

Mr Pier Candido VAISITTI	General Manager and Member of the Investment Committee Fondo Pensione per il personale delle Aziende del Gruppo Unicredito Italiano, Milan, Italy
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Mr Fabrizio MONTELATICI	Chairman of the Board of Directors and Member of the Investment Committee Fondo Pensione per il personale delle Aziende del Gruppo Unicredito Italiano, Milan, Italy
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Mr Luciano PALMESI	Former Member of the Board of Directors and of the Investment Committee Fondo Pensione per il personale delle Aziende del Gruppo Unicredito Italiano, Milan, Italy
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Mr Robert DENORMANDIE	Associate of The Directors Office, Luxembourg
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#### **Custodian and Paying Agent**

Société Générale Bank & Trust, 11, avenue Emile Reuter, L-2420 Luxembourg

#### **Administrative, Corporate and Domiciliary Agent**

Société Générale Bank & Trust (operational center), 28-32, Place de la gare, L-1616 Luxembourg

#### **Registrar Agent**

*Until June 30, 2015*

European Fund Services S.A., 28-32, Place de la gare, L-1616 Luxembourg

*From July 1, 2015*

Société Générale Bank & Trust (operational center), 28-32, Place de la gare, L-1616 Luxembourg

#### **Investment Manager**

Board of Directors of the Company

## **EFFEPILUX ALTERNATIVE**

**Société d'Investissement à Capital Variable - Fonds d'Investissement Spécialisé**

### **Management and Administration (cont.)**

#### **Sub-Investment Managers**

Edmond de Rothschild Asset Management (UK) Limited (for the Sub-Fund EFFEPILUX ALTERNATIVE - Alternativo), 4 Carlton Gardens, London SW1Y 5AA, England

*Until June 30, 2015*

Partners Group (Italy) SGR S.p.A. (for the Sub-Fund EFFEPILUX ALTERNATIVE - R.E.) Via Pontaccio, 10, 20121 Milan, Italy

*From June 30, 2015*

Partners Group AG (for the Sub-Fund EFFEPILUX ALTERNATIVE - R.E.) Zugerstrasse 57, Baar-Zug, Switzerland

#### **Investment Adviser**

Cambridge Associates Limited (for the Sub-Fund EFFEPILUX ALTERNATIVE - Alternativo) 80 Victoria Street, Cardinal Place, SW1E 5JL, London, United Kingdom

#### ***Cabinet de révision agréé***

Deloitte Audit, *Société à responsabilité limitée*, 560, rue de Neudorf, L-2220 Luxembourg

## **EFFEPILUX ALTERNATIVE**

**Société d'Investissement à Capital Variable - Fonds d'Investissement Spécialisé**

### **General information on the Company**

EFFEPILUX ALTERNATIVE, is an open-ended investment company organised as a "société anonyme" under the laws of the Grand Duchy of Luxembourg and qualifies as a "Société d'Investissement à Capital Variable" ("SICAV" or the "Company") and a "Fonds d'Investissement Spécialisé" under the Law of 13 February 2007 relating to Specialised Investment Funds (the "SIF Law") as amended, with several separate Sub-Funds (individually a "Sub-Fund" and collectively the "Sub-Funds") pursuant to article 71 of the SIF law.

The Company was incorporated on December 31, 2009 with a Share capital of 31 000 EUR divided into 31 shares of no par value of the EFFEPILUX ALTERNATIVE - Alternativo Sub-Fund.

The articles of incorporation of the Company were published in the "Mémorial C, Recueil Spécial des Sociétés et Associations du Grand-Duché de Luxembourg" (hereinafter the "Mémorial") on 15 January 2010, after having been registered with the District Clerk of the Court of Luxembourg, where they can be consulted and where copies can be obtained against payment of the Court fees.

The Board of Directors may issue Shares of different classes (individually a "Class" and collectively the "Classes") in each Sub-Fund. A separate pool of assets is maintained for each Sub-Fund and is invested in accordance with the investment objective applicable to the relevant Sub-Fund. As a result, the Company is an "umbrella Fund" enabling investors to choose between one or more investment objective(s) by investing in one or more Sub-Fund(s).

At December 31, 2015 two Sub-Funds are in activity:

EFFEPILUX ALTERNATIVE - Alternativo

EFFEPILUX ALTERNATIVE - R.E.

## **EFFEPILUX ALTERNATIVE**

**Société d'Investissement à Capital Variable - Fonds d'Investissement Spécialisé**

### **Information to the Shareholders**

The annual general meeting of Shareholders of the Company is held in Luxembourg on the 2<sup>nd</sup> Monday of June of each year at 10.00 a.m. or, if such day is not a business day in Luxembourg, on the next business day. For all general meetings of Shareholders notices are sent to registered Shareholders by post at least 8 days prior to the meeting. Notices, if required, will be published in the Mémorial and in a Luxembourg newspaper (if legally required) and in such other newspapers as the Board of Directors may decide. Such notices will include the agenda and specify the place of the meeting. The legal requirements as to notice, quorum and voting at all general and Sub-Fund or Class Meetings are included in the Articles. Meetings of Shareholders of any given Sub-Fund or Class shall decide upon matters relating to that Fund or Class only.

Annual reports, including audited financial statements are sent to the registered Shareholders and are made available for public inspection at each of the registered offices of the Company and the Domiciliary Agent.

The financial year of the Company ends on 31<sup>st</sup> December each year.

## **EFFEPILUX ALTERNATIVE**

**Société d'Investissement à Capital Variable - Fonds d'Investissement Spécialisé**

### **Report of the Board of Directors**

#### **EFFEPILUX ALTERNATIVE - Alternativo**

2015 was a profitable year for the Sub-Fund; the result was driven mainly by the Private Equity investments as the hedge funds marginally contributed. The older vintage PE funds, returned high single digit yields. On the hedge fund side, excellent results were obtained by the Long / Short and the CTA strategies. The macro hedge fund reduced the volatility of the Sub-Fund. At the end of the year the hedge fund totaled 111M Euro.

The collaboration with the advisor “Cambridge Associates Limited” led to investment in funds of main Private Equity firms: commitments in venture capital, distressed debt and healthcare sectors were subscribed during 2015.

Overall the Sub-Fund closed the year with an annual return of +4,53%.

The year-end Asset Under Management totaled 241,9 M Euro.

#### **EFFEPILUX ALTERNATIVE - R.E.**

Total commitments of Effepilux Alternative - R.E. Sub-Fund amounted to approximately 216M Euros at 31/12/2015, while total drawdowns on the portfolio approximated 190 M Euros. On last quarter 2015 the subfund had 29 investments (13 direct, 5 secondary, 11 primary investments) distributed in North America (32%), Norway (13%) in the UK (10%), Germany (7%), Sweden (7%) and France (2%). Investments are well diversified among residential, retail, office and logistic properties. The portfolio mainly implemented Value-added investments (68%) while the opportunistic investments made up the remain 32%. Office and retail property prices in the US remained near multi-year highs in the third quarter; however, office space has pulled back slightly from peak pricing in the first quarter of 2015. As of 30 September, average per square foot office and retail prices were USD 275 and USD 254, respectively, versus USD 281 and USD 253 in the first quarter this year. Average office yields stood at 6.6%, while the average retail yield stood at 6.5%, both of which were the lowest levels seen since 2008.

Real estate pricing remained relatively stable on a pan-European basis in the third quarter of 2015, with retail and office yields relatively unchanged. The one outlier was industrial stock, which maintained high investor demand and saw yields approach 6.5%, returning to 2007 levels. Looking at country-specific pricing, the UK remained stable at 6.2% for both office and retail; Germany experienced an increase in office yields to 6.5%, while retail rates were stable.

France saw a slight convergence in yields as retail increased and office decreased slightly. Aggregate-level yields in the Asia-Pacific region remained stable through the third quarter of 2015, despite variances in underlying countries. Specifically, the Australian retail sector posted the largest rate compression in the region, with average yields at 6.8% compared to office yields, which held broadly stable at 7.4%. In Japan, office yields remained stable on a year-to-date basis, posting an average of 4.9%, whereas retail yields compressed slightly from 5.5% in the first quarter to 5.3% as of 30 September.

Overall the Sub-Fund closed the year with an annual return of +17,08%.

The year-end Asset Under Management totaled 216 M Euro.

Luxembourg, June 2, 2016

The Board of Directors

To the Shareholders of

**EFFEPILUX ALTERNATIVE,  
Société d'Investissement à Capital Variable - Fonds d'Investissement Spécialisé**

28-32, Place de la gare  
L-1616 LUXEMBOURG

**REPORT OF THE *REVISEUR D'ENTREPRISES AGREE***

We have audited the accompanying financial statements of EFFEPILUX ALTERNATIVE (the «Company») and of each of its Sub-Funds, which comprise the statement of net assets and the schedule of investments and other net assets as at December 31, 2015 and the statement of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

**Responsibility of the Board of Directors of the Company for the financial statements**

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

**Responsibility of the *réviseur d'entreprises agréé***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the Company, as well as evaluating the overall presentation of the financial statements.

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





## **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of EFFEPILUX ALTERNATIVE and of each of its Sub-Funds as at December 31, 2015, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

## **Other matter**

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

For Deloitte Audit, *Cabinet de révision agréé*

Laurent Fedrigo, *Réviseur d'entreprises agréé*  
Partner

Luxembourg, June 2, 2016  
560, rue de Neudorf  
L-2220 Luxembourg

## EFFEPILUX ALTERNATIVE

Société d'Investissement à Capital Variable - Fonds d'Investissement Spécialisé

### Statement of Net Assets as at December 31, 2015

(expressed in the Sub-Fund's currency)

Sub-Funds	Notes	EFFEPILUX	EFFEPILUX	Combined
		ALTERNATIVE - Alternativo	ALTERNATIVE - R.E.	
		EUR	EUR	EUR
<b>Assets</b>				
Securities portfolio at cost		208 262 983	169 728 375	377 991 358
Net unrealised profit/(loss)		15 416 309	21 521 584	36 937 893
Securities portfolio at market value	2.2	223 679 292	191 249 959	414 929 251
Cash at bank		14 619 238	25 563 406	40 182 644
Time deposits		4 262 282	-	4 262 282
Formation expenses, net	2.6	-	826	826
Other assets		6 919	207 712	214 631
		<u>242 567 731</u>	<u>217 021 903</u>	<u>459 589 634</u>
<b>Liabilities</b>				
Custodian fees payable	4	12 425	11 322	23 747
Administration fees payable	4	13 620	12 411	26 031
Registrar Agent fees payable	4	1 437	770	2 207
Professional fees payable		-	24 822	24 822
Unrealised depreciation on forward foreign exchange contracts	2.7, 6	549 559	-	549 559
		<u>577 041</u>	<u>49 325</u>	<u>626 366</u>
<b>Total Net Assets</b>		<u>241 990 690</u>	<u>216 972 578</u>	<u>458 963 268</u>

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

## EFFEPILUX ALTERNATIVE

Société d'Investissement à Capital Variable - Fonds d'Investissement Spécialisé

### Statement of Operations and Changes in Net Assets for the year ended December 31, 2015

(expressed in the Sub-Fund's currency)

Sub-Funds	Notes	EFFEPILUX	EFFEPILUX	Combined
		ALTERNATIVE - Alternativo	ALTERNATIVE - R.E.	
		EUR	EUR	EUR
<b>Net assets at the beginning of the year</b>		<b>214 002 973</b>	<b>152 971 093</b>	<b>366 974 066</b>
<b>Income</b>				
Distributions received	2.5	17 860 115	12 040 983	29 901 098
Interest on Bonds, net	2.5	-	1 246 045	1 246 045
Bank interest	2.5	-	2 966	2 966
Other income		<u>452</u>	<u>8</u>	<u>460</u>
		<b>17 860 567</b>	<b>13 290 002</b>	<b>31 150 569</b>
<b>Expenses</b>				
Management fees	3	78 238	1 573 733	1 651 971
Investment advisory fees	3	220 000	120 000	340 000
Custodian fees	4	44 099	45 707	89 806
Administration fees	4	51 769	43 457	95 226
Registrar Agent fees	4	5 647	4 977	10 624
Professional fees		45 700	110 905	156 605
Interest and bank charges	3	2 946	86 550	89 496
Amortisation of formation expenses	2.6	-	2 200	2 200
Other expenses		<u>128</u>	<u>351 944</u>	<u>352 072</u>
		<b>448 527</b>	<b>2 339 473</b>	<b>2 788 000</b>
<b>Net Investment Income/(Loss)</b>		<b>17 412 040</b>	<b>10 950 529</b>	<b>28 362 569</b>

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

## EFFEPILUX ALTERNATIVE

Société d'Investissement à Capital Variable - Fonds d'Investissement Spécialisé

### Statement of Operations and Changes in Net Assets for the year ended December 31, 2015 (cont.)

(expressed in the Sub-Fund's currency)

Sub-Funds	Notes	EFFEPILUX	EFFEPILUX	Combined
		ALTERNATIVE - Alternativo	ALTERNATIVE - R.E.	
		EUR	EUR	EUR
<b>Net Investment Income/(Loss)</b>		<b>17 412 040</b>	<b>10 950 529</b>	<b>28 362 569</b>
<b>Net realised gains / (losses) on</b>				
- securities sold	2.3	(1 614 823)	587 354	(1 027 469)
- currencies	2.4	3 153 438	(50 778)	3 102 660
- forward foreign exchange contracts		<u>(10 666 572)</u>	<u>-</u>	<u>(10 666 572)</u>
		<b><u>(9 127 957)</u></b>	<b><u>536 576</u></b>	<b><u>(8 591 381)</u></b>
<b>Net realised result for the year</b>		<b>8 284 083</b>	<b>11 487 105</b>	<b>19 771 188</b>
<b>Change in net unrealised profit/(loss) on</b>				
- securities		756 189	17 014 380	17 770 569
- forward foreign exchange contracts	2.7	<u>947 445</u>	<u>-</u>	<u>947 445</u>
		<b>1 703 634</b>	<b>17 014 380</b>	<b>18 718 014</b>
<b>RESULT OF OPERATIONS</b>		<b>9 987 717</b>	<b>28 501 485</b>	<b>38 489 202</b>
<b>Movements in capital</b>				
Subscriptions		<u>18 000 000</u>	<u>35 500 000</u>	<u>53 500 000</u>
		<b>18 000 000</b>	<b>35 500 000</b>	<b>53 500 000</b>
<b>Net assets at the end of the year</b>		<b>241 990 690</b>	<b>216 972 578</b>	<b>458 963 268</b>

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

## EFFEPILUX ALTERNATIVE

Société d'Investissement à Capital Variable - Fonds d'Investissement Spécialisé

### Statistical information

#### EFFEPILUX ALTERNATIVE - Alternativo

	Currency	31/12/15	31/12/14	31/12/13
Total Net Assets	EUR	241 990 690	214 002 973	185 299 014
<b>Class C</b>				
Number of shares		35 316 051.235	32 648 439.908	29 809 318.222
Net asset value per share	EUR	6.852	6.555	6.216

#### EFFEPILUX ALTERNATIVE - R.E.

	Currency	31/12/15	31/12/14	31/12/13
Total Net Assets	EUR	216 972 578	152 971 093	105 839 788
<b>Class C</b>				
Number of shares		22 806 272.872	18 825 653.741	14 692 458.564
Net asset value per share	EUR	9.514	8.126	7.204

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

## **EFFEPILUX ALTERNATIVE**

**Société d'Investissement à Capital Variable - Fonds d'Investissement Spécialisé**

### **Notes to the financial statements as at December 31, 2015**

#### **Note 1 - General**

The investment objective of the EFFEPILUX ALTERNATIVE - Alternativo Sub-Fund is to obtain an uncorrelated return from the main financial markets (equities and bonds), with the growth of the invested capital in the long term.

The investment objective of the EFFEPILUX ALTERNATIVE - R.E. is to invest mainly in core plus, value added and opportunistic real estate assets and strategies and will not be subject to any sector limitation.

Based on the self assessment on the status of EFFEPILUX ALTERNATIVE, the Company has been recorded by the CSSF as not qualifying as alternative investment fund within the meaning of article 1 paragraph 39 of the AIFM Law.

#### **Note 2 - Principal accounting policies**

##### **2.1 Presentation of financial statements**

The financial statements are presented in accordance with legal and regulatory requirements and generally accepted accounting principles in Luxembourg, relating to undertakings for collective investment.

The valuation of the portfolio securities of the Sub-Fund EFFEPILUX ALTERNATIVE - R.E. is based upon available information, documentation and reporting with regard to the respective securities at the valuation date. As the process for the preparation of the financial statements of the Company takes place subsequently to this date, it is possible new information may become available that indicates such valuations might be lower or higher in light of subsequent circumstances. Such changes are reflected in the Net Asset Value calculation following the receipt of such information. For the year ended December 31, 2015, net changes amounting to EUR 2 331 499 (0,96% of total net assets of Sub-Fund Alternativo) and EUR 11 511 360 (5,31% of total net assets of Sub-Fund R.E.) were received and have been reflected in the next Net Asset Value calculation.

##### **2.2 Valuation of investment in securities**

2.2.1 The value of any securities, money market instruments and derivative instruments is determined on the basis of the last available price on the stock exchange or any other regulated market on which these securities, money market instruments or derivative instruments are traded or admitted for trading unless otherwise mentioned in the Prospectus. Where such securities, money market instruments or derivative instruments are quoted or dealt in one or by more than one stock exchange or any other regulated market, the Board of Directors makes regulations for the order of priority in which stock exchanges or other Regulated Markets are used for the provision of prices of securities, assets or derivative instruments.

2.2.2 If a security, money market instrument or derivative instrument is not traded or admitted on any official stock exchange or any regulated market, or in the case of securities, money market instruments and derivative instruments so traded or admitted, the last available price of which does not reflect their true value, the Board of Directors requires to proceed on the basis of their expected sales price, which shall be valued with prudence and in good faith.

2.2.3 Swaps contracts are valued at the market value fixed in good faith by the Board of Directors and according to generally accepted valuation rules. Asset based swap contracts are valued by reference to the market value of the underlying assets. Cash flow based swap contracts are valued by reference to the net present value of the underlying future cash flows.

## **EFFEPILUX ALTERNATIVE**

**Société d'Investissement à Capital Variable - Fonds d'Investissement Spécialisé**

### **Notes to the financial statements as at December 31, 2015 (cont.)**

#### **Note 2 - Principal accounting policies (cont.)**

##### **2.2 Valuation of investment in securities (cont.)**

2.2.4 Each share or unit in an open-ended investment fund are valued at the last available net asset value (or bid price for dual priced investment funds) whether estimated or final, which is computed for such unit or shares on the same calculation day, failing which, it shall be the last net asset value (or bid price for dual priced investment funds) computed prior to the calculation day on which the Net Asset Value of the shares in the SICAV is determined.

2.2.5 In respect of shares or units of an investment fund held by the SICAV, 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 Board of Directors may decide to value such shares or units in line with the prices so established.

2.2.6 If, since the day on which the latest net asset value was calculated, events have occurred which may have resulted in a material change of the net asset value of shares or units in other investment funds held by the SICAV-SIF, the value of such shares or units may be adjusted in order to reflect, in the reasonable opinion of the Directors, such change of value.

2.2.7 The value of any security which is dealt principally on a market made among professional dealers and institutional investors shall be determined by reference to the last available price.

2.2.8 Direct investment in real estate property will be valued on basis of the latest valuation made by independent valuers or on the basis of the transactions price.

If any of the aforesaid valuation principles do not reflect the valuation method commonly used in specific markets or if any such valuation principles do not seem accurate for the purpose of determining the value of the Company's assets, the Directors may fix different valuation principles in good faith and in accordance with generally accepted valuation principles and procedures.

2.2.9 The value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Company may consider appropriate in such case to reflect the true value thereof.

##### **2.3 Net realised gains or losses resulting from investments**

The realised gain or loss resulting from the sales of investments is calculated on the basis of average cost of the investment sold.

##### **2.4 Foreign exchange translation**

The accounts are maintained in euro ("EUR") and the financial statements are expressed in that currency.

Cost of investment securities in currencies other than the EUR is translated in EUR at the exchange rates prevailing on the date of purchase.

Income or expenses expressed in currencies other than the EUR are converted at exchange rates ruling at the transaction date.

## **EFFEPILUX ALTERNATIVE**

**Société d'Investissement à Capital Variable - Fonds d'Investissement Spécialisé**

### **Notes to the financial statements as at December 31, 2015 (cont.)**

#### **Note 2 - Principal accounting policies (cont.)**

##### **2.4 Foreign exchange translation (cont.)**

Assets and liabilities expressed in other currencies than the EUR are converted using the relevant spot rate quoted by a bank or other responsible financial institution. The realised or net unrealised gains or losses on foreign exchange are recognised in the Statement of Operations and Changes in net assets in determining the increase or decrease in net assets.

##### **2.5 Income and distributions**

This caption includes any distribution received from the underlying investments fund if executed without cancellation of shares or units held in the investments.

Dividends are credited to income on the date upon which the relevant securities are first listed as “ex-dividend”.

Interest income is accrued on a daily basis.

##### **2.6 Formation expenses**

Formation expenses are amortised over a maximum period of five years.

##### **2.7 Forward foreign exchange contracts**

Forward foreign exchange contracts are valued at the forward rate applicable at the statement of net assets date for the remaining period until maturity. Unrealised gains or losses resulting from outstanding forward foreign exchange contracts, if any, are recorded in the Statement of Net Assets.

##### **2.8 Combined financial statements**

The combined statement of net assets and the combined statement of operations and changes in net assets represent the total of the statements of net assets and statements of operations and changes in net assets of the individual Sub-Funds.

#### **Note 3 - Sub-investments Management fees, investments advisory fees, transactions fees, Performance fee and other expenses**

The Company will pay out of the assets of the relevant Sub-Fund all expenses payable by the Company which shall include but not be limited to the fees payable to the Sub-Investment Managers including performance fees.

##### **Sub-Fund EFFEPILUX ALTERNATIVE - Alternativo:**

In its capacity as Sub-Investment Manager of the Sub-Fund EFFEPILUX ALTERNATIVE - Alternativo, Edmond de Rothschild Asset Management (UK) Limited is entitled to receive fees, payable at the end of each calendar quarter, which will depend on assets under management and will amount to not more than 1% per annum of the average NAV of the relevant Sub-Fund pursuant to an agreement with the Company.

In its capacity as Investment Adviser of the Sub-Fund EFFEPILUX ALTERNATIVE - Alternativo, Cambridge Associates Limited is entitled to receive an Investment Advisory fee out of the assets of the Sub-Fund and as specified in the Investment Advisory Agreement.

##### **Sub-Fund EFFEPILUX ALTERNATIVE - R.E.:**

**Until June 30, 2015**, Partners Group (Italy) SGR S.p.A. acting in its capacity as Sub-Investment Manager of the Sub-Fund EFFEPILUX ALTERNATIVE - R.E. was entitled to receive the fees described below and to the reasonable out-of-pocket expenses and disbursements.



## **EFFEPILUX ALTERNATIVE**

**Société d'Investissement à Capital Variable - Fonds d'Investissement Spécialisé**

### **Notes to the financial statements as at December 31, 2015 (cont.)**

#### **Note 3 - Sub-investments Management fees, investments advisory fees, transactions fees, Performance fee and other expenses (cont.)**

Mandate Management Fee: calculated on the basis of the Mandate Amount, outstanding from time to time and payable at the beginning of each quarter.

Tranche I and Tranche II: 0.0125% per quarter.

For the sole purposes of calculation of the Mandate Management Fee, the Mandate Amount may not be less than the sum of the Reference Commitments outstanding from time to time.

Transaction Fee: 0.0125% per quarter on the transaction value, payable at the beginning of each quarter, and calculated, in respect of each Real Estate Investment, on each relevant Reference Commitment.

Performance Fee: with respect to the Real Estate Investments committed to from the date of the Effepilux Alternative - R.E. Sub-Investment Management Agreement up to December 31, 2014 and thereafter, in any single calendar year, once the Sub-Fund has received cumulative distributions equal to the cumulative Real Estate Investment drawdowns and a rate of return of 8% per annum calculated on the cumulative Real Estate Investment drawdowns, compounded annually (the "Preferred Return"), Partners Group (Italy) SGR SpA shall be entitled to receive an amount equal to 10% of the Preferred Return.

Thereafter, out of the balance of the additional monies distributed by the Real Estate Investments (the "Incremental Amount"), 90% shall remain in the Sub-Fund, while the remaining 10% should be paid to Partners Group (Italy) SGR SpA.

**As from June 30, 2015** the activity was transferred to Partners Group AG.

In its capacity as Sub-Investment Manager of the Sub-Fund EFFEPILUX ALTERNATIVE - R.E., Partners Group AG will be entitled to receive the fees described below (together the "Sub Investment Management Fees") and to the reimbursement of its reasonable out of pocket expenses and disbursements.

Sub-Investment Management Fee: payable at the beginning of each quarter, and calculated, in respect of each Real Estate Investment, on the basis of the applicable Reference Commitment and percentage rates (which in each case shall be reduced annually by 10% of the rate prevailing immediately prior to such reduction, starting from the 1st of January of the year following the fifth anniversary of the relevant Transaction Date) indicated below:

Tranche I and Tranche II:

- Primary Financial Real Estate Investments: 0.1750% per quarter on the transaction value,
- Secondary Financial Real Estate Investments: 0.3125% per quarter on the transaction value,
- Direct Real Estate Investments: 0.3750% per quarter on the transaction value.

Mandate Management Fee: calculated on the basis of the Mandate Amount, outstanding from time to time and payable at the beginning of each quarter.

Tranche I and Tranche II : 0.0125% per quarter

For the sole purposes of calculation of the Mandate Management Fee, the Mandate Amount may not be less than the sum of the Reference Commitments outstanding from time to time.

## **EFFEPILUX ALTERNATIVE**

**Société d'Investissement à Capital Variable - Fonds d'Investissement Spécialisé**

### **Notes to the financial statements as at December 31, 2015 (cont.)**

#### **Note 3 - Sub-investments Management fees, investments advisory fees, transactions fees, Performance fee and other expenses (cont.)**

The Mandate Management Fee are recorded in the Statement of Operations and Changes in Net Assets under the caption "Investment advisory fees".

Transaction Fee: 0.0125% per quarter on the transaction value, payable at the beginning of each quarter, and calculated, in respect of each Real Estate Investment, on each relevant Reference Commitment.

Such fees are recorded in the Statement of Operations and Changes in Net Assets under the caption "Interest and bank charges".

Performance Fee: with respect to the Real Estate Investments committed to from the date of the Effepilux Alternative - R.E. Sub-Investment Management Agreement up to December 31, 2015 and thereafter, in any single calendar year, once the Sub-Fund has received cumulative distributions equal to the cumulative Real Estate Investment drawdowns and a rate of return of 8% per annum calculated on the cumulative Real Estate Investment drawdowns, compounded annually (the "Preferred Return"), Partners Group AG shall be entitled to receive an amount equal to 10% of the Preferred Return.

Thereafter, out of the balance of the additional monies distributed by the Real Estate Investments (the "Incremental Amount"), 90% shall remain in the Sub-Fund, while the remaining 10% shall be paid to Partners Group AG.

No Performance Fee was accrued during the year 2015 in the Sub-Fund Effepilux Alternative -R.E.

Other expenses: out of commitment fees levied by the underlying investments to finance their operations.

#### **Note 4 - Custodian and Paying Agent, Administrative Corporate and Domiciliary Agent, Registrar Agent fees**

The Custodian and Paying Agent is entitled to receive out of the assets of each Sub-Fund fees calculated in accordance with customary banking practice in Luxembourg and payable quarterly in arrears. In addition, the Custodian is entitled to be reimbursed by the Company for its reasonable out-of-pocket expenses and disbursements and for the charges of any correspondents.

The Administrative, Corporate and Domiciliary Agent is entitled to receive out of the assets of each Sub-Fund a fee in compliance with Luxembourg business practice and payable quarterly in arrears. In addition, the Administrative, Corporate and Domiciliary Agent is entitled to be reimbursed by the Company for its reasonable out-of-pocket expenses.

The Registrar Agent is entitled to receive out of the assets of each Sub-Fund a fee in compliance with Luxembourg business practice and payable quarterly in arrears. In addition, the Registrar Agent is entitled to be reimbursed by the Company for its reasonable out-of-pocket expenses.

#### **Note 5 - Taxation**

The Company is not subject to any taxes in Luxembourg on income or capital gains. The Company is subject to a fixed registration duty on capital of EUR 1 250 at the time of its incorporation.

Pursuant to Article 68 of the modified Law of February 13, 2007, the Company is subject in Luxembourg to the "taxe d'abonnement" at a rate of 0,01%.

Interest and dividend income received by the Company may be subject to non-recoverable withholding tax in the countries of origin. The Company may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin.