

Semi-Annual Report 2016

Investment Company under Luxembourg Law (SICAV)

R.C.S. Luxembourg N° B 166 082

Unaudited semi-annual report as of 30 June 2016

Corundum Diversity SICAV

Corundum Diversity SICAV – Corundum Stability Fund

Unaudited semi-annual report as of 30 June 2016

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Sales restrictions

Shares of this Company may not be offered, sold or distributed within the United States of America.

In Switzerland, the subfunds of the Company (the “subfunds”) will only be available to so-called “qualified investors” in accordance with the private placement exemptions set forth by article 3 of the Swiss law on collective investment schemes (“CISA”).

Management and Administration

Semi-Annual Report as of 30 June 2016
Corundum Diversity SICAV

Registered Office

33A, avenue J.F. Kennedy,
L-1855 Luxembourg
R.C.S. Luxembourg N° B 166 082

Board of Directors

Enrico Zanollo, Chairman
Granite Investment AG
Zurich

Martin Rausch, Director
Pharus Management Lux S.A.
Luxembourg

Lidia Palumbo, Director
Pharus Management Lux S.A.
Luxembourg

Distributor and Management Company

Pharus Management Lux S.A.
32-36, Boulevard d'Avranches
L-1160 Luxembourg

Custodian Bank and main paying agent

UBS (Luxembourg) S.A.,
33A, avenue J.F. Kennedy,
L-1855 Luxembourg

Central Administration

UBS Fund Services (Luxembourg) S.A.,
33A, avenue J.F. Kennedy,
L-1855 Luxembourg

Investment Manager

Pharus Management S.A. (until 2 May 2016)
7, Via Pollini
CH-6850 Mendrisio

Pharus Management Lux S.A. (since 3 May 2016)
16, avenue de la Gare
L-1610 Luxembourg

Auditor of the Company

PricewaterhouseCoopers, Société coopérative
2, rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg

The sales prospectus, the KIID, the articles of association of the Company, the annual and semi-annual reports as well as the portfolio movements of the Company mentioned in this publication are available free of charge at the sales agencies and at the registered office of the Company.

Information for Investors in Switzerland

All subfunds of Corundum Diversity SICAV qualify as foreign open-ended collective investment schemes pursuant to article 119 para. 1 Swiss law on collective investment schemes ("CISA") as amended. Those subfunds will not be authorized for distribution to non-qualified investors in and from Switzerland and their shares will only be offered to qualified investors pursuant to article 10 para. 3 CISA or sold in accordance with the exemptions set forth by article 3 para. 2 CISA.

Representative agent
Pharus Management S.A.
Via Pollini 7
CH-6850 Mendrisio

Paying agent
UBS AG
Aeschenplatz 6,
4002 Basel and Bahnhofstrasse 45, 8090 Zurich,
Switzerland

The relevant legal documents are available free of charge from the representative agent in Switzerland.

Features of the Company

Semi-Annual Report as of 30 June 2016
Corundum Diversity SICAV

Corundum Diversity SICAV (previously named Granite Investment SICAV) (hereafter called the "Company") is an investment company qualifying as a "société d'investissement à capital variable" (SICAV) and set up as an Umbrella Fund with the possibility to launch multiple subfunds under the laws of the Grand Duchy of Luxembourg, which envisages to invest in transferable securities and in other liquid financial assets referred to in article 41, paragraph (1) of the 2010 Law, as amended in accordance with the investment policy of each particular subfund. The Company complies with the requirements of the UCITS Directive 2009/65/EC.

The Company is characterised by an "umbrella construction" which comprises several specific pool of assets known as "subfunds" for each of which various classes of shares may be issued.

The Company was incorporated on 19 December 2011 as an open-end investment company under Luxembourg law in the legal form of a limited company (société anonyme) having the status of an investment company with variable capital (Société d'investissement à capital variable) in accordance with Part I of the Luxembourg law relating to undertakings for collective investment enacted on 17 December 2010, as amended.

The Company was initially incorporated under the denomination of "GRANITE INVESTMENT SICAV" and changed its denomination into Corundum Diversity SICAV pursuant to the resolutions passed by the extraordinary general meeting of shareholders held on 16 March 2015.

Following the extraordinary general meeting of shareholders held on 16 March 2015, PHARUS MANAGEMENT LUX S.A., a chapter 15 management company and having its registered office at 32-36, boulevard d'Avranches, L-1160 Luxembourg has been appointed to act as the management company of the Fund (the "Management Company").

The Management Company is a company incorporated in Luxembourg as a "société anonyme" on 3 July 2012 for an indefinite duration and registered in the Luxembourg Commercial Register under Number B 169 798. Its registered capital is set at three-hundred fifty thousand euro (EUR 350 000) divided into three hundred and fifty (350) registered shares, with a nominal value of one thousand euro (EUR 1 000), each fully paid up.

The Board of Directors reserves the right to launch new subfunds at any time. The particulars and investment policy of such subfunds are to be communicated through a revised Prospectus. Furthermore, the investors may be informed through a newspaper announcement, if deemed appropriate by the Board of Directors. In compliance with the regulations laid down in the prospectus, the Board of Directors reserves the right to liquidate or to merge certain subfunds.

As per 30 June 2016, the following subfund is active:

Corundum Diversity SICAV	Currency of the subfund
– Corundum Stability Fund	USD

The entirety of the subfund's net assets forms the total net assets of the Company, which at any time correspond to the share capital of the Company and consist of fully paid in and non-par-value shares.

The financial year of the Company starts on the first of January and ends on the thirty first of December.

The ordinary general meeting shall be held each year on the 20th day of April at 11.30 hours a.m. at the registered office of the Company or at any address specified in the notice of meeting. If the 20th day of April happens to be a holiday, the ordinary general meeting shall be held on the following day, which is open for business in Luxembourg.

The shareholder has the right to one vote per share held, irrespective of the difference in value of shares in the respective subfunds. Shares of a particular subfund carry the right of one vote per share held when voting at meetings affecting this subfund.

The Board of Directors of the Company draws the investors' attention to the fact that any investor will only be able to fully exercise its investor rights directly against the Company, (notably the right to participate in general shareholders' meetings - if the investor is registered himself and in its own name in the shareholders' register).

In cases where an investor invests in the Company through an intermediary investing into the Company in his own name but on behalf of the investor, it may not always be possible for the investor to directly exercise certain shareholder rights. Investors are therefore advised to take external advice on their rights in this respect.

Only the information contained in the sales prospectus and in one of the documents referred to therein shall be deemed to be valid.

The annual and semi-annual reports are available free of charge to shareholders at the registered office of the Company and the custodian bank.

No subscription may be accepted on the basis of the financial reports. Subscriptions are accepted only on the basis of the current prospectus accompanied by the latest annual report and the latest semi-annual report if available.

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

Corundum Diversity SICAV – Corundum Stability Fund

Semi-Annual Report as of 30 June 2016

Most important figures

Date	ISIN	30.6.2016	31.12.2015	31.12.2014
Net assets in USD		167 094 047.57	160 382 410.04	154 252 074.19
Class B CHF-hedged¹	LU1226366406			
Shares outstanding		16 915.0000	20 015.0000	-
Net asset value per share in CHF ²		100.32	98.19	-
Class C USD	LU0722037982			
Shares outstanding		1 345 691.0010	1 331 355.3250	1 324 484.1290
Net asset value per share in USD ²		107.85	104.64	102.81
Class D EUR-hedged	LU0776891847			
Shares outstanding		172 964.9700	171 244.9700	147 429.9700
Net asset value per share in EUR ²		105.24	102.73	101.39

¹ First NAV: 1.6.2015

² See note 1

Structure of the Securities Portfolio

Geographical Breakdown as a % of net assets	
United States	36.03
Supranationals	9.13
Germany	5.99
India	5.22
Cayman Islands	4.74
Netherlands	4.12
British Virgin Islands	3.59
Canada	3.00
Ireland	2.80
Hong Kong	1.83
South Korea	1.81
Indonesia	1.48
Austria	1.33
Luxembourg	1.29
Japan	1.22
China	1.22
United Arab Emirates	1.20
Bermuda	0.92
Russian Federation (CIS)	0.62
Chile	0.61
Oman	0.60
United Kingdom	0.49
Switzerland	0.32
Panama	0.30
Total	89.86

Economic Breakdown as a % of net assets	
Countries & central governments	27.87
Finance & holding companies	18.40
Banks & credit institutions	18.23
Supranational organisations	9.13
Miscellaneous services	3.54
Energy & water supply	3.02
Telecommunications	2.42
Traffic & transportation	2.12
Miscellaneous unclassified companies	1.32
Rubber & tyres	1.16
Petroleum	0.62
Internet, software & IT services	0.61
Biotechnology	0.60
Mining, coal & steel	0.49
Insurance	0.33
Total	89.86

Statement of Net Assets

	USD
Assets	30.6.2016
Investments in securities, cost	149 297 524.08
Investments in securities, unrealized appreciation (depreciation)	844 988.15
Total investments in securities (Note 1)	150 142 512.23
Cash at banks, deposits on demand and deposit accounts	18 822 830.51
Interest receivable on securities	725 068.02
Interest receivable on liquid assets	2.34
Unrealized gain (loss) on forward foreign exchange contracts (Note 1)	-313 161.70
Total Assets	169 377 251.40
Liabilities	
Payable on securities purchases (Note 1)	-2 078 677.96
Provisions for Global fees (Note 2)	-183 813.26
Provisions for taxe d'abonnement (Note 3)	-20 712.61
Total provisions	-204 525.87
Total Liabilities	-2 283 203.83
Net assets at the end of the period	167 094 047.57

Statement of Operations

	USD
Income	1.1.2016-30.6.2016
Interest on liquid assets	1 538.88
Interest on securities	1 729 923.38
Total income	1 731 462.26
Expenses	
Global fees (Note 2)	-815 027.16
Taxe d'abonnement (Note 3)	-41 472.25
Other expenses	-418.38
Total expenses	-856 917.79
Net income (loss) on investments	874 544.47
Realized gain (loss) (Note 1)	
Realized gain (loss) on market-priced securities without options	302 720.10
Realized gain (loss) on forward foreign exchange contracts	349 743.69
Realized gain (loss) on foreign exchange	-76 169.54
Total realized gain (loss)	576 294.25
Net realized gain (loss) of the period	1 450 838.72
Changes in unrealized appreciation (depreciation) (Note 1)	
Unrealized appreciation (depreciation) on market-priced securities without options	3 968 964.84
Unrealized appreciation (depreciation) on forward foreign exchange contracts	-135 196.32
Total changes in unrealized appreciation (depreciation)	3 833 768.52
Net increase (decrease) in net assets as a result of operations	5 284 607.24

Statement of Changes in Net Assets

	USD
	1.1.2016-30.6.2016
Net assets at the beginning of the period	160 382 410.04
Subscriptions	2 518 658.09
Redemptions	-1 091 627.80
Total net subscriptions (redemptions)	1 427 030.29
Net income (loss) on investments	874 544.47
Total realized gain (loss)	576 294.25
Total changes in unrealized appreciation (depreciation)	3 833 768.52
Net increase (decrease) in net assets as a result of operations	5 284 607.24
Net assets at the end of the period	167 094 047.57

Changes in the Number of Shares outstanding

	1.1.2016-30.6.2016
Class	B CHF-hedged
Number of shares outstanding at the beginning of the period	20 015.0000
Number of shares issued	1 000.0000
Number of shares redeemed	-4 100.0000
Number of shares outstanding at the end of the period	16 915.0000
Class	C USD
Number of shares outstanding at the beginning of the period	1 331 355.3250
Number of shares issued	20 615.6760
Number of shares redeemed	-6 280.0000
Number of shares outstanding at the end of the period	1 345 691.0010
Class	D EUR-hedged
Number of shares outstanding at the beginning of the period	171 244.9700
Number of shares issued	1 820.0000
Number of shares redeemed	-100.0000
Number of shares outstanding at the end of the period	172 964.9700

Statement of Investments in Securities and other Net Assets as of 30 June 2016

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
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Transferable securities and money market instruments listed on an official stock exchange

Notes, fixed rate

USD			
USD ABU DHABI NATIONAL ENERGY CO PJSC-REG-S 2.50000% 12-12.01.18	2 000 000.00	2 012 400.00	1.21
USD ALIBABA GROUP HOLDING LTD 2.50000% 15-28.11.19	5 000 000.00	5 058 450.00	3.03
USD AMGEN INC 1.25000% 14-22.05.17	1 000 000.00	1 001 611.00	0.60
USD AT&T INC 1.40000% 12-01.12.17	3 000 000.00	3 004 803.00	1.80
USD BHARTI AIRTEL LTD-REG-S 4.37500% 15-10.06.25	1 000 000.00	1 042 190.00	0.62
USD CANADA, GOVERNMENT 0.87500% 12-14.02.17	5 000 000.00	5 008 100.00	3.00
USD CBQ FINANCE LTD-REG-S 2.87500% 14-24.06.19	520 000.00	525 246.80	0.31
USD COSL FINANCE BVI LTD-REG-S 3.25000% 12-06.09.22	1 500 000.00	1 487 358.00	0.89
USD EUROPEAN INVESTMENT BANK 1.62500% 13-18.12.18	15 000 000.00	15 249 945.00	9.13
USD GAJAH TUNGGAL TBK PT-REG-S 7.75000% 13-06.02.18	2 500 000.00	1 942 400.00	1.16
USD HYUNDAI CAPITAL AMERICA INC-REG-S 1.45000% 14-06.02.17	1 000 000.00	1 001 194.00	0.60
USD KOREA GAS CORP-REG-S 2.25000% 12-25.07.17	3 000 000.00	3 027 990.00	1.81
USD PERUSAHAAN PENERBIT SBSN-REG-S 4.55000% 16-29.03.26	500 000.00	523 715.00	0.31
USD RHSB CAP SA OJSC RUSSIAN AGCRL BK-REG-S 5.29800% 12-27.12.17	1 000 000.00	1 030 000.00	0.62
USD TENCENT HOLDINGS LTD-REG-S 3.37500% 12-05.03.18	1 000 000.00	1 024 610.00	0.61
USD VEDANTA RESOURCES PLC-REG-S 8.25000% 11-07.06.21	1 000 000.00	823 490.00	0.49
Total USD		43 763 502.80	26.19

Total Notes, fixed rate		43 763 502.80	26.19
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Notes, floating rate

CHF			
CHF SWISS REINSURANCE CO-SUB 7.250%/SFSW5+672BP 12-PRP	500 000.00	541 983.16	0.32
Total CHF		541 983.16	0.32
USD			
USD QNB FINANCE LTD-REG-S 3M LIBOR+125BP 13-31.10.16	300 000.00	299 754.00	0.18
Total USD		299 754.00	0.18
Total Notes, floating rate		841 737.16	0.50

Medium term notes, fixed rate

EUR			
EUR GAZ CAPITAL SA/GAZPROM LPN-REG-S 3.75500% 12-15.03.17	1 000 000.00	1 128 558.55	0.68
Total EUR		1 128 558.55	0.68
USD			
USD ADCB FINANCE CAYMAN LTD-REG-S 2.75000% 14-16.09.19	500 000.00	503 755.00	0.30
USD NEDERLANDSE WATERSCHAPS BANK NV-REG-S 1.25000% 14-18.09.17	5 000 000.00	5 025 200.00	3.01
USD NESTLE HOLDINGS INC-REG-S 1.37500% 12-21.06.17	6 000 000.00	6 027 180.00	3.61
USD NESTLE HOLDINGS INC-REG-S 2.12500% 14-14.01.20	4 000 000.00	4 113 040.00	2.46
USD NOMURA HOLDINGS INC 2.75000% 14-19.03.19	2 000 000.00	2 038 740.00	1.22
USD SIEMENS FINANCIERING SMAATSCHAPPIJ-REG-S 1.50000% 13-12.03.18	1 000 000.00	1 007 630.00	0.61
USD UNION BANK OF INDIA/HONG KONG-REG-S 3.62500% 13-25.10.18	2 000 000.00	2 040 420.00	1.22
USD WHARF FINANCE LTD 4.62500% 12-08.02.17	3 000 000.00	3 054 300.00	1.83
Total USD		23 810 265.00	14.26

Total Medium term notes, fixed rate		24 938 823.55	14.94
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Medium term notes, floating rate

EUR			
EUR RAIFFEISEN BANK INTL AG-REG-S 3M EURIBOR+85BP 14-27.07.17	2 000 000.00	2 221 900.00	1.33
Total EUR		2 221 900.00	1.33
Total Medium term notes, floating rate		2 221 900.00	1.33

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
Bonds, fixed rate			
CHF			
CHF ABH FINANCIAL LTD-REG-S 4.00000% 13-16.01.18	1 150 000.00	1 169 241.43	0.70
CHF GLOBAL BANK CORP 3.00000% 14-26.11.18	500 000.00	508 365.84	0.30
CHF RZD CAPITAL PLC 2.17700% 13-26.02.18	1 000 000.00	1 029 049.47	0.62
Total CHF		2 706 656.74	1.62
EUR			
EUR GEBERIT INTERNATIONAL BV-REG-S 0.68800% 15-30.03.21	750 000.00	857 483.98	0.51
Total EUR		857 483.98	0.51
USD			
USD BANK MUSCAT SAOG 2.50000% 13-26.03.18	1 000 000.00	996 050.00	0.60
USD CITIC SECURITIES FINANCE-REG-S 2.50000% 13-03.05.18	2 000 000.00	2 013 556.00	1.21
USD CNPC GENERAL CAPITAL LTD-REG-S 1.95000% 13-16.04.18	2 000 000.00	2 001 960.00	1.20
USD KREDITANSTALT FUER WIEDERAUFBAU 0.87500% 14-15.12.17	10 000 000.00	10 017 110.00	5.99
USD OIL INDIA LTD-REG-S 3.87500% 14-17.04.19	1 000 000.00	1 038 850.00	0.62
USD QTEL INTERNATIONAL FINANCE LTD-REG-S 3.37500% 10-14.10.16	1 000 000.00	1 004 844.00	0.60
USD ROSNEFT OIL/ROSNEFT INTL FIN-REG-S LPN 3.14900% 12-06.03.17	3 500 000.00	3 510 360.00	2.10
USD STATE BANK OF INDIA LONDON-REG-S 4.12500% 12-01.08.17	3 000 000.00	3 074 400.00	1.84
USD SUKUK FUNDING NO 3 LTD-REG-S 4.34800% 13-03.12.18	1 000 000.00	1 041 010.00	0.62
Total USD		24 698 140.00	14.78
Total Bonds, fixed rate		28 262 280.72	16.91
Treasury notes, fixed rate			
USD			
USD AMERICA, UNITED STATES OF 1.50000% 14-31.10.19	20 000 000.00	20 465 620.00	12.25
USD AMERICA, UNITED STATES OF 1.87500% 15-31.05.22	14 000 000.00	14 561 092.00	8.71
Total USD		35 026 712.00	20.96
Total Treasury notes, fixed rate		35 026 712.00	20.96
Total Transferable securities and money market instruments listed on an official stock exchange		135 054 956.23	80.83
Transferable securities and money market instruments traded on another regulated market			
Notes, fixed rate			
USD			
USD ITAU CORPBANCA 3.12500% 13-15.01.18	1 000 000.00	1 014 827.00	0.61
USD STATE BANK OF INDIA LONDON-REG-S 3.25000% 13-18.04.18	1 500 000.00	1 530 120.00	0.92
Total USD		2 544 947.00	1.53
Total Notes, fixed rate		2 544 947.00	1.53
Medium term notes, fixed rate			
USD			
USD BANK OF AMERICA CORP 2.00000% 13-11.01.18	4 000 000.00	4 025 572.00	2.41
Total USD		4 025 572.00	2.41
Total Medium term notes, fixed rate		4 025 572.00	2.41
Bonds, fixed rate			
USD			
USD CSSC CAPITAL 2013 LTD-REG-S 2.75000% 12.12.16	2 500 000.00	2 511 175.00	1.50
Total USD		2 511 175.00	1.50
Total Bonds, fixed rate		2 511 175.00	1.50
Treasury notes, fixed rate			
USD			
USD AMERICA, UNITED STATES OF 0.62500% 13-15.11.16	6 000 000.00	6 005 862.00	3.59
Total USD		6 005 862.00	3.59
Total Treasury notes, fixed rate		6 005 862.00	3.59
Total Transferable securities and money market instruments traded on another regulated market		15 087 556.00	9.03
Total investments in securities		150 142 512.23	89.86

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
Forward Foreign Exchange contracts			
Forward Foreign Exchange contracts (Purchase/Sale)			
USD 5 939 061.54	EUR 5 262 000.00	27.7.2016 87 839.58	0.05
USD 3 941 622.38	CHF 3 827 000.00	27.7.2016 6 746.91	0.00
EUR 17 732 500.00	USD 20 117 166.60	29.7.2016 -397 525.88	-0.24
CHF 1 660 000.00	USD 1 714 256.21	29.7.2016 -7 229.10	0.00
EUR 44 000.00	USD 50 353.60	29.7.2016 -1 422.87	0.00
EUR 75 000.00	USD 84 975.00	29.7.2016 -1 570.34	0.00
Total Forward Foreign Exchange contracts (Purchase/Sale)		-313 161.70	-0.19
Cash at banks, deposits on demand and deposit accounts and other liquid assets		18 822 830.51	11.26
Other assets and liabilities		-1 558 133.47	-0.93
Total net assets		167 094 047.57	100.00

Notes to the Financial Statements

Semi-Annual Report as of 30 June 2016
Corundum Diversity SICAV

Note 1 – Summary of significant accounting policies

The financial statements have been prepared in accordance with the generally accepted accounting principles for investment funds in Luxembourg. The significant accounting policies are summarised as follows:

a) Calculation of the net asset value

The net asset value per share of the individual subfunds is calculated for each day which is open for business in Luxembourg by the Administration Agent (hereinafter called "Valuation Day").

In this context, such "business day" refers to the normal bank business day (i.e. each day on which banks are open during normal hours) in Luxembourg, with the exception of individual, non-statutory rest days as well as days on which exchanges in the main countries in which the subfund invests are closed or 50% or more subfund investments cannot be adequately valued.

The net asset value of each subfund will be expressed in the currency of the relevant subfund (except when there exists any state of affairs which, in the opinion of the Board of Directors, makes the determination in the currency of the relevant subfund either not reasonably practical or prejudicial to the shareholders, the net asset value may temporarily be determined in such other currency as the Board of Directors may determine) and shall be determined in respect of any Valuation Day by dividing the total net assets of the subfund by the number of its shares then outstanding.

The net asset value per share of the individual subfunds is calculated on the basis of the last known prices for each day, which is open for business in Luxembourg.

b) Valuation principles

Without prejudice to the regulations of each subfund, the Valuation of each subfund and of each of the different share classes follows the criteria below:

- 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 is 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 is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof.
- Securities, derivatives and other investments listed on an official stock exchange are valued at the last known market prices. If the same security, derivative or other investment is quoted on several stock exchanges, the last available quotation on the stock exchange that represents the major market for this investment will apply.
In the case of securities, derivatives and other investments where trading of these assets on the stock exchange is thin but which are traded between securities dealers on a secondary market using standard market price formation methods, the Company can use the prices on this secondary market as the basis for the valuation of these securities, derivatives and other investments. Securities, derivatives and other investments that are not listed on a stock exchange, but that are traded on another regulated market which is recognised, open to the public and operates regularly, in a due and orderly fashion, are valued at the last available price on this market.
- Securities and other investments that are not listed on a stock exchange or traded on any other regulated market, and for which no reliable and appropriate price can be obtained, will be valued by the Company according to other principles chosen by it in good faith on the basis of the likely sales prices.
- The valuation of derivatives that are not listed on a stock exchange (OTC derivatives) is made by reference to independent pricing sources. In case only one independent pricing source of a derivative is available, the plausibility of the valuation price obtained will be verified by employing methods of calculation recognised by the Board of Directors and the auditors, based on the market value of the underlying instrument from which the derivative has been derived.
- Units or shares of other undertakings for collective investment in transferable securities ("UCITS") (including subfund(s) of the Fund) and/or undertakings for collective investment ("UCI") will be valued at their last available net asset value as reported by such undertakings. Certain units or shares of other UCITS and/or UCI may be valued based on an estimate of the value provided by a reliable price provider independent from the target fund's investment manager or investment adviser (Estimated Pricing).
- For money market instruments, the valuation price will be gradually adjusted to the redemption price, based on the net acquisition price and retaining the ensuing yield. In the event of a significant change in market conditions, the basis for the valuation of different investments will be brought into line with the new market yields.

- For subfunds that predominantly invest in money market instruments,
 - securities with a residual maturity of less than 12 months are valued in accordance with the ESMA guidelines for money market instruments;
 - interest income earned by subfunds up to and including the second valuation date following the Valuation Date concerned is included in the valuation of the assets of the subfunds concerned. The asset value per share on a given valuation date therefore includes projected interest earnings as at two Valuation Dates hence.
- Securities, money market instruments, derivatives and other investments that are denominated in a currency other than the currency of account of the relevant subfund and which are not hedged by means of currency transactions are valued at the middle currency rate (midway between the bid and offer rate) obtained from external price providers.
- Time deposits and fiduciary investments are valued at their nominal value plus accumulated interest.

The Company is entitled to apply other appropriate valuation principles which have been determined by it in good faith and are generally accepted and verifiable by auditors to the Companies assets as a whole or of an individual subfund if the above criteria are deemed impossible or inappropriate for accurately determining the value of the subfunds concerned due to extraordinary circumstances or events.

As far as possible, all investments and disinvestments decided upon until the Valuation Day will be included in the Net Asset Valuation.

c) Net realized gain (loss) on sales of securities

The realized gains or losses on the sales of securities are calculated on the basis of the average cost of the securities sold.

d) Valuation of forward foreign exchange contracts

The unrealized gain (loss) of outstanding forward foreign exchange contracts is valued on the basis of the forward exchange rates prevailing at valuation date.

e) Valuation of financial futures contracts

Financial futures contracts are valued based on the latest available published price applicable on the valuation date. Realized gains and losses and the changes in unrealized gains and losses are recorded in the statement of operations. The realized gains

and losses are calculated in accordance with the FIFO method, i.e. the first contracts acquired are regarded as the first to be sold.

f) Conversion of foreign currencies

Bank accounts, other net assets and the valuation of the investments in securities held denominated in currencies other than the reference currency of the different subfunds are converted at the mid closing spot rates on the valuation date. Income and expenses denominated in currencies other than the currency of the different subfunds are converted at the mid closing spot rates at payment date. Gain or loss on foreign exchange is included in the statement of operations.

The cost of securities denominated in currencies other than the reference currency of the different subfunds is converted at the mid closing spot rate prevailing on the day of acquisition.

*g) Receivable on securities sales,
Payable on securities purchases*

The account "Receivable on securities sales" can also include receivables from foreign currency transactions. The account "Payable on securities purchases" can also include payables from foreign currency transactions.

h) Income recognition

Dividends, net of withholding taxes, are recognized as income on the date upon which the relevant securities are first listed as "ex-dividend". Interest income is accrued on a daily basis.

Note 2 – Charges and Expenses

The subfund is subject to a "Global Fee" calculated on the average total net assets of the subfund during the month concerned as shown in the table below:

Corundum Diversity SICAV	Global Fee
– Corundum Stability Fund	max 2.30% p.a.

This "Global Fee" is used to pay the Management Company, the Administrative Agent, the Custodian, the Investment Manager. In addition out of the Global Fee the Distribution and/or private placement Agents may be remunerated. The applicable "Global Fee" and the minimum flat fees for the Management Company, the Administrative Agent, the Custodian, the Investment Manager and the Investment Adviser, if

any, are disclosed for each subfund, under "Available subfunds" in the sales prospectus. The Global Fee also covers all the costs incurred by the Fund, respectively the subfunds with the exception of the following:

- Customary brokerage fees, commissions, handling fees and other charges of banks including the Custodian, brokers, exchanges and regulatory fees related to securities trading and settlement and similar transactions;
- costs for extraordinary measures carried out in the interests of the shareholders, such as expert opinions and legal proceedings, etc.;
- minimum annual administration fees of the Management Company, the Administrative Agent, the Custodian, the Portfolio Manager of the Fund amount for each subfund to a maximum of up to 120.000 EUR charged as further determined under the applicable services agreements with the Fund's agents;
- out of these up to 120.000 EUR
 - a) an annual minimum of 30.000 EUR is charged by the Administrative Agent to the only subfund launched under the SICAV
 - b) an annual minimum fee of 30.000 EUR is charged by the Custodian Bank to the only subfund launched under the SICAV
 - c) an annual minimum fee of 38.500 EUR is charged by the Management Company to the only subfund launched under the SICAV
- the annual directors' fees of the Directors to the Fund and the fees for the Directors insurance which could amount to a maximum of 45.000 EUR;
- all expenses incurred by the relevant subfunds which will include but not be limited to: all taxes which are levied on the net assets and the income of the Fund, particularly the "taxe d'abonnement";
- the reasonable disbursements and out-of-pocket expenses (including without limitation telephone, telex, cable and postage expenses) incurred by the Custodian and other service providers and any custody charges of banks and financial institutions to whom custody of assets of the Fund is entrusted;
- Annual costs of the Administrative Agent for the administration of additional share classes of up to 10.000 EUR for each new share class launched;
- Annual costs of the Administrative Agent for performance fee calculations of up to 10.000 EUR for each share class launched under a subfund applying performance fees;
- usual banking fees due on transactions involving securities or other assets (including derivatives) held in the portfolio of the Fund (such fees to be

included in the acquisition price and to be deducted from the selling price);

- Costs of independent Valuation Agents;
- legal expenses incurred by the Fund or the service providers while acting in the interests of the shareholders; the cost and expenses of preparing and/or filing and printing the Articles and all other documents concerning the Fund (in such languages as are necessary), including registration statements, prospectuses, the KIID and explanatory memoranda with all authorities (including local securities dealers' associations) having jurisdiction over the Fund or the offering of Shares of the Fund; the cost of preparing, in such languages as are necessary for the benefit of the shareholders (including the beneficial holders of the Shares), and distributing annual and semi-annual reports and such other reports or documents as may be required under applicable laws or regulations; the cost of accounting, book-keeping and calculating the Net Asset Value;
- the cost of preparing and distributing notices to the Shareholders; a reasonable share of the cost of promoting the Fund, as determined in good faith by the Fund, including reasonable marketing and advertising expenses; the costs incurred with the admission and the maintenance of the Shares on the stock exchanges on which they are listed (if listed).

The Fund may accrue in its accounts of administrative and other expenses of a regular or recurring nature based on an estimated amount rateably for yearly or other periods.

The expenditure involved in the initial launching and marketing of the Fund, which is estimated to amount to EUR 100.000, as well as the cost of launching new subfunds and other extraordinary expenses may be written off over a period of up to five years. The costs of launching new subfunds will be written off only by the respective subfund. The expenditure involved in establishing the Fund still outstanding may only be written off by the subfunds launched at the same time as the Fund was established.

Fees and expenses that cannot be attributed to one single subfund will either be ascribed to all subfunds on an equal basis or will be prorated on basis of the net asset value of each subfund, if the amount and cause justify doing so.

Note 3 – Taxe d’abonnement

According to the law and practice currently in force, the Company is not liable to any Luxembourg tax on withholding, income, capital gains or wealth taxes. The Company is, however, liable in Luxembourg to a tax of 0.05% per annum (“Taxe d’Abonnement”) of its net asset value, such tax being payable quarterly on the basis of the value of the net assets of the Company at the end of the relevant calendar quarter or 0.01% per annum for the Classes of shares dedicated to institutional investor as defined from time to time by the Luxembourg laws and regulations.

Note 4 – Soft commission arrangements

During the period from 1 January 2016 until 30 June 2016, no “soft commission arrangements” were entered into on behalf of Corundum Diversity SICAV and “soft commissions” amount to nil.

Note 5 – Official language

The English version of these financial statements is the authoritative version. However, in the case of Company shares sold to investors from other countries in which Company shares can be bought and sold, the Company and the custodian bank may recognize approved translations (i.e. approved by the Company and the custodian bank) into the languages concerned as binding upon themselves.