

FARRINGDON I

AUDITED ANNUAL REPORT

31 DECEMBER 2017

R.C.S. Luxembourg B 121 761

Subscriptions are only valid if made on the basis of the current prospectus accompanied by the latest annual and the latest semi-annual report if published after the annual report

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MANAGEMENT AND ADMINISTRATION

REGISTERED OFFICE

Le Dôme (A)
15, rue Bender
L-1229 Luxembourg

INVESTMENT MANAGER

Farringdon Netherlands BV
Teniersstraat 2,
1071DX, Amsterdam

CUSTODIAN

Banque Carnegie Luxembourg S.A.
Le Dôme (A)
15, rue Bender
L-1229 Luxembourg

AIFM

Carne Global Fund Managers
(Luxembourg) S.A.
European Bank and Business Center
6 B, route de Trèves
L-2633, Senningerberg, Luxembourg

ADMINISTRATION AND TRANSFER AGENT

Carnegie Fund Services S.A.
Le Dôme (A)
15, rue Bender
L-1229 Luxembourg

ADVISORS

Farringdon Denmark ApS
Graabroedretorv 6
DK-1154, Copenhagen

AUDITOR

PricewaterhouseCoopers, Société coopérative
2, rue Gerhard Mercator
L-2182 Luxembourg

Farringdon Operations BV

Teniersstraat 2
1071DX, Amsterdam

LEGAL COUNSEL

Bonn Steichen & Partners
2, Rue Peternelchen - Immeuble C2
L-2370 Howald, Luxembourg

PRIME BROKER

UBS AG
Acting through its London Branch
1 Finsbury Avenue
London, EC2M 2PP, UK

DISTRIBUTOR

Farringdon Funds Marketing and Distribution Limited
59 - 64 Acropolis Avenue
3rd Floor, Office 301
Strovolos, CY-2012, Nicosia
Cyprus

BOARD OF DIRECTORS

DIRECTORS :

Vincent GRUSELLE
Managing Director
ALCYON S.A.
Luxembourg

Dennis VAN WEES
Managing Partner
FARRINGDON OPERATIONS BV
The Netherlands

Luc CURTOIS
Attorney-at-law
BONN STEICHEN & PARTNERS
Luxembourg

Notices and Reports

Audited annual reports are made available to the Shareholders at the registered office of the AIFM.

The accounting year of the Fund ends on December 31 of each year.

The latest net asset value per share of each share class, together with subscription and redemption prices are available on any bank business day in Luxembourg at the registered office of the AIFM.

All notices to Shareholders are sent to Shareholders at their address indicated in the register of Shareholders. If deemed necessary or required by law, notices are published in a newspaper and in the Recueil Electronique des Sociétés et Associations (the “RESA”).

INVESTMENT MANAGER'S REPORT

The figures stated in the report are historical and not necessarily indicative of future performance.

PERFORMANCE

CLASS A SHARES:

During the year, the net asset value per share, decreased from EUR 203.62 to EUR 174.67, representing a loss of 14.22%. Total net assets decreased during the year from EUR 266.48 million to EUR 150.68 million. Net redemptions of shares were EUR 83.72 million.

CLASS B SHARES:

During the period, the net asset value per share decreased from EUR 203.63 to EUR 174.77, representing a loss of 14.17%. Total net assets decreased during the year from EUR 87.59 million to EUR 75.18 million.

INVESTMENT STRATEGY

The Sub-Fund investment objective is to deliver strong risk adjusted absolute returns with low correlation to other asset classes. Utilising an equity long/short approach, based on in-depth fundamental research across industries and market capitalisations globally, but with a focus on the European stock universe. The instruments used will among others be equities, related financial instruments such as financial futures, options and swaps.

Returns are sought using a stock picking approach based on thorough fundamental analysis.

The portfolio will consist of positions taken on pairs of stocks as well as individual stock positions.

Market exposure will vary, spanning from negative, over neutral to positive, and will largely depend on investment opportunities and the volatility of the global equity markets.

The investment universe is based on equity, derivative and fixed income products globally, but with a focus on Europe. The Sub-Fund may retain cash or cash equivalents as and when considered appropriate.

The Sub-Fund may borrow up to 30% of its net assets.

Short sales will usually be carried out by selling borrowed securities in the market place. Alternatively, short sale exposure can be obtained using swap agreements. Unwanted risk is hedged, using individual stocks long/short or by using written, bought or sold derivatives on markets, sectors or individual stocks. Bought, written and sold derivative instruments can furthermore be used to enhance returns.

Moreover, Farringdon Alpha One may, on an ancillary basis, invest in other undertakings for collective investment.

Disclosures under the Alternative Investment Fund Managers Directive (Unaudited)

In accordance with the Level 2 Regulations of the Alternative Investment Fund Managers Directive (AIFMD), the Alternative Investment Fund Manager (AIFM) is jointly responsible with the Board of Directors of the AIF for certain disclosures to investors and competent authorities with respect to the AIF's Annual Report.

Information required to be disclosed under the AIFMD in relation to the Farringdon Alpha One (AIF):

Liquidity arrangements and liquidity management

There are no assets of the AIF subject to special arrangements such as side pockets, gates or other similar arrangements. No new arrangements or material changes were made to manage the liquidity of the AIF.

Leverage

The leverage employed by the AIF as per December 31, 2017 was 311.87% of the AIF's net asset value based on the gross method and 279.82% of the AIF's net asset value based on the commitment method.

Risk management

The AIFM has established and maintains a dedicated risk management system to identify, measure, manage and monitor on an ongoing basis risks relevant to each AIF's Investment Objective including, in particular market, credit, liquidity, counterparty, operational and other relevant risks. Both quantitative and/or qualitative risk limits have been established and were monitored by the AIFM. No material changes were made in relation to the risk management system.

Material Changes

On 10 May 2017, during the General Meeting of Shareholders, Mr. Kevin Nolan was appointed to act as additional Director of Carne Global Fund Managers (Luxembourg) S.A (further to CSSF's approval on 11 April 2017). Mr. Mario Koster and Mr. Attilio Femiano, Conducting Officers, resigned on 30 June 2017 and 31 October 2017, respectively. Application is currently with the CSSF to approve the appointment of Mr. James Bolton and Mrs. Elisabeth Patino George as Conducting Officers.

Furthermore, on 14 June 2017 the CSSF extended Carne Global Fund Managers (Luxembourg) S.A's license to include the management of Real Estate Funds.

Remuneration

The AIFM has designed and implemented a remuneration policy (the "Remuneration Policy") in line with the provisions on remuneration as set out by the European Directive 2011/61/EU as amended and implemented into Luxembourg Law of 12 July of 2013 (the "AIFM Regulations").

The AIFM has developed and implemented remuneration policies and practices that are consistent with and promote a sound and effective risk management of the AIF, do not encourage risk-taking which is inconsistent with the risk profiles/rules governing the AIF, and do not impair compliance with the AIFM's duty to act in the best interest of the AIF and ultimately its investors.

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Disclosures under the Alternative Investment Fund Managers Directive (Unaudited) (CONTINUED)

The Board of Directors of the AIFM is responsible for the design and implementation of the Remuneration Policy and reviews this on a regular basis as part of its supervisory function. In reviewing the Remuneration Policy, the Board of Directors of the AIFM will consider whether the remuneration framework operates as intended and that the risk profile, long-term objectives and goals of the Company are adequately reflected.

A copy of the AIFM Remuneration Policy is available, free of charge, at the registered office of the AIFM and on <http://www.carnegroup.com>.

Proportion of the total remuneration of the staff of the AIFM attributable to the Farringdon I, indicating the number of beneficiaries, as of December 31, 2017

The below table represents the proportion of the total remuneration of the staff of the AIFM attributable to all funds it manages, taking into account AIFs and UCITS.

The proportion allocated to Farringdon I has been calculated time-weighted (1) based on the number of all funds (2) managed by the AIFM.

	Number of Beneficiaries (3)	Fixed Remuneration (4) in % of total	Variable Remuneration (5) in % of total	Carried Interest paid in % of total	Total Remuneration (6)
Staff (7)	16	1.58%	0.21%	0	2,069,485 Eur
Senior Management	5	2.15%	0.52%	0	1,048,212 Eur
Risk Takers (8)	5	2.15%	0.52%	0	1,048,212 Eur

- (1) Time-weighted = the proportion allocation takes into consideration the time when the fund was established or transferred to the AIFM (e.g. a fund that was live for 6 months during the financial year of the AIFM would get allocated 6/12 of the proportion that would be allocated to a fund that was live for the complete financial year of the AIFM).
- (2) Funds = single funds and sub-funds of umbrella structures.
- (3) Number of beneficiaries = average number of employees for the period of the AIFM's financial year 2017.
- (4) Fixed remuneration = consists of salaries paid during the AIFM's financial year 2017 including employer social security, pension contribution, other non-monetary benefits like car allowance, but excluding payments in relation to secondment services.
- (5) Variable remuneration = consists of annual bonuses paid during the AIFM's financial year 2017 in accordance with the remuneration policy.
- (6) Total remuneration = sum of fixed remuneration and variable remuneration paid during the AIFM's financial year 2017.
- (7) Staff = including Senior Management and Risk Takers.
- (8) Risk Takers = staff members of the AIFM whose actions might have a material impact on the risk profile of the AIF, including Senior Management.



Audit report

To the Shareholders of
Farringdon I

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Farringdon I (the “Fund”) as at 31 December 2017, 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 2017;
- the securities portfolio as at 31 December 2017;
- the statement of operations and 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 those Law and standards 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 state 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, 06 June 2018

Christelle Crépin

FARRINGDON I

STATEMENT OF NET ASSETS AS AT 31 DECEMBER 2017

	COMBINED (EUR)	FARRINGDON ALPHA ONE (EUR)
ASSETS		
Securities portfolio at market value (Note 2.1)	414,923,189.56	414,923,189.56
Cash at banks and liquidities	98,076,995.90	98,076,995.90
Interest receivable on bonds	4,103,753.42	4,103,753.42
OTHER ASSETS		
Subscriptions receivable	6,237,051.39	6,237,051.39
Net unrealised gain on contracts for differences (Note 5)	228,811.62	228,811.62
Dividends receivable	41,197.99	41,197.99
Total Other Assets	6,507,061.00	6,507,061.00
Total Assets	523,610,999.88	523,610,999.88
LIABILITIES		
Short sales of securities (Notes 2.2 and 6)	(226,669,591.31)	(226,669,591.31)
Bank borrowings (Note 7)	(50,488,582.34)	(50,488,582.34)
Redemptions payable	(19,737,319.12)	(19,737,319.12)
Net unrealised loss on contracts for differences (Note 5)	(61,628.56)	(61,628.56)
Dividends payable on short sales	(218,577.43)	(218,577.43)
Taxe d'abonnement payable	(29,207.07)	(29,207.07)
Commission payable	(365,898.76)	(365,898.76)
Other payables	(184,903.67)	(184,903.67)
Total Liabilities	(297,755,708.26)	(297,755,708.26)
NET ASSETS AT THE END OF THE YEAR	225,855,291.62	225,855,291.62

NET ASSET VALUE PER SHARE AS AT 31 DECEMBER 2017

	FARRINGDON ALPHA ONE (EUR)
Net asset value per share - Class A	174.67
Net asset value per share - Class B	174.77

The accompanying notes form an integral part of these financial statements

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	COMBINED (EUR)	FARRINGDON ALPHA ONE (EUR)
INCOME		
Dividends, net (Note 2.5)	4,468,428.67	4,468,428.67
Interest on bonds, net (Note 2.5)	8,391,945.20	8,391,945.20
Bank Interest	44,048.27	44,048.27
Total Income	12,904,422.14	12,904,422.14
EXPENSES		
Dividends paid on short sales (Note 2.5)	(5,934,464.06)	(5,934,464.06)
Management fee (Note 9)	(4,429,836.20)	(4,429,836.20)
Bank charges	(1,988,618.11)	(1,988,618.11)
Custodian and administration fee (Note 8)	(436,695.96)	(436,695.96)
Taxe d'abonnement (Note 4)	(138,765.32)	(138,765.32)
Professional expenses	(72,255.67)	(72,255.67)
Other expenses	(56,780.37)	(56,780.37)
Total Expenses	(13,057,415.69)	(13,057,415.69)
Net loss from investments	(152,993.55)	(152,993.55)
Net realised profit on securities (Note 12)	17,451,424.80	17,451,424.80
Net realised profit on contracts for differences (Note 12)	5,538,736.45	5,538,736.45
Net realised loss on foreign exchange (Note 12)	(4,015,311.42)	(4,015,311.42)
Net realised Profit	18,821,856.28	18,821,856.28
Variation in net unrealised result on investments (Note 13)	(57,144,345.04)	(57,144,345.04)
Variation in net unrealised result on contracts for differences (Note 13)	(6,169,886.42)	(6,169,886.42)
Decrease in net assets as a result of operations	(44,492,375.18)	(44,492,375.18)
Subscriptions	12,650,086.44	12,650,086.44
Redemptions	(96,374,277.91)	(96,374,277.91)
Decrease in net assets	(128,216,566.65)	(128,216,566.65)
Net assets at the beginning of the year	354,071,858.27	354,071,858.27
NET ASSETS AT THE END OF THE YEAR	225,855,291.62	225,855,291.62

FARRINGDON I

**STATEMENT OF CHANGES IN NUMBER OF SHARES OUTSTANDING
FOR THE YEAR ENDED 31 DECEMBER 2017**

	FARRINGDON ALPHA ONE - CLASS A	FARRINGDON ALPHA ONE - CLASS B
Shares outstanding at 1 January 2017	1,308,727.9505	430,156.9106
Shares issued	69,214.7982	0.0000
Shares redeemed	(515,284.9491)	0.0000
Shares outstanding at 31 December 2017	862,657.7996	430,156.9106

**FINANCIAL DETAILS RELATING TO THE LAST THREE YEARS
(EUR)**

	FARRINGDON ALPHA ONE - CLASS A	FARRINGDON ALPHA ONE - CLASS B
31 December 2017		
Total net assets	150,678,199.97	75,177,091.65
Net asset value per share	174.67	174.77
31 December 2016		
Total net assets	266,480,705.08	87,591,153.19
Net asset value per share	203.62	203.63
31 December 2015		
Total net assets	280,070,827.33	91,398,066.37
Net asset value per share	212.47	212.48

FARRINGDON I - FARRINGDON ALPHA ONE

SECURITIES PORTFOLIO AS AT 31 DECEMBER 2017

NOMINAL	SECURITY DESCRIPTION	MARKET VALUE (EUR)	% OF NET ASSETS
Transferable Securities Admitted To An Official Exchange Listing			
Shares and rights			
	<u>Belgium</u>		
621,575	Balta Group	5,407,702.50	2.39
102,251	Financiere de Tubize	6,531,793.88	2.89
228,998	KBC Ancora	12,020,105.02	5.32
		<u>23,959,601.40</u>	<u>10.60</u>
	<u>France</u>		
141,942	Sword Group	4,803,317.28	2.13
		<u>4,803,317.28</u>	<u>2.13</u>
	<u>Germany</u>		
76,829	Corestate Capital Holding	4,104,973.47	1.82
252,661	Envitec Biogas	1,836,845.47	0.81
567,620	Rocket Internet	11,990,972.50	5.31
269,791	RWE Preferred	3,866,105.03	1.71
190,296	Sixt Preference	10,070,464.32	4.46
305,217	Zeal Network	6,540,800.31	2.90
		<u>38,410,161.10</u>	<u>17.01</u>
	<u>Ireland</u>		
4,858,410	Greencoat Renewables	5,198,498.70	2.30
5,445,260	IFG Group	11,543,951.20	5.11
2,218,000	Independent News & Media	204,056.00	0.09
		<u>16,946,505.90</u>	<u>7.50</u>
	<u>Italy</u>		
500,511	Buzzi Unicem Risparmio	6,371,505.03	2.82
		<u>6,371,505.03</u>	<u>2.82</u>

The accompanying notes form an integral part of these financial statements

SECURITIES PORTFOLIO AS AT 31 DECEMBER 2017

NOMINAL	SECURITY DESCRIPTION	MARKET VALUE (EUR)	% OF NET ASSETS
Transferable Securities Admitted To An Official Exchange Listing (continued)			
Shares and rights (continued)			
	<u>Italy (continued)</u>		
134,311	Gruppo MutuiOnline	1,780,963.86	0.79
67,716	SAES Getters Risparmio	1,017,771.48	0.45
		<u>2,798,735.34</u>	<u>1.24</u>
	<u>Netherlands</u>		
485,211	Basic-Fit	9,757,593.21	4.32
2,184,460	BinckBank	9,685,895.64	4.29
2,324,699	Koninklijke BAM Groep	8,905,921.87	3.94
		<u>28,349,410.72</u>	<u>12.55</u>
	<u>Norway</u>		
1,483,070	Hoegh LNG Holdings	9,804,274.64	4.34
1,498,335	Skandiabanken	12,343,388.69	5.47
		<u>22,147,663.33</u>	<u>9.81</u>
	<u>Spain</u>		
2,544,349	Telepizza Group	11,958,440.30	5.29
		<u>11,958,440.30</u>	<u>5.29</u>
	<u>Switzerland</u>		
41,796	Rieter Holding	8,488,925.63	3.76
		<u>8,488,925.63</u>	<u>3.76</u>
	<u>United Kingdom</u>		
1,590,000	Alpha Financial Markets Consulting	2,966,016.68	1.31
9,581,199	Interserve	10,313,396.13	4.57
783,912	Premier Foods	377,730.37	0.17
959,639	GNC Holdings A	2,952,612.28	1.31
941,119	Hewlett Packard Enterprise	11,268,630.73	4.99
		<u>27,878,386.19</u>	<u>12.35</u>
	TOTAL SHARES AND RIGHTS	<u>192,112,652.22</u>	<u>85.06</u>
	TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL EXCHANGE LISTING	<u>192,112,652.22</u>	<u>85.06</u>

The accompanying notes form an integral part of these financial statements

SECURITIES PORTFOLIO AS AT 31 DECEMBER 2017

NOMINAL	SECURITY DESCRIPTION	MARKET VALUE (EUR)	% OF NET ASSETS
Other Transferable Securities			
Bonds			
	<u>Germany</u>		
198,000,000	Deutschland Bundesrepublik 4.25% 04/07/2018	202,979,700.00	89.87
		<u>202,979,700.00</u>	<u>89.87</u>
	TOTAL BONDS	<u>202,979,700.00</u>	<u>89.87</u>
Investment Funds			
	<u>Ireland</u>		
19,830,837.34	ICS - Institutional Euro Liquidity Fund - Select (Dis)	19,830,837.34	8.78
		<u>19,830,837.34</u>	<u>8.78</u>
	TOTAL INVESTMENT FUNDS	<u>19,830,837.34</u>	<u>8.78</u>
	TOTAL OTHER TRANSFERABLE SECURITIES	<u>222,810,537.34</u>	<u>98.65</u>
	TOTAL SECURITIES PORTFOLIO	<u>414,923,189.56</u>	<u>183.71</u>

SECURITIES PORTFOLIO AS AT 31 DECEMBER 2017

NOMINAL	SECURITY DESCRIPTION	MARKET VALUE (EUR)	% OF NET ASSETS
Short Sales of Transferable Securities Admitted To An Official Exchange Listing			
Short Sales of Shares			
	<u>Belgium</u>		
-165,522	KBC Groep	-11,770,269.42	-5.21
-81,649	UCB	-5,403,530.82	-2.39
		<u>-17,173,800.24</u>	<u>-7.60</u>
	<u>Canada</u>		
-269,572	Alimentation Couche-Tard B	-11,739,431.58	-5.20
-268,165	Stantec	-6,260,162.67	-2.77
-212,258	Student Transportation	-1,090,786.33	-0.48
		<u>-19,090,380.58</u>	<u>-8.45</u>
	<u>Denmark</u>		
-110,703	Coloplast B	-7,337,577.13	-3.25
-237,785	H. Lundbeck	-10,060,073.20	-4.45
-228,391	Novozymes B	-10,874,301.19	-4.81
		<u>-28,271,951.52</u>	<u>-12.51</u>
	<u>Germany</u>		
-84,197	Delivery Hero	-2,778,501.00	-1.23
-124,151	LEG Immobilien	-11,830,348.79	-5.24
-116,173	Osram Licht	-8,704,842.89	-3.85
-21,350	Rational	-11,469,220.00	-5.08
-269,791	RWE	-4,586,447.00	-2.03
-155,644	Sixt	-11,597,034.44	-5.13
-248,710	VTG	-11,878,389.60	-5.26
		<u>-62,844,783.72</u>	<u>-27.82</u>
	<u>Italy</u>		
-802,933	Amplifon	-10,309,659.72	-4.56
-500,511	Buzzi Unicem	-11,261,497.50	-4.99
-67,760	SAES Getters	-1,616,076.00	-0.72
		<u>-23,187,233.22</u>	<u>-10.27</u>
	<u>Sweden</u>		
-351,067	ICA Gruppen	-10,628,231.35	-4.71
		<u>-10,628,231.35</u>	<u>-4.71</u>

SECURITIES PORTFOLIO AS AT 31 DECEMBER 2017

NOMINAL	SECURITY DESCRIPTION	MARKET VALUE (EUR)	% OF NET ASSETS
Short Sales of Transferable Securities Admitted To An Official Exchange Listing (Continued)			
Short Sales of Shares (Continued)			
	<u>United States of America</u>		
-187,117	Altria Group	-11,141,520.03	-4.93
-67,000	Digital Realty Trust	-6,363,128.49	-2.82
-194,966	Las Vegas Sands Corp.	-11,296,745.88	-5.00
-57,573	Sturm, Ruger & Company	-2,681,107.35	-1.19
-217,486	Toro Company, The	-11,829,076.78	-5.24
-810,355	Wendy's Company/The	-11,094,829.57	-4.91
-78,726	Wynn Resorts	-11,066,802.58	-4.90
		<u>-65,473,210.68</u>	<u>-28.99</u>
	TOTAL SHORT SALES OF SHARES	<u>-226,669,591.31</u>	<u>-100.35</u>
	TOTAL SHORT SALES OF TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL EXCHANGE LISTING	<u>-226,669,591.31</u>	<u>-100.35</u>

INDUSTRY SECTOR ANALYSIS AS AT 31 DECEMBER 2017

SECTOR DESCRIPTION FOR EQUITIES	% OF NET ASSETS
Alternative Electricity	2.30
Banks	5.58
Central Governments	89.87
Building Materials & Fixtures	-3.85
Business Support Services	4.57
Commercial Vehicles & Trucks	-2.77
Construction & Materials	-2.17
Durable Household Products	2.39
Equity Investment Instruments	-1.82
Financial Services	10.71
Food & Beverage	-4.76
Food & Drug Retailers	-3.89
Food Producers	-5.24
Healthcare	-7.70
Industrials Machinery & Transportation	11.77
Internet	4.08
Investment Funds	8.78
Media & Media Supplies	0.09
Medical Supplies	-4.56
Mortgage Finance	0.79
Oil & Gas	0.81
Oil & Gas Producers	-0.32
Personal & Household Goods	-6.27
Pharmaceuticals & Biotechnology	-7.20
Real Estate Investment & Services	-6.24
Recreational Services	4.32
Restaurants & Bars	0.38
Software & Computer Services	7.12
Specialised Consumer Services	2.23
Transportation Services	-5.74
Travel & Leisure & Tourism	-9.90
	<u>83.36</u>

A statement of changes in the composition of the portfolio is available to Shareholders free of charge on request from the Fund's registered office

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL

FARRINGDON I (hereafter the "Company") was incorporated as a "Société Anonyme" qualifying as a "Société d'Investissement à Capital Variable" with multiple Sub-Funds on 22 November 2006, under Part II of the amended law of 17 December 2010 on UCIs (the "Law"), and does not qualify as an Undertakings for Collective Investment in Transferable Securities. It is established for an undetermined duration from the date of incorporation.

The Farringdon Alpha One Sub-Fund was launched on 8 December 2006. The Company which should be considered as an Alternative Investment Fund ("AIF") is managed by Carne Global Fund Managers (Luxembourg) S.A., which was authorised as an AIFM by the CSSF on 22 June 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are established in accordance with the Luxembourg legal and regulatory requirements concerning Undertakings for Collective Investment.

2.1 Valuation of investments

- (a) The value of any cash at hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, dividends and interests declared or due but not yet collected will be deemed to be the full value thereof, unless it is unlikely that such values are received in full, in which case the value thereof will be determined by deducting such amount the Board of Directors consider appropriate to reflect the true value thereof.
- (b) Securities listed on a stock exchange or traded on any other regulated market will be valued at the last available price on such stock exchange or market. If a security is listed on several stock exchanges or markets, the last available price on the stock exchange or market, which constitutes the main market for such securities, will be determining.
- (c) Securities not listed on any stock exchange or traded on any regulated market will be valued at their last available market price.
- (d) Securities for which no price quotation is available or for which the price referred to in (a), (b) and (c) is not representative of the fair market value, will be valued prudently, and in good faith by the Board of Directors on the basis of their reasonable foreseeable sales prices.
- (e) Contracts for differences are valued at fair value based on the last available price of the underlying security.
- (f) Investments in investment funds of the open ended type are taken at their latest net asset values reported by the administrator of the relevant investment fund.
- (g) Financial futures contracts (on securities, interest rates and indices) are valued at the exchange quoted settlement price. While the contracts are open, unrealised gains and losses are recorded on "mark-to market" basis at the valuation date. When a contract is closed, the Company records a realised gain or loss equal to the difference between the proceeds from, or cost of, the closing transaction and the price at which the contract was originally written.
- (h) Options contracts (on securities, currencies, interest rates and indices) are valued on the basis of the last available trade price.
- (i) Forward foreign exchange contracts are valued by reference to the forward rate prevailing at the valuation date.
- (j) Contracts for which no price quotation is available or for which the price referred to in (g) and/or (h) is not representative of the fair market value, will be valued prudently, and in good faith by the Board of Directors on the basis of their reasonable foreseeable sales prices.

NOTES TO THE FINANCIAL STATEMENTS

2.2 Short sales of securities

Short sales of securities are disclosed as negative amounts and valued marked to market in the securities portfolio as at 31 December 2017.

2.3 Realised profit and loss on investments

Profits and losses on sales of investments have been determined on the basis of average cost.

2.4 Foreign exchange

The combined financial statements of the Company are maintained in EUR. The combined financial statements are the sum of the Sub-Funds' financial statements equivalent in EUR translated, where applicable, at the rate of exchange ruling at 31 December 2017.

The market value of the investments and other assets and liabilities expressed in currencies other than the base currency of the Sub-Fund has been converted at the rates of exchange ruling as at 31 December 2017. The cost of investments in currencies other than the base currency of the Sub-Fund is converted at the rates of exchange prevailing at each Net Asset Value calculation date. Profits and losses arising from foreign exchange operations are taken to the Statement of Operations and Changes in Net Assets.

2.5 Income / expense from investments

Dividends are recognised as income (or expense in the case of short sales of securities) on the date securities are first quoted ex-dividend, to the extent information thereon is reasonably available to the Sub-Fund, net of any withholding taxes. Interest income is accrued on a daily basis.

3 EXCHANGE RATES AT 31 DECEMBER 2017

1 CAD	=	0.66394890	EUR	1 NOK	=	0.10170457	EUR
1 CHF	=	0.85409496	EUR	1 SEK	=	0.10162498	EUR
1 DKK	=	0.13430931	EUR	1 USD	=	0.83381973	EUR
1 GBP	=	1.12714157	EUR				

4 TAX STATUS

The Company is registered under the Luxembourg law as an investment company (Société d'Investissement à Capital Variable "SICAV"). Accordingly, no Luxembourg income or capital gains tax is, at present, payable. It is subject, however, to an annual "taxe d'abonnement" calculated at the annual rate of 0.05% of the net asset value of the Company at the end of each quarter. The rate of 0.05% of the net asset value is applicable to both Class A and Class B. This tax is payable quarterly. Pursuant to Article 175(a) of the amended law of 17 December 2010 on UCIs, the net assets invested in undertakings for collective investment already subject to the "Taxe d'abonnement" are exempt from this tax.

NOTES TO THE FINANCIAL STATEMENTS

5 CONTRACTS FOR DIFFERENCES

As at 31 December 2017, Farringdon Alpha One had entered into the following outstanding contracts for differences:

<u>Quantity</u>	<u>Counterparty</u>	<u>Re-Set Date</u>	<u>Contract</u>	<u>Unrealised Gain / (Loss)</u>		<u>Commitment</u>	
Purchase 61,628,560	UBS	1st Dec, 2017	Independent News & Media	EUR	-61,628.56	EUR	5,669,827.52
Purchase 10,150,083	UBS	1st Dec, 2017	Firstgroup	EUR	228,811.62	EUR	11,215,841.72
Purchase 11,043,360	UBS	1st Dec, 2017	Premier Foods	EUR	0.00	EUR	4,721,036.40
					<u>167,183.06</u>		<u>21,606,705.64</u>

The cash collateral held with UBS amounts to EUR 118,758.91.

6 SECURITIES BORROWINGS

As at 31 December 2017, Farringdon Alpha One had borrowed the following shares:

<u>Quantity</u>	<u>Security Description</u>	<u>Market Value</u>
269,572	Alimentation Couche-Tard B	EUR 11,739,431.58
187,117	Altria Group	EUR 11,141,520.03
802,933	Amplifon	EUR 10,309,659.72
500,511	Buzzi Unicem	EUR 11,261,497.50
110,703	Coloplast B	EUR 7,337,577.13
84,197	Delivery Hero	EUR 2,778,501.00
67,000	Digital Realty Trust	EUR 6,363,128.49
237,785	H. Lundbeck	EUR 10,060,073.20
351,067	ICA Gruppen	EUR 10,628,231.35
165,522	KBC Groep	EUR 11,770,269.42
194,966	Las Vegas Sands Corp.	EUR 11,296,745.88
124,151	LEG Immobilien	EUR 11,830,348.79
228,391	Novozymes B	EUR 10,874,301.19
116,173	Osram Licht	EUR 8,704,842.89
21,350	Rational	EUR 11,469,220.00
269,791	RWE	EUR 4,586,447.00
67,760	SAES Getters	EUR 1,616,076.00
155,644	Sixt	EUR 11,597,034.44
268,165	Stantec	EUR 6,260,162.67
212,258	Student Transportation	EUR 1,090,786.33
57,573	Sturm, Ruger & Company	EUR 2,681,107.35
217,486	Toro Company, The	EUR 11,829,076.78
81,649	UCB	EUR 5,403,530.82
248,710	VTG	EUR 11,878,389.60
810,355	Wendy's Company/The	EUR 11,094,829.57
78,726	Wynn Resorts	EUR 11,066,802.58
		<u>226,669,591.31</u>

NOTES TO THE FINANCIAL STATEMENTS

7 BANK BORROWINGS AND PLEDGES

The Farringdon Alpha One Sub-Fund may borrow up to 150% of the total net assets for investment purpose. As at 31 December 2017 the Sub-Fund had borrowings totalling EUR 50.49 million, which represent 22,35% of the total net assets of the Sub-Fund. According to the pledge agreement entered into with the Custodian on 29 May 2008, such borrowing is secured by the assets of the Sub-Fund.

8 CUSTODIAN AND ADMINISTRATION FEES

The Custodian Bank is entitled to a Custodian Bank fee which shall not exceed the annual rate of 0.0528% of the Net Asset Value of the relevant Sub-Fund.

The Administrative Agent is entitled to an Administrative Agent fee which shall not exceed the annual rate of 0.10% of the Net Asset Value of the relevant Sub-Fund.

9 MANAGEMENT FEE

A fixed monthly management fee (the "Management Fee") equal to the annual rate of 1.5% of the Net Asset Value of the relevant Sub-Fund is computed as of the last Luxembourg business day of each month and paid monthly. This fee comprises the remuneration of the Investment Manager, the Advisers and the Distributor.

The AIFM is entitled to an AIFM fee up to a maximum 5 basis points per annum with a minimum fee as further described in the alternative investment fund management agreement between the Company and Carne Global Fund Managers (Luxembourg) S.A. The AIFM fee is also included in this caption.

10 PERFORMANCE FEE

The Performance Fee is accrued daily and due from the relevant Sub-Fund's assets as of the end of each Fiscal Year or Calendar Quarter in the case of Farringdon Alpha One. The performance fee is split between the Investment Manager, the Advisers and the Distributor. The Performance Fee for any Fiscal Year or Calendar Quarter is an amount equal to 20% of the net realised and unrealised appreciation, if any, in the Net Asset Value of the shares (adjusted for the sale and redemption of shares) during each Fiscal Year or Calendar Quarter of the relevant Sub-Fund, but only in the event the relevant Sub-Fund's Net Asset Value has increased for that Fiscal Year or Calendar Quarter and cumulatively since the issuance of the shares. The value is calculated after taking into account the annual Management Fee.

The performance fee mechanism is described in detail in the prospectus of the Company.

No performance fee was accrued and paid for the year ended 31 December 2017.

11 TRANSACTION COSTS

For the year ended 2017, the Company incurred transaction costs which have been defined as the commission paid by the Company to the intermediary relating to purchases or sales of transferable securities, money market instruments, derivatives or other eligible assets, as follows:

Farringdon Alpha One - EUR 889,167.89

Transaction costs are included in the transaction price used to calculate the realised and unrealised gain/loss on securities and Contracts For Differences (CFD's).

NOTES TO THE FINANCIAL STATEMENTS

12 **PROFITS AND LOSSES FROM INVESTMENTS AND FROM CONTRACTS FOR DIFFERENCES**

Description

Profit on Equities	EUR	46,574,866.46
Loss on Equities	EUR	-6,780,926.93
Loss on Investment Funds	EUR	-102,467.26
Profit on Short Holdings	EUR	4,563,458.91
Loss on Short Holdings	EUR	-26,803,506.38
	EUR	<u>17,451,424.80</u>

Description

Profit on contracts for differences	EUR	13,394,763.92
Loss on contracts for differences	EUR	-7,856,027.47
	EUR	<u>5,538,736.45</u>

Description

Loss on foreign exchange	EUR	-4,015,311.42
	EUR	<u>-4,015,311.42</u>

13 **VARIATION IN UNREALISED GAIN / LOSS ON INVESTMENTS**

Description

Variation in Unrealised gain on investments	EUR	(13,393,118.28)
Variation in Unrealised loss on investments	EUR	<u>(43,751,226.76)</u>
Variation in net unrealised depreciation on investments	EUR	<u>(57,144,345.04)</u>
Unrealised Profit as at December 31, 2017	EUR	167,183.06
Unrealised Profit as at December 31, 2016	EUR	<u>6,337,069.48</u>
Variation in net unrealised depreciation on CFDs	EUR	<u>(6,169,886.42)</u>

14 **DIFFERENCE BETWEEN THE NET ASSET VALUE PUBLISHED AS AT 31 DECEMBER 2017 AND THE ONE INCLUDED IN THE AUDITED ANNUAL REPORT**

The Net Asset Value of FARRINGDON I - FARRINGDON ALPHA ONE as at 29 December 2017 published by the Central Administration and amounting to EUR 174.96 per share is in agreement with the valuation methods described in the Prospectus and summarised in Note 2, using the market information available from several leading sources when calculating the Net Asset Value on that day.

However, the Net Asset Value disclosed in the present annual report and amounting to EUR 174.67 per share (Class A) and EUR 174.77 per share (Class B), has been calculated considering the movements in subscriptions and redemptions on 29 December 2017 as well as the change in valuation of the securities in portfolio between the Net Asset Value calculation on 29 December 2017 and the closing of operations at the end of that day.

NOTES TO THE FINANCIAL STATEMENTS

15 **SECURITIES FINANCING TRANSACTION REGULATION (Unaudited)**

Securities Financing Transaction Regulation ("SFTR") introduces reporting requirements for securities financing transactions ("SFT's") and total return swaps ("TRS"). These are disclosed hereafter.

Global Data

Global Data as of 31 December 2017

	Amount EUR	% of AUM
Securities borrowing	226,669,591.31	100.36
	<u>226,669,591.31</u>	<u>100.36</u>

Concentration Data

Collateral issuers as at 31 December 2017

The long securities are considered as collateral for securities borrowing

Securities borrowing counterparties as at 31 December 2017

	Amount (EUR)
UBS	226,669,591.31
Total	<u>226,669,591.31</u>

Aggregate Transaction Data

The long securities are considered as collateral for the securities borrowing