

**FARRINGDON I**

**AUDITED ANNUAL REPORT**

**31 DECEMBER 2018**

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**

(until 31 October 2018)

Le Dôme (A)

15, rue Bender

L-1229, Luxembourg, Luxembourg

(starting from 1 November 2018)

6, rue Lou Hemmer

L-1748, Senningerberg, Luxembourg

**CUSTODIAN**

(until 31 October 2018)

Banque Carnegie Luxembourg S.A.

Le Dôme (A)

15, rue Bender

L-1229, Luxembourg, Luxembourg

(starting from 1 November 2018)

Northern Trust Global Services SE,

Luxembourg Branch

6, rue Lou Hemmer

L-1748, Senningerberg, Luxembourg

**ADMINISTRATION AND TRANSFER AGENT**

(until 31 October 2018)

Carnegie Fund Services S.A.

Le Dôme (A)

15, rue Bender

L-1229, Luxembourg, Luxembourg

(starting from 1 November 2018)

Northern Trust Luxembourg

Management Company S.A.

6, rue Lou Hemmer

L-1748, Senningerberg, Luxembourg

**AUDITOR**

PricewaterhouseCoopers, Société coopérative

2, rue Gerhard Mercator

L-2182, Luxembourg, Luxembourg

**LEGAL COUNSEL**

Bonn Steichen & Partners

2, Rue Peternelchen - Immeuble C2

L-2370, Howald, Luxembourg

**DISTRIBUTOR**

(until 30 June 2018)

Farrington Funds Marketing

and Distribution Limited

59 - 64 Acropolis Avenue

3rd Floor, Office 301 Strovolos

CY-2012, Nicosia, Cyprus

**INVESTMENT MANAGER**

Farrington Netherlands BV

Jan Luijkenstraat 5,

1071CJ, Amsterdam,

The Netherlands

**AIFM**

Carne Global Fund Managers

(Luxembourg) S.A.

European Bank and Business Center

6 B, route de Trèves

L-2633, Senningerberg, Luxembourg

**ADVISORS**

Farrington Denmark ApS

Graabroedretorv 6

DK-1154, Copenhagen,

Denmark

Farrington Operations BV

Jan Luijkenstraat 5,

1071CJ, Amsterdam,

The Netherlands

**PRIME BROKER**

UBS AG

Acting through its London Branch

1 Finsbury Avenue

London, EC2M 2PP,

United Kingdom

**BOARD OF 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 174.67 to EUR153.99, representing a loss of -11.84%. The total net assets decreased during the year from EUR150.68mn to EUR53.41mn.

CLASS B SHARES: In November 2018 the B-share class was fully redeemed.

### **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, Farrington 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.

The AIFM confirms it has maintained appropriate capital adequacy provisions as required by the CSSF.

### **Leverage**

The leverage employed by the AIF as per December 31, 2018 was 295.83% of the AIF's net asset value based on the gross method and 251.52% 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 the 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.

### **Potential Brexit Impact:**

A) **Distribution:** Farringdon I has a European passport to distribute the Farringdon I fund into the United Kingdom. We will therefore apply for the Temporary Permission Regime ("TPR"). Carne, the management company for Farringdon I, has received confirmation from the UK FCA that the TPR application must be done only by the Fund's operator (i.e. the Fund's management company or AIFM, in this case Carne). Carne has applied for the TPR in March 2019.

B) **Custody of Assets:** Farringdon I has a prime brokerage relationship with UBS AG, London Branch, which is the UBS branch of the Swiss Parent Company. We have been informed by UBS that therefore there is no need to any change in the documentation nor does Brexit have any impact on the Prime Brokerage relationship.

C) **Executing broker:** all our equity and bond trading is done via UBS and Northern Trust. All relationships which were previously with a UK entity have been transferred to European SE structure to ensure all trades will be executed under European Regulation.

### **Material Changes**

Following the departure of Mr Attilio Femiano at the end of 2017, Mr James Bolton was approved as Conducting Officer for Delegate Oversight, Risk and Compliance by the CSSF on 5 February 2018. Mrs Elisabeth Patino George was also approved as Conducting Officer for Portfolio Management at the same time. In June 2018, Mr Andrew Hehir, Head of Compliance and MLRO resigned and on 18 November 2018, Mr Christophe Douche was appointed as Head of Risk with the CSSF approving his appointment as Conducting Officer for Risk. He was also approved by the CSSF as Compliance and MLRO on 28 December 2018. Those changes apply to the AIFM.

The Company's Prospectus was amended in October 2018 to reflect the change of registered office, Depositary, Central Administration on 1 November 2018.

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

**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 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.

The Board of Directors of the AIFM is responsible for the design, implementation and regular review of the Remuneration Policy. 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 AIFs it manages are adequately reflected.

A copy of the AIFM Remuneration Policy is available, free of charge, at the registered office of the AIFM and at the following address: [www.carnegroup.com](http://www.carnegroup.com).

**Proportion of the total remuneration of the staff of the AIFM attributable to Farrington I, as of December 31, 2018<sup>1</sup>.**

The below table represents the proportion of the total remuneration attributable to Farrington I has been calculated on a pro-rata basis and on the basis of the total AUM of AIFs managed by the AIFM.

	Number of Beneficiaries	Total Remuneration EUR <sup>2</sup>	Fixed Remuneration in % of total	Variable Remuneration in % of total	Carried Interest paid in % of total
Total remuneration paid to Identified Staff <sup>3</sup> by the AIFM during the financial year	7	1,764,117.00	0.95%	0.30%	0.00%

1 31 December is the financial year end of the AIFM.

2 Total remuneration = sum of fixed remuneration and variable remuneration paid during the AIFM’s financial year.

3 Identified Staff comprises = Chief Executive Officer, Conducting Officers and Head of Legal and Compliance.



## **Audit report**

To the Shareholders of  
**FARRINGDON I**

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### **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 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 securities portfolio as at 31 December 2018;
- 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.

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### **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.

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### **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.

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#### **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.

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#### **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, 3 May 2019

A handwritten signature in black ink, appearing to read 'C. Crépin', is written over the printed name.

Christelle Crépin

**STATEMENT OF NET ASSETS AS AT 31 DECEMBER 2018**

	COMBINED (EUR)	FARRINGDON ALPHA ONE (EUR)
<b>ASSETS</b>		
Securities portfolio at market value (Note 2.1)	91,002,077.47	91,002,077.47
Cash at banks and liquidities	25,815,258.04	25,815,258.04
Dividend income receivable	54,075.25	54,075.25
<b>OTHER ASSETS</b>		
Securities sold receivable	65,322.79	65,322.79
Other receivables	3,616.19	3,616.19
Total Other Assets	68,938.98	68,938.98
Total Assets	116,940,349.74	116,940,349.74
<b>LIABILITIES</b>		
Short sales of securities (Note 2.2)	(41,071,068.54)	(41,071,068.54)
Bank borrowings (Note 5)	(19,911,518.28)	(19,911,518.28)
Securities purchased payable	(2,268,576.89)	(2,268,576.89)
Dividends payable on short sales	(60,096.55)	(60,096.55)
Taxe d'abonnement payable (Note 4)	(6,509.90)	(6,509.90)
Investment management fee payable (Note 7)	(87,834.26)	(87,834.26)
Custodian and administration fee payable (Note 6)	(16,316.42)	(16,316.42)
Commission payable to broker	(62,705.17)	(62,705.17)
Other payables	(46,511.23)	(46,511.23)
Total Liabilities	(63,531,137.24)	(63,531,137.24)
<b>NET ASSETS AT THE END OF THE YEAR</b>	<b>53,409,212.50</b>	<b>53,409,212.50</b>

**NET ASSET VALUE PER SHARE AS AT 31 DECEMBER 2018**

Net asset value per share - Class A

FARRINGDON ALPHA ONE (EUR)
153.99

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	COMBINED (EUR)	FARRINGDON ALPHA ONE (EUR)
<b>INCOME</b>		
Dividends, net (Note 2.5)	2,483,207.92	2,483,207.92
Interest on bonds, net (Note 2.5)	4,212,806.78	4,212,806.78
Bank Interest	389,637.24	389,637.24
<b>Total Income</b>	<b>7,085,651.94</b>	<b>7,085,651.94</b>
<b>EXPENSES</b>		
Dividends paid on short sales (Note 2.5)	(3,705,470.85)	(3,705,470.85)
AIFM and Management fees (Note 7)	(2,652,506.37)	(2,652,506.37)
Bank charges and commissions on securities borrowing	(2,088,475.94)	(2,088,475.94)
Custodian and administration fee (Note 6)	(255,851.26)	(255,851.26)
Taxe d'abonnement (Note 4)	(75,980.40)	(75,980.40)
Professional expenses	(123,450.24)	(123,450.24)
Other expenses	(419,205.91)	(419,205.91)
<b>Total Expenses</b>	<b>(9,320,940.97)</b>	<b>(9,320,940.97)</b>
<b>Net loss from investments</b>	<b>(2,235,289.03)</b>	<b>(2,235,289.03)</b>
Net realised loss on securities (Note 10)	(77,474,636.30)	(77,474,636.30)
Net realised loss on contracts for differences	(84,554.72)	(84,554.72)
Net realised loss on forward exchange currency contract	(33,762.18)	(33,762.18)
Net realised profit on foreign exchange	3,253,863.49	3,253,863.49
<b>Net realised Loss</b>	<b>(76,574,378.74)</b>	<b>(76,574,378.74)</b>
Variation in net unrealised result on investments (Note 11)	52,655,609.87	52,655,609.87
Variation in net unrealised result on contracts for differences	(167,183.06)	(167,183.06)
Variation in net unrealised result on foreign exchange	(834,918.86)	(834,918.86)
<b>Decrease in net assets as a result of operations</b>	<b>(24,920,870.79)</b>	<b>(24,920,870.79)</b>
Subscriptions	3,487,844.42	3,487,844.42
Redemptions	(151,013,052.75)	(151,013,052.75)
<b>Decrease in net assets</b>	<b>(172,446,079.12)</b>	<b>(172,446,079.12)</b>
Net assets at the beginning of the year	225,855,291.62	225,855,291.62
<b>NET ASSETS AT THE END OF THE YEAR</b>	<b>53,409,212.50</b>	<b>53,409,212.50</b>

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

FARRINGDON I

**STATEMENT OF CHANGES IN NUMBER OF SHARES OUTSTANDING  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	FARRINGDON ALPHA ONE - CLASS A	FARRINGDON ALPHA ONE - CLASS B
Shares outstanding at 1 January 2018	862,657.7996	430,156.9106
Shares issued	21,555.0356	-
Shares redeemed	(537,375.9779)	(430,156.9106)
Shares outstanding at 31 December 2018	346,836.8573	-

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

	FARRINGDON ALPHA ONE - CLASS A	FARRINGDON ALPHA ONE - CLASS B*
31 December 2018		
Total net assets	53,409,212.50	-
Net asset value per share	153.99	-
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

\* Terminated 30 November 2018.

SECURITIES PORTFOLIO AS AT 31 DECEMBER 2018

NOMINAL	SECURITY DESCRIPTION	MARKET VALUE (EUR)	% OF NET ASSETS
<b>Transferable Securities Admitted To An Official Exchange Listing</b>			
<b>Shares and rights</b>			
<u>Belgium</u>			
511,245	Balta Group NV	1,697,333.40	3.18
50,275	D'ieteren SA	1,655,053.00	3.10
19,994	Financiere de Tubize SA	1,213,635.80	2.27
38,446	KBC Ancora	1,431,729.04	2.68
641,111	Radisson Hospitality AB	2,588,504.33	4.85
		<u>8,586,255.57</u>	<u>16.08</u>
<u>France</u>			
40,342	Sword Group	1,169,918.00	2.19
		<u>1,169,918.00</u>	<u>2.19</u>
<u>Germany</u>			
53,385	Corestate Capital Holding SA	1,617,565.50	3.03
136,605	RIB Software SE	1,616,037.15	3.03
121,659	Rocket Internet SE	2,455,078.62	4.60
25,692	Sixt SE Preference Shares	1,233,216.00	2.31
779,001	Tom Tailor Holding SE	1,713,802.20	3.21
125,396	Zeal Network SE	2,608,236.80	4.88
		<u>11,243,936.27</u>	<u>21.06</u>
<u>Ireland</u>			
1,561,509	IFG Group PLC	2,299,322.00	4.31
33,846,560	Independent News & Media PLC	2,024,024.29	3.79
		<u>4,323,346.29</u>	<u>8.10</u>
<u>Netherlands</u>			
22,715	Basic-Fit NV	589,454.25	1.10
426,905	BinckBank NV	2,599,851.45	4.87
1,257,179	Koninklijke BAM Groep NV	3,160,548.01	5.92
		<u>6,349,853.71</u>	<u>11.89</u>
<u>Norway</u>			
398,412	Hoegh LNG Holdings Ltd	1,534,252.06	2.87
347,502	Skandiabanken ASA	2,630,803.04	4.93
		<u>4,165,055.10</u>	<u>7.80</u>
<u>Spain</u>			
356,045	Telepizza Group SA	2,097,105.05	3.93
		<u>2,097,105.05</u>	<u>3.93</u>

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

SECURITIES PORTFOLIO AS AT 31 DECEMBER 2018

NOMINAL	SECURITY DESCRIPTION	MARKET VALUE (EUR)	% OF NET ASSETS
<b>Transferable Securities Admitted To An Official Exchange Listing (continued)</b>			
<b>Shares and rights (continued)</b>			
	<u>Sweden</u>		
284,355	Scandi Standard AB	1,733,338.28	3.25
		<u>1,733,338.28</u>	<u>3.25</u>
	<u>Switzerland</u>		
21,743	Rieter Holding AG	2,486,772.77	4.66
		<u>2,486,772.77</u>	<u>4.66</u>
	<u>United Kingdom</u>		
2,663,224	Firstgroup PLC	2,470,915.00	4.63
443,948	GNC Holdings Inc - Class A	918,312.64	1.72
3,378,678	Interserve PLC	399,167.68	0.75
20,901	Intertrust NV	307,035.69	0.57
4,734,447	Premier Foods PLC	1,738,069.98	3.25
7,157,762	Renewi PLC	2,623,715.44	4.91
		<u>8,457,216.43</u>	<u>15.83</u>
	TOTAL SHARES AND RIGHTS	<u>50,612,797.47</u>	<u>94.78</u>
	TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL EXCHANGE LISTING	<u>50,612,797.47</u>	<u>94.78</u>
<b>Other Transferable Securities</b>			
<b>Bonds</b>			
	<u>Germany</u>		
40,000,000	Deutschland Bundesrepublik 0% 06/12/2020	40,389,280.00	75.62
		<u>40,389,280.00</u>	<u>75.62</u>
	TOTAL BONDS	<u>40,389,280.00</u>	<u>75.62</u>
	TOTAL OTHER TRANSFERABLE SECURITIES	<u>40,389,280.00</u>	<u>75.62</u>
<b>TOTAL SECURITIES PORTFOLIO</b>		<u>91,002,077.47</u>	<u>170.40</u>

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

SECURITIES PORTFOLIO AS AT 31 DECEMBER 2018

NOMINAL	SECURITY DESCRIPTION	MARKET VALUE (EUR)	% OF NET ASSETS
<b>Short Sales of Transferable Securities Admitted To An Official Exchange Listing</b>			
<b>Short Sales of Shares</b>			
	<u>Belgium</u>		
(28,882)	KBC Group NV	(1,637,031.76)	(3.06)
(16,329)	UCB SA	(1,164,257.70)	(2.18)
		<u>(2,801,289.46)</u>	<u>(5.24)</u>
	<u>Canada</u>		
(56,234)	Alimentation Couche-Tard Inc - Class B	(2,441,442.71)	(4.57)
(37,181)	Canada Goose Holdings Inc	(1,418,612.27)	(2.66)
(57,016)	Stantec Inc	(1,090,252.24)	(2.04)
		<u>(4,950,307.22)</u>	<u>(9.27)</u>
	<u>Denmark</u>		
(60,372)	Novozymes A/S - Class B	(2,352,204.06)	(4.40)
(4,407)	Rockwool International A/S	(1,003,431.39)	(1.88)
		<u>(3,355,635.45)</u>	<u>(6.28)</u>
	<u>Germany</u>		
(12,500)	Delivery Hero SE	(406,250.00)	(0.76)
(24,669)	LEG Immobilien AG	(2,247,839.28)	(4.21)
(5,167)	Rational AG	(2,562,832.00)	(4.80)
(25,883)	Sixt SE	(1,791,103.60)	(3.35)
(1,862)	VTG AG	(91,051.80)	(0.17)
		<u>(7,099,076.68)</u>	<u>(13.29)</u>
	<u>Italy</u>		
(167,680)	Amplifon SpA	(2,355,904.00)	(4.41)
		<u>(2,355,904.00)</u>	<u>(4.41)</u>
	<u>Sweden</u>		
(80,332)	ICA Gruppen AB	(2,506,141.36)	(4.69)
		<u>(2,506,141.36)</u>	<u>(4.69)</u>
	<u>Switzerland</u>		
(19,806)	Orior AG	(1,401,702.57)	(2.62)
		<u>(1,401,702.57)</u>	<u>(2.62)</u>

SECURITIES PORTFOLIO AS AT 31 DECEMBER 2018

NOMINAL	SECURITY DESCRIPTION	MARKET VALUE (EUR)	% OF NET ASSETS
<b>Short Sales of Transferable Securities Admitted To An Official Exchange Listing (Continued)</b>			
<b>Short Sales of Shares (Continued)</b>			
	<u>United States of America</u>		
(31,709)	Altria Group Inc	(1,366,884.07)	(2.56)
(48,168)	CyrusOne Inc	(2,223,106.00)	(4.16)
(23,901)	Digital Realty Trust Inc	(2,222,693.79)	(4.16)
(39,452)	Las Vegas Sands Corp.	(1,792,255.28)	(3.35)
(13,789)	McCormick & Company Inc	(1,675,741.00)	(3.14)
(63,362)	SeaWorld Entertainment Inc	(1,221,615.97)	(2.29)
(43,840)	Shake Shack Inc	(1,737,912.01)	(3.25)
(12,050)	Sturm Ruger & Company Inc	(559,721.55)	(1.05)
(31,961)	Toro Company/The	(1,558,787.33)	(2.92)
(164,581)	Wendy's Company/The	(2,242,294.80)	(4.20)
		<u>(16,601,011.80)</u>	<u>(31.08)</u>
	TOTAL SHORT SALES OF SHARES	<u>(41,071,068.54)</u>	<u>(76.90)</u>
	TOTAL SHORT SALES OF TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL EXCHANGE LISTING	<u>(41,071,068.54)</u>	<u>(76.90)</u>

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

**INDUSTRY SECTOR ANALYSIS AS AT 31 DECEMBER 2018**

	%
	<b>OF NET ASSETS</b>
Agriculture	(2.56)
Apparel	(2.66)
Banks	1.86
Building Materials	(1.88)
Chemicals	(4.40)
Commercial Services	(0.30)
Computers	2.19
Distribution	3.10
Diversified Finance Services	9.75
Engineering and Construction	3.88
Entertainment	2.60
Environmental Control	4.91
Food	(3.95)
Holding Companies	2.27
Home Furnishings	(4.80)
Housewares	(2.92)
Internet	3.84
Investment Companies	2.68
Leisure Time	1.10
Lodging	1.49
Machinery	4.66
Manufacturing	(1.05)
Media	3.79
Pharmaceuticals	(6.59)
Real Estate Investment & Services	(1.18)
Real Estate Investment Trusts	(8.32)
Retail	(3.17)
Software	3.03
Sovereign	75.62
Textiles	3.18
Transportation	7.33
	<u>93.49</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.

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

## 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 2018.

**2.3 Realised profit and loss on investments**

Profits and losses on sales of investments have been determined on the basis of average cost until 31 October 2018 and on the basis of first in first out from 01 November 2018.

**2.4 Foreign exchange**

The financial statements of the Company are maintained in EUR.

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 2018. The cost of investments in currencies other than the base currency of the Sub-Fund is converted at the rates of exchange prevailing at the historical transaction 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 2018**

1 CAD	=	0.63931343	EUR	1 NOK	=	0.09847632	EUR
1 CHF	=	0.88797507	EUR	1 SEK	=	0.03319391	EUR
1 DKK	=	0.13393550	EUR	1 USD	=	0.87279070	EUR
1 GBP	=	1.11245911	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.

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**NOTES TO THE FINANCIAL STATEMENTS****5 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 2018 the Sub-Fund had borrowings totalling EUR 19.91 million, which represent 37.28% 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.

**6 CUSTODIAN AND ADMINISTRATION FEES**

Until 31 October 2018, Banque Carnegie Luxembourg S.A. acted as the Depositary of the Company. Up to the 31 October 2018, the Depositary was entitled to a Depositary fee which should not exceed the annual rate of 0.0528% of the Net Asset Value of the relevant Sub-Fund.

From 1 November 2018, Northern Trust Global Services SE, Luxembourg Branch was appointed as Depositary of the Company. From the 1 November 2018, the Depositary is entitled to a Depositary fee which shall not exceed the annual rate of 0.05% of the Net Asset Value of the relevant Sub-Fund.

Until 31 October 2018, Banque Carnegie Luxembourg S.A. acted as the Administration Agent, Domiciliary Agent, Registrar and Transfer Agent and Paying Agent of the Company. The Administration Agent was entitled to an Administrative fee which shall not exceed the annual rate of 0.10% of the Net Asset Value of the relevant Sub-Fund.

From 1 November 2018, Northern Trust Global Services SE, Luxembourg Branch was appointed as Administration Agent, Domiciliary Agent, Registrar and Transfer Agent and Paying Agent of the Company. The Administration Agent is entitled to an Administrative fee which shall not exceed the annual rate of 0.10% of the Net Asset Value of the relevant Sub-Fund.

**7 AIFM AND MANAGEMENT FEES**

Carne Global Fund Managers (Luxembourg) S.A. has been appointed as Alternative Investment Fund Manager (the "AIFM") under an Alternative Investment Fund Management Agreement entered into on 22 June 2015. 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.

Farringdon Netherlands BV has been appointed as Investment Manager pursuant to an Investment Management Agreement effective from 22 June 2015. 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.

**8 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.

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**NOTES TO THE FINANCIAL STATEMENTS****8 PERFORMANCE FEE (continued)**

If a share has a Net Loss allocable to it during any Fiscal Year or Calendar Quarter and during a subsequent Fiscal Year or Calendar Quarter there is a Net Profit allocable to the share there will be no Performance Fee payable with respect to the share until the amount of the Net Loss previously allocated to the share has been recouped (also called High Water Mark principle).

"Net Profit" means, the excess of (i) the aggregate revenue, income and gains (realised and unrealised) earned on an accrual basis by the relevant Sub-Fund during the Fiscal Year or Calendar Quarter from all sources and (ii) any reserves released during the Fiscal Year or Calendar Quarter over (a) the expenses and losses (realised and unrealised) incurred on an accrual basis by the relevant Sub-Fund during the Fiscal Year or Calendar Quarter and (b) any reserves established by the relevant Sub-Fund during the Fiscal Year or Calendar Quarter.

"Net Losses" means, the excess of (i) the expenses and losses (realised and unrealised) incurred on an accrual basis by the relevant Sub-Fund during the Fiscal Year or Calendar Quarter and (ii) any reserves established by the relevant Sub-Fund during the Fiscal Year or Calendar Quarter over (a) the aggregate revenue, income and gains (realised and unrealised) earned on an accrual basis by the relevant Sub-Fund during the Fiscal Year or Calendar Quarter from all sources and (b) any reserves released during the Fiscal Year or Calendar Quarter.

If shares are redeemed on a date other than the last Valuation Date of a year, a Performance Fee calculation with respect to the redeemed shares will be made on the Valuation Date and if a Performance Fee has accrued, it will be payable from the relevant Sub-Fund's assets. The calculation of the Performance Fee will be made as if the Valuation Date was the end of the Fiscal Year, in other words the performance fee will still be 20%. Any equalisation credits applicable to the shares redeemed that are not used on redemption will be lost.

However, when Shares are subscribed for during the course of a Fiscal Year or at the beginning of the Fiscal Year when there is a Loss Carryover<sup>1</sup>, certain adjustments are necessary. This is done so that (i) the Performance Fee paid to the Investment Manager and advisors is charged only to those Shares which have appreciated in value since their acquisition, (ii) all Shareholders will have the same amount per Share at risk and (iii) all Shares will have the same Net Asset Value.

When the Net Asset Value per Share is more than the Year or Quarter Beginning Value, the Offering Price is the sum of the Net Asset Value per Share and the "Equalization Factor".

The Equalization Factor is an amount which the Shares outstanding since Year or Quarter Beginning should be charged (that is, 20% of the increase in Net Asset Value since Year or Quarter Beginning), and which the Shares subscribed for at the date of the Interim Purchase should not be charged. To the extent that the increase in value of the Shares that cause the payment of the Equalization Factor is not lost in the current year or quarter, the Equalization Factor attributable to such increase becomes payable to the Shareholder at the end of the current year or quarter. To the extent that the increase in value of the Shares that cause the payment of the Equalization Factor is lost in the year or quarter the Shares are purchased but is recovered in a subsequent year or quarter, the Equalization Factor attributable to such recovery will become payable to the Shareholder at the end of the year or quarter in which the recovery occurs. Upon redemption by a Shareholder of his Share, the same amount of the Equalization Factor will be paid to him as if the date of redemption were the last day of the Fiscal Year or Calendar Quarter in which the Shares are redeemed. Any Equalization Factor, or portion thereof, which is due to a Shareholder not redeeming his Shares will be used to purchase additional full Shares on behalf of such Shareholder as of the first day of the next succeeding Fiscal Year or Calendar Quarter.

<sup>1</sup> The Loss Carryover per unit at the beginning of any year or quarter shall be the Loss Carryover per unit at the beginning of the preceding year or quarter plus an amount equal to the decrease in the Net Asset Value per unit during the preceding year or quarter or minus an amount equal to the increase in Net Asset Value during the preceding year or quarter.

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**NOTES TO THE FINANCIAL STATEMENTS**
**8 PERFORMANCE FEE (continued)**

Certain adjustments are required at the end of the Fiscal Year or Calendar Quarter if Shares are purchased during a Fiscal Year or Calendar Quarter at a time when the Net Asset Value per Share is less than the Beginning Value or if Shares are purchased at the beginning of the Fiscal Year or Calendar Quarter when there is a Loss Carryover so that the purchasers of those Shares will be charged a Performance Fee equal to 20% of the net profits allocable to those Shares. These adjustments will be effected by redeeming a sufficient number of those Shares at the end of the Fiscal Year or Calendar Quarter so that the particular Shareholder will be charged the appropriate Performance Fee.

No performance fee was accrued and paid for the year ended 31 December 2018.

**9 TRANSACTION COSTS**

For the year ended 2018, the Company incurred transaction costs which have been defined as the commissions 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:

Farrington Alpha One - EUR 309,516.33

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).

**10 PROFITS AND LOSSES FROM INVESTMENTS**

<u>Description</u>	
Profit on Investments	EUR 40,760,127.92
Loss on Investments	EUR <u>(118,234,764.22)</u>
	EUR <u><u>(77,474,636.30)</u></u>

**11 VARIATION IN UNREALISED GAIN / LOSS**

<u>Description</u>	
Variation in Unrealised gain on investments	EUR 87,894,492.01
Variation in Unrealised loss on investments	EUR <u>(35,238,882.14)</u>
Variation in net unrealised appreciation on investments	EUR <u><u>52,655,609.87</u></u>

**12 SUBSEQUENT EVENTS**

With effect from 1 March 2019, the fund administration services of the Administrative Agent, Northern Trust Luxembourg Management Company S.A., and the custodian services of the Custodian Bank, Northern Trust Global Services SE, Luxembourg Branch, were transferred to Northern Trust Global Services SE.

There were no other material subsequent events that required adjustments or disclosure in the Notes to the Financial Statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**13 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 2018

	Amount EUR	% of AUM
Securities borrowing	<u>41,071,068.54</u>	<u>76.90</u>
	41,071,068.54	76.90

Concentration Data

Collateral issuers as at 31 December 2018

The long securities are considered as collateral for securities borrowing

Securities borrowing counterparties as at 31 December 2018

	Amount (EUR)
UBS	<u>41,071,068.54</u>
Total	41,071,068.54

Aggregate Transaction Data

The long securities are considered as collateral for the securities borrowing