



Emerald Euro Investment Grade Bond

Société d'Investissement à Capital Variable

Annual Report, including Audited Financial Statements

for the period from 09/12/2015 (date of
incorporation) to 31/12/2016

R.C.S. Luxembourg B 203047

Emerald Euro Investment Grade Bond

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Subscriptions can only be received on the basis of the latest prospectus accompanied by the latest annual report, the latest semi-annual report as well as the Key Investor Information Documents (KIIDs), if published thereafter.

Emerald Euro Investment Grade Bond

Management and Administration

REGISTERED OFFICE

5, allée Scheffer
L - 2520 Luxembourg
Grand Duchy of Luxembourg

BOARD OF DIRECTORS OF THE COMPANY

Paolo Bennici

Seal Consulting SA
Via Nassa, 5
CH - 6900 Lugano
Switzerland
(Chairman of the Board of Directors)

Sergio Bindi

CGM Compagnie de Gestion Privée Monégasque
8, Boulevard des Moulins
Escalier des Fleurs 98000 Monte-Carlo
Monaco

Martin Rausch

Pharus Management Lux S.A.
16, avenue de la Gare
L - 1610 Luxembourg
Grand Duchy of Luxembourg

MANAGEMENT COMPANY

Pharus Management Lux S.A.
16, avenue de la Gare
L - 1610 Luxembourg
Grand Duchy of Luxembourg

INVESTMENT MANAGER

CGM Compagnie de Gestion Privée Monégasque
8, Boulevard des Moulins
Escalier des Fleurs 98000 Monte-Carlo
Monaco

DEPOSITARY AND ADMINISTRATION AGENT

CACEIS Bank Luxembourg (until 31 December 2016)
CACEIS Bank, Luxembourg Branch (since 1 January 2017)
5, allée Scheffer
L - 2520 Luxembourg
Grand Duchy of Luxembourg

GLOBAL DISTRIBUTOR

CGM Compagnie de Gestion Privée Monégasque
8, Boulevard des Moulins
Escalier des Fleurs 98000 Monte-Carlo
Monaco

CABINET DE REVISION AGREE

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

LEGAL ADVISORS

Baker & McKenzie Luxembourg
10-12, Boulevard F. Roosevelt
L - 2450 Luxembourg
Grand Duchy of Luxembourg

Emerald Euro Investment Grade Bond

Management and Administration (continued)

SWISS REPRESENTATIVE

CACEIS (Switzerland) SA
35 Route de Signy
CH - 1260 Nyon, Switzerland

Emerald Euro Investment Grade Bond

Manager's report

In 2016, the Fixed Income market (Barclays Euro Aggregate Total Return Index) realised a return of 3.32%.

The yield curve was characterised by a bull flattening: on the curve 2-10y (-21 bps) and 10-30y (-4 bps). The 10 years moved from 0.629% to 0.208% and the 30 years from 1.487% to 0.943%.

On the credit side the best performer of the year has been the Core component while Semi-core and Peripheral widened. Peripherals uncorrelated: Spain remained almost unchanged (+8bps) while Italy widened by 60 bps.

Corporate spreads tightened 16 bps.

Over the period, the Company realised a net result of 2.84% under-performing the Benchmark by 0.48%.

As per strategic allocation, the Company performed pretty well in the first three quarter having a higher duration versus benchmark with an overweight on the 10 years maturities. During the last quarter, there has been a generalised sell-off and spreads widening. We suffered due to the overweight on the 10 years maturities and on the credit side for the overweight of the Peripheral component.

On the Corporate sector, we closed the year with a slightly underweight but with a higher duration versus benchmark.

On the Sovereign Supranational Agency sector, the Company had an allocation close to benchmark with a higher sensitivity on the 10 years maturities.

On the Covered sector, strong underweight versus benchmark.

For the coming months, we expect high volatility on the market due to several election risks (France, Germany, Netherland and Italy) in the Eurozone.

Quantitative Easing program has been extended until end of 2017 and increased the total amount of bonds that will be bought by the European Central Bank during the year.

Our view for the next year is Bund at negative yield and generalised spread widening on France and Peripherals.



REPORT OF THE *RÉVISEUR D'ENTREPRISES AGRÉÉ*

To the Shareholders of **Emerald Euro Investment Grade Bond**
5, allée Scheffer
L - 2520 Luxembourg

Following our appointment by the Board of Directors of Emerald Euro Investment Grade Bond (the “Company”) dated 11 December 2015, we have audited the accompanying financial statements of the Company, which comprise the statement of net assets and the securities portfolio as at 31 December 2016 and the statement of operations and changes in net assets for the period from 9 December 2015 (date of incorporation) to 31 December 2016, and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

Responsibility of the réviseur d'entreprises agréé

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the *réviseur d'entreprises agréé*'s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the Company, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Emerald Euro Investment Grade Bond as at 31 December 2016, and of the results of its operations and changes in its net assets for the period from 9 December 2015 (date of incorporation) to 31 December 2016 in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

Other information

The Board of Directors of the Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of *réviseur d'entreprises agréé* 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 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 this fact. We have nothing to report in this regard.

For Deloitte Audit, *Cabinet de révision agréé*



Elisabeth Layer, *Réviseur d'entreprises agréé*
Partner

Luxembourg, 28 March 2017
560, rue de Neudorf
L-2220 Luxembourg

Emerald Euro Investment Grade Bond

Financial Statements as at 31/12/2016

Statement of net assets as at 31/12/2016

Expressed in EUR

Assets			181,802,216.52
Securities portfolio at market value	Note 2	177,543,090.18	
<i>Cost price</i>		178,016,775.38	
<i>Unrealised loss on the securities portfolio</i>		(473,685.20)	
Cash at banks and liquidities		2,481,221.63	
Interest receivable		1,696,678.35	
Formation expenses	Note 2	37,136.25	
Subscriptions receivable		44,090.11	
Liabilities			1,797,354.06
Options sold at market value	Note 2, 10	(400.00)	
Bank overdrafts		25,542.00	
Redemptions payable		814,818.17	
Unrealised depreciation on futures contracts	Note 2, 9	313,050.00	
Accrued management fees	Note 3	405,934.92	
Accrued depositary fees	Note 6	69,423.54	
Accrued administrative fees	Note 6	34,262.81	
Other liabilities	Note 8	134,722.62	
Net asset value			180,004,862.46

Changes in number of shares outstanding from 17/12/2015* to 31/12/2016

	Shares outstanding as at 17/12/2015	Shares issued since inception*	Shares redeemed since inception*	Shares outstanding as at 31/12/2016
R Class				
Capitalisation shares	0.0000	1,235,733.0149	288,274.1481	947,458.8668
RR Class				
Capitalisation shares	0.0000	102,785.0498	0.0000	102,785.0498
I Class				
Capitalisation shares	0.0000	920,558.2076	338,368.9246	582,189.2830
II Class				
Capitalisation shares	0.0000	171,879.0000	24,790.0000	147,089.0000

* The first Net Asset Value calculation is dated 17 December 2015.

Emerald Euro Investment Grade Bond

Key figures

Period ending as at: **31/12/2016**

Total Net Assets	EUR	180,004,862.46
R Class	EUR	
Capitalisation shares		
Number of shares		947,458.8668
Net asset value per share		101.32
RR Class	EUR	
Capitalisation shares		
Number of shares		102,785.0498
Net asset value per share		99.85
I Class	EUR	
Capitalisation shares		
Number of shares		582,189.2830
Net asset value per share		102.14
II Class	EUR	
Capitalisation shares		
Number of shares		147,089.0000
Net asset value per share		97.11

* The first Net Asset Value calculation is dated 17 December 2015.

Emerald Euro Investment Grade Bond

Securities portfolio as at 31/12/2016

Expressed in EUR

Quantity	Denomination	Quotation currency	Market value	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			177,543,090.18	98.63
Bonds			176,842,334.18	98.24
<i>Italy</i>			<i>42,615,087.18</i>	<i>23.68</i>
153,000.00	AUTOSTRADA 1.625 15-23 12/06A	EUR	159,504.03	0.09
200,000.00	ENI SPA 0.625 16-24 19/09A	EUR	194,658.00	0.11
500,000.00	ENI SPA 1.125 16-28 19/09A	EUR	476,415.00	0.26
300,000.00	INTESA SAN PAOLO SPA 4.375 12-19 15/10A	EUR	331,638.00	0.18
200,000.00	INTESA SANPAOLO EMTN 1.125 15-20 14/01A	EUR	202,792.00	0.11
500,000.00	ITALY 3.50 14-30 01/03S	EUR	578,540.00	0.32
2,000,000.00	ITALY 3.75 06-21 01/08S	EUR	2,293,600.00	1.27
8,000,000.00	ITALY 0.45 16-21 01/06S	EUR	7,995,040.00	4.45
500,000.00	ITALY BOT 2.00 15-25 01/12S	EUR	513,525.00	0.29
500,000.00	ITALY BOT 2.25 16-36 01/09S	EUR	485,640.00	0.27
100,000.00	ITALY BTP 0.70 15-20 01/05S	EUR	101,915.00	0.06
1,000,000.00	ITALY BTP 1.25 16-26 01/12S	EUR	949,980.00	0.53
2,500,000.00	ITALY BTP 1.60 16-26 01/06S	EUR	2,472,875.00	1.37
2,000,000.00	ITALY BTP 2.15 14-21 15/12S	EUR	2,147,140.00	1.19
500,000.00	ITALY BTP 2.50 14-19 01/05S	EUR	529,365.00	0.29
1,000,000.00	ITALY BTP 3.75 14-24 01/09S	EUR	1,168,080.00	0.65
2,500,000.00	ITALY BTP 4.00 10-20 01/09S	EUR	2,846,700.00	1.58
8,000,000.00	ITALY BTP 4.25 03-19 01/02S	EUR	8,724,240.00	4.86
500,000.00	ITALY BTP 4.50 04-20 01/02S	EUR	566,760.00	0.31
2,000,000.00	ITALY BTP 4.50 08-19 01/03S	EUR	2,197,200.00	1.22
250,000.00	ITALY BTP 4.75 13-44 01/09S	EUR	337,975.00	0.19
980,000.00	ITALY BTP 5.00 09-40 01/09S	EUR	1,353,899.40	0.75
725,000.00	ITALY BTP 6.00 00-31 01/05S	EUR	1,062,755.75	0.59
1,250,000.00	ITALY BTP 9.00 93-23 01/11S	EUR	1,889,600.00	1.05
2,500,000.00	ITALY BTP 5.00 11-22 01/03S	EUR	3,035,250.00	1.69
<i>France</i>			<i>42,418,344.75</i>	<i>23.57</i>
100,000.00	AIR LIQUIDE FINANCE 0.375 16-22 18/04A	EUR	100,598.00	0.06
100,000.00	AUTOROUTES DU SUD 1.00 16-26 13/05A	EUR	99,345.00	0.06
1,000,000.00	CAISSE D AMORT DETTE 0.50 15-23 25/05A	EUR	1,024,280.00	0.57
300,000.00	CARREFOUR SA 0.75 16-24 26/04A	EUR	297,645.00	0.17
100,000.00	CIE DE SAINT GOBAIN 0.00 16-20 27/03U	EUR	99,683.00	0.06
500,000.00	CIE FIN ET IND AUTO0.375 16-25 07/02A	EUR	480,175.00	0.27
500,000.00	COMPAGNIE FIN ET IND 0.75 16-28 09/09A	EUR	470,115.00	0.26
1,000,000.00	COUNCIL OF EUROPE 0.75 15-25 09/06A	EUR	1,038,360.00	0.58
100,000.00	ELECT.DE FRANCE EMTN 5.625 03-33 21/02A	EUR	144,619.00	0.08
1,500,000.00	FRANCE 3.00 11-22 25/04A	EUR	1,754,790.00	0.97
4,000,000.00	FRANCE FUNGIBLE T-BILL 0.00 16-22 25/05U	EUR	4,027,960.00	2.23
2,850,000.00	FRANCE OAT 0.50 15-25 25/05A	EUR	2,876,391.00	1.60
1,000,000.00	FRANCE OAT 1.50 15-31 25/05A	EUR	1,059,930.00	0.59
7,325,000.00	FRANCE OAT 1.75 12-23 25/05A	EUR	8,132,141.75	4.51
5,000,000.00	FRANCE OAT 3.25 10-21 25/10A	EUR	5,854,150.00	3.24
500,000.00	FRANCE OAT 3.50 09-20 25/04A	EUR	567,275.00	0.32
500,000.00	FRANCE OAT 4.00 06-38 25/10A	EUR	748,320.00	0.42
2,500,000.00	FRANCE OAT 4.25 03-19 25/04A	EUR	2,785,950.00	1.55
500,000.00	FRANCE OAT 4.75 04-35 25/04A	EUR	790,730.00	0.44
1,000,000.00	FRANCE OAT 5.75 00-32 25/10A	EUR	1,681,070.00	0.93
2,250,000.00	FRANCE OAT 8.50 92-23 25/04A	EUR	3,460,455.00	1.92
500,000.00	KERING 1.25 16-26 10/05A	EUR	499,490.00	0.28
500,000.00	ORANGE 1.00 16-25 12/05A	EUR	501,685.00	0.28
500,000.00	SANOFI 0.50 16-27 13/01A	EUR	468,760.00	0.26
300,000.00	SANOFI 1.125 16-28 05/04A	EUR	295,899.00	0.16
200,000.00	SCHNEIDER ELECTRIC SE 0.25 16-24 09/09A	EUR	193,136.00	0.11
100,000.00	TOTAL CAPITAL 0.75 16-28 12/07A	EUR	96,084.00	0.05
2,000,000.00	UNEDIC 0.25 16-23 24/11A	EUR	2,010,600.00	1.12
500,000.00	UNEDIC 0.625 16-26 03/03A	EUR	501,235.00	0.28
100,000.00	UNIBAIL RODAMCO 1.125 16-27 28/04A	EUR	99,268.00	0.06
250,000.00	UNIBAIL RODAMCO SE 2.00 16-36 28/04M	EUR	258,205.00	0.14
<i>Spain</i>			<i>23,250,410.50</i>	<i>12.92</i>
100,000.00	ENAGAS FIN EMTN 1.375 16-28 05/05A	EUR	100,164.00	0.06
300,000.00	FADE 5.90 11-21 17/03A	EUR	369,462.00	0.21
100,000.00	FERROVIAL 0.375 16-22 14/09A	EUR	97,494.00	0.05
100,000.00	RED ELECT FINANCE 1.00 16-26 21/04A	EUR	99,676.00	0.06

The accompanying notes form an integral part of these financial statements

Emerald Euro Investment Grade Bond

Securities portfolio as at 31/12/2016

Expressed in EUR

Quantity	Denomination	Quotation currency	Market value	% of net assets
1,000,000.00	SPAIN 0.75 16-21 30/07A	EUR	1,022,080.00	0.57
200,000.00	SPAIN 1.95 16-26 30/04A	EUR	210,846.00	0.12
1,000,000.00	SPAIN 2.90 16-46 31/10A	EUR	1,059,430.00	0.59
500,000.00	SPAIN 3.45 16-66 30/07A	EUR	546,240.00	0.30
250,000.00	SPAIN 4.20 05-37 31/01A	EUR	331,132.50	0.18
250,000.00	SPAIN 4.30 09-19 31/10A	EUR	280,805.00	0.16
750,000.00	SPAIN 4.40 13-23 31/10A	EUR	927,772.50	0.52
3,000,000.00	SPAIN 4.60 09-19 30/07A	EUR	3,363,600.00	1.86
2,000,000.00	SPAIN 4.65 10-25 30/07A	EUR	2,560,500.00	1.42
2,000,000.00	SPAIN 4.85 10-20 31/10A	EUR	2,359,900.00	1.31
750,000.00	SPAIN 5.15 13-44 31/10A	EUR	1,134,472.50	0.63
1,000,000.00	SPAIN 5.50 11-21 30/04A	EUR	1,227,480.00	0.68
250,000.00	SPAIN 5.75 01-32 30/07A	EUR	380,600.00	0.21
1,000,000.00	SPAIN 5.85 11-22 31/01A	EUR	1,273,930.00	0.71
1,250,000.00	SPAIN 6.00 98-29 31/01A	EUR	1,850,937.50	1.03
250,000.00	SPAIN GOVT 1.95 15-30 30/07A	EUR	254,857.50	0.14
1,000,000.00	SPAIN GOVT 5.40 13-23 31/01A	EUR	1,283,400.00	0.71
1,000,000.00	SPAIN STRIPPABLE 2.75 14-19 30/04A	EUR	1,068,000.00	0.59
1,000,000.00	SPANISH 4.00 10-20 30/04A	EUR	1,131,230.00	0.63
100,000.00	TELEFONICA EMIS SA 0.75 16-22 13/04A	EUR	99,920.00	0.06
100,000.00	TELEFONICA EMISION 1.46 16-26 13/04A	EUR	98,749.00	0.05
100,000.00	TELEFONICA EMISIONES 3.987 13-23 23/01A	EUR	117,732.00	0.07
<i>Germany</i>			<i>16,602,666.00</i>	<i>9.22</i>
500,000.00	BASF 1.875 13-14 04/02A	EUR	538,555.00	0.30
2,000,000.00	BRD 0.00 16-26 15/08U	EUR	1,961,260.00	1.09
1,000,000.00	BRD 4.75 98-28 04/07A	EUR	1,499,310.00	0.83
1,000,000.00	BRD -98- 5.625 98-28 04/01A	EUR	1,578,740.00	0.88
200,000.00	DEUTSCHE PFANDBRIEF 1.125 16-20 27/04A	EUR	203,876.00	0.11
100,000.00	DEUTSCHE POST AG 1.255 16-26 01/04A	EUR	103,040.00	0.06
1,000,000.00	GERMANY 2.50 14-46 15/08A	EUR	1,401,300.00	0.78
4,500,000.00	KFW 0.00 16-23 15/09U	EUR	4,493,835.00	2.51
2,000,000.00	KFW SERIE GMTN 3.50 06-21 04/07A	EUR	2,349,060.00	1.30
500,000.00	LAND NORDRHEIN WEST 1.25 16-36 12/05A	EUR	506,730.00	0.28
500,000.00	LAND NORDRHEIN-WEST. 0.75 16-41 16/08A	EUR	439,975.00	0.24
1,000,000.00	L-BANK BW FOERDERB 0.375 16-26 13/04A	EUR	997,380.00	0.55
500,000.00	NORD RHINE WEST 1.00 15-25 16/01A	EUR	529,605.00	0.29
<i>The Netherlands</i>			<i>13,738,484.50</i>	<i>7.63</i>
100,000.00	ADECCO INT FINANCIAL 1.00 16-24 02/12A	EUR	99,664.50	0.06
100,000.00	AIRBUS GROUP FIN 1.375 16-31 13/05A	EUR	100,336.00	0.06
200,000.00	ALLIANDER REGS 0.875 16-26 22/04A	EUR	202,026.00	0.11
300,000.00	ALLIANZ FIN II 1.375 16-31 21/04A	EUR	295,143.00	0.16
300,000.00	BANK V.NED.GEM. 2.25 12-22 30/08A	EUR	338,019.00	0.19
400,000.00	BANK V.NED.GEM.REGS 1.00 16-26 12/01A	EUR	419,672.00	0.23
300,000.00	BASF FINANCE EUROP 0.00 16-20 10/11U	EUR	300,189.00	0.17
250,000.00	BMW FINANCE REGS 0.75 16-24 15/04A	EUR	252,137.50	0.14
200,000.00	COOP RABOBANK 1.25 16-26 23/03A	EUR	204,998.00	0.11
250,000.00	DEUTSCHE TEL INT FIN 1.50 16-28 03/04A	EUR	253,895.00	0.14
100,000.00	GAS NAT FENOSA FIN 1.25 16-26 19/04A	EUR	100,419.00	0.06
250,000.00	GASUNIE 1.00 16-26 11/05A	EUR	254,365.00	0.14
200,000.00	HEINEKEN 1.00 16-26 04/05A	EUR	197,720.00	0.11
100,000.00	IBERDROLA 0.375 16-25 15/09A	EUR	94,486.00	0.05
500,000.00	KPN 0625 16-25 09/04A	EUR	479,380.00	0.27
500,000.00	KPN 1.125 16-28 11/09A	EUR	472,710.00	0.26
250,000.00	LINDE FINANCE BV 1.00 16-28 20/04A	EUR	249,882.50	0.14
7,500,000.00	NETHERLANDS 0.50 16-26 15/07A	EUR	7,605,225.00	4.22
1,000,000.00	NETHERLANDS GOVT 0.25 15-25 15/07A	EUR	1,004,440.00	0.56
200,000.00	SHELL INTL FIN 1.25 16-28 12/05A	EUR	201,038.00	0.11
100,000.00	SHELL INTL FIN 2.50 14-26 24/03A	EUR	114,124.00	0.06
500,000.00	UNILEVER NV 0.50 16-24 29/04A	EUR	498,615.00	0.28
<i>Luxembourg</i>			<i>11,158,556.00</i>	<i>6.20</i>
1,000,000.00	EFSF 0.20 15-25 28/04A	EUR	990,650.00	0.55
500,000.00	EFSF 1.375 16-47 31/05A	EUR	492,385.00	0.27
1,000,000.00	ESM 0.50 16-26 02/03A	EUR	1,007,570.00	0.56
1,000,000.00	ESM 2.125 13-23 20/11A	EUR	1,145,170.00	0.64
500,000.00	ESM REGS 1.625 15-36 17/11A	EUR	544,655.00	0.30
500,000.00	EURO STAB MECHANISM 0.125 16-24 22/04A	EUR	498,215.00	0.28

The accompanying notes form an integral part of these financial statements

Emerald Euro Investment Grade Bond

Securities portfolio as at 31/12/2016

Expressed in EUR

Quantity	Denomination	Quotation currency	Market value	% of net assets
1,500,000.00	EUROPEAN INVESTMENT B 0.125 15-25 15/04A	EUR	1,483,605.00	0.82
500,000.00	EUROPEAN UNION 0.625 15-23 04/11S	EUR	522,865.00	0.29
1,000,000.00	EUROPEAN UNION 0.75 16-31 04/04A	EUR	997,290.00	0.55
2,000,000.00	EUROP.INVEST.BK 0.375 16-26 14/04A	EUR	1,990,780.00	1.11
500,000.00	EUROP.INVEST.BK 1.00 16-32 14/04A	EUR	508,005.00	0.28
500,000.00	EUROP.INVEST.BK 4.50 09-25 15/10A	EUR	684,540.00	0.38
100,000.00	GLENCORE FINANCE 1.875 16-23 13/09A	EUR	100,298.00	0.06
200,000.00	NOVARTIS FINANCE S 0.625 16-28 20/09A	EUR	192,528.00	0.11
<i>Belgium</i>			11,005,226.25	6.11
750,000.00	ANHEUSER-BUSCH INB 2.00 16-28 17/03A	EUR	794,242.50	0.44
100,000.00	ANHEUSER-BUSCH INB 2.75 16-36 17/03A	EUR	110,050.00	0.06
4,500,000.00	BELGIQUE 1.00 16-26 22/06A	EUR	4,695,795.00	2.62
1,000,000.00	BELGIQUE OLO 4.25 11-21 28/09A	EUR	1,222,980.00	0.68
250,000.00	BELGIQUE OLO -60- 4.25 10-41 28/03A	EUR	400,977.50	0.22
250,000.00	BELGIUM 1.60 16-47 22/06A	EUR	250,637.50	0.14
125,000.00	BELGIUM KINGDOM 2.15 16-66 22/06A	EUR	134,863.75	0.07
500,000.00	BELGIUM KINGDOM REGS 3.75 13-45 22/06A	EUR	762,230.00	0.42
2,000,000.00	BELGIUM OLO REGS/144A 0.80 15-25 22/06A	EUR	2,073,500.00	1.15
500,000.00	BELGIUM 144A/REGS OLO 1.90 15-38 22/06A	EUR	559,950.00	0.31
<i>Austria</i>			7,128,917.50	3.96
3,500,000.00	AUSTRIA 0.75 16-26 20/10A	EUR	3,611,230.00	2.00
210,000.00	AUSTRIA 3.15 12-44 20/06A	EUR	305,812.50	0.17
2,000,000.00	AUSTRIA 3.50 05-21 15/09A	EUR	2,368,440.00	1.32
250,000.00	AUSTRIA 3.80 12-62 26/01A	EUR	449,480.00	0.25
250,000.00	AUSTRIA 4.15 06-37 15/03A	EUR	393,955.00	0.22
<i>United States of America</i>			2,195,251.00	1.22
100,000.00	BERKSHIRE HATHAWAY 2.15 16-28 15/03A	EUR	106,744.00	0.06
100,000.00	FEDEX CORP 1.00 16-23 11/01A	EUR	101,520.00	0.06
250,000.00	FEDEX CORP 1.625 16-27 11/01A	EUR	254,515.00	0.14
250,000.00	GENERAL ELECTRIC CAP 1.25 15-23 26/05A	EUR	262,117.50	0.15
100,000.00	GENERAL MOTORS 0.955 16-23 07/09A	EUR	97,045.00	0.05
100,000.00	IBM 1.75 16-28 07/03A	EUR	107,929.00	0.06
400,000.00	MC DONALD S 0.50 16-21 15/01A	EUR	404,228.00	0.21
300,000.00	MC DONALD S CORP 1.00 16-23 15/11A	EUR	304,353.00	0.17
200,000.00	MC DONALD S REGS 1.75 16-28 03/05A	EUR	207,378.00	0.12
100,000.00	VF CORP 0.625 16-23 20/09A	EUR	99,614.00	0.06
250,000.00	WELLS FARGO 1.375 16-26 26/10A	EUR	249,807.50	0.14
<i>Finland</i>			2,175,620.00	1.21
1,000,000.00	FINLAND 0.00 16-23 15/09U	EUR	1,003,450.00	0.56
1,000,000.00	FINLAND 3.50 11-21 15/04A	EUR	1,172,170.00	0.65
<i>United Kingdom</i>			1,893,558.00	1.05
200,000.00	ASTRAZENECA PLC 1.25 16-28 12/05A	EUR	200,952.00	0.11
100,000.00	CREDIT AGRICOLE 1.25 16-26 14/04A	EUR	101,078.00	0.06
500,000.00	CREDIT SUISSE AG L 1.50 16-26 10/04A	EUR	514,295.00	0.28
100,000.00	NAT GRID GAS FIN 0.625 16-24 22/09A	EUR	98,450.00	0.05
500,000.00	SANTANDER UK GROUP 1.125 16-23 08/09A	EUR	497,775.00	0.28
100,000.00	VODAFONE GROUP PLC 1.60 16-31 29/07A	EUR	93,816.00	0.05
400,000.00	VODAFONE GRP 0.50 16-24 30/01A	EUR	387,192.00	0.22
<i>Ireland</i>			693,975.00	0.39
500,000.00	IRISH GOVT TREASURY 5.40 09-25 13/03A	EUR	693,975.00	0.39
<i>Cayman Islands</i>			404,876.00	0.22
200,000.00	CK HUTCHISON FINANCE 1.25 16-23 06/04A	EUR	202,856.00	0.11
200,000.00	CKE HUTCHISON FINANCE 2.00 16-28 06/04A	EUR	202,020.00	0.11
<i>Switzerland</i>			400,444.00	0.22
400,000.00	EUROFIMA 0.25 16-23 25/04A	EUR	400,444.00	0.22
<i>Mexico</i>			356,499.50	0.20
350,000.00	FOMENTO ECONOMICO 1.75 16-23 20/03A	EUR	356,499.50	0.20
<i>Canada</i>			251,020.00	0.14
250,000.00	TORONTO DOMINION BK 0.375 16-23 27/04A	EUR	251,020.00	0.14
<i>Portugal</i>			205,184.00	0.11
200,000.00	BRISA CONCESSAO ROD 2.00 16-23 22/03A	EUR	205,184.00	0.11
<i>Denmark</i>			202,690.00	0.11
200,000.00	DANSKE BANK A/S 0.50 16-21 06/05A	EUR	202,690.00	0.11
<i>Jersey Island</i>			145,524.00	0.08
150,000.00	DELPHI AUTOMOTIVE 1.60 16-28 15/09A	EUR	145,524.00	0.08

Emerald Euro Investment Grade Bond

Securities portfolio as at 31/12/2016

Expressed in EUR

Quantity	Denomination	Quotation currency	Market value	% of net assets
Floating rate bonds			700,756.00	0.39
	<i>Italy</i>		<i>404,484.00</i>	<i>0.23</i>
400,000.00	UNICREDIT FL.R 11-17 19/12Q	EUR	404,484.00	0.23
	<i>Sweden</i>		<i>198,530.00</i>	<i>0.11</i>
200,000.00	NORDEA BANK FL.R 16-26 07/09A	EUR	198,530.00	0.11
	<i>France</i>		<i>97,742.00</i>	<i>0.05</i>
100,000.00	SANOFI FL.R 16-22 13/09A	EUR	97,742.00	0.05
Derivative instruments			400.00	0.00
	Options		400.00	0.00
	<i>Germany</i>		<i>400.00</i>	<i>0.00</i>
(2.00)	EURX EURO BUND FEB 164 27.01.17 PUT	EUR	(80.00)	0.00
(2.00)	EURX EURO BUND FEB 165.0 30.01.17 CALL	EUR	300.00	0.00
(2.00)	EURX EURO BUND FEB 165.5 30.01.17 CALL	EUR	180.00	0.00
Total securities portfolio			177,543,490.18	98.63

Emerald Euro Investment Grade Bond

Statement of operations and changes in net assets from 17/12/2015* to 31/12/2016

Expressed in EUR

Income		2,167,044.16
Net interest on bonds	Note 2	2,166,055.93
Bank interest on cash account	Note 2	104.49
Other financial income		883.74
Expenses		2,624,259.15
Amortisation of formation expenses	Note 2	8,116.64
Management fees	Note 3	1,249,113.99
Depositary fees	Note 6	94,401.47
Subscription duty ("taxe d'abonnement")	Note 7	50,687.50
Administrative agent fees	Note 6	117,045.57
Performance fees	Note 4	660,873.06
Professional fees		11,637.41
Bank interest on overdrafts		13,459.55
Legal fees		18,214.13
Transaction fees	Note 2	73,424.39
Other expenses	Note 5	327,285.44
Net loss from investments		(457,214.99)
Net realised profit / (loss) on:		
- sales of securities portfolio	Note 2	(671,011.14)
- options	Note 2	741,938.60
- futures contracts	Note 2	789,138.00
Net realised profit		402,850.47
Movement in net unrealised appreciation / (depreciation) on:		
- securities portfolio	Note 2	(473,685.20)
- options	Note 2	400.00
- futures contracts	Note 2	(313,050.00)
Decrease in net assets as a result of operations		(383,484.73)
Subscription capitalisation shares		247,370,869.78
<i>R Class</i>		125,635,560.10
<i>RR Class</i>		10,265,881.98
<i>I Class</i>		94,453,360.98
<i>II Class</i>		17,016,066.72
Redemption capitalisation shares		(66,982,522.59)
<i>R Class</i>		(29,512,872.25)
<i>I Class</i>		(35,066,429.91)
<i>II Class</i>		(2,403,220.43)
Increase in net assets		180,004,862.46
Net assets at the beginning of the period		0.00
Net assets at the end of the period		180,004,862.46

* The first Net Asset Value calculation is dated 17 December 2015.

Emerald Euro Investment Grade Bond

Notes to the financial statements

Emerald Euro Investment Grade Bond

Notes to the financial statements as at 31 December 2016

Note 1 - General Information

Emerald Euro Investment Grade Bond (hereinafter the “Company”) is an investment company organised as a *société anonyme* under the laws of the Grand-Duchy of Luxembourg and qualifies as a *société d'investissement à capital variable* (SICAV) subject to Part I of the Luxembourg law of 17 December 2010 (the “Law”), as amended. The Company was incorporated on 9 December 2015 and is registered with the *Registre de Commerce et des Sociétés* of Luxembourg under number B 203047.

The Company has appointed Pharus Management Lux S.A. (hereinafter the “Management Company”) to serve as its Management Company in accordance with the Law pursuant to a management company agreement dated of 9 December 2015.

The Company’s primary investment objective is to provide long-term capital appreciation by investing in the Investment Grade EURO-denominated bond market, with the aim to outperform the reference index Barclays Euro Aggregate by minimizing risk factor concentration via a maximally diversified portfolio.

The Company may issue different Classes of Shares whose assets be commonly invested pursuant to the specific investment policy of the Company but where a specific sales or redemptions charge structure, fee structure, minimum investment amount, taxation, distribution policy, hedging policy or other feature may be applied.

The R Class is reserved to retail investors and the RR Class is reserved to retail investors investing through certain distribution channels subject to express authorisation by the Investment Manager.

The I Class and II Class are reserved to institutional investors.

Note 2 - Principal accounting methods

a) Presentation of the financial statements

The financial statements of the Company are prepared in accordance with the Luxembourg regulations relating to undertakings for collective investment in transferable securities and generally accepted accounting principles.

b) Valuation of securities

Securities or financial instruments admitted for official listing on a Regulated Market are valued on the basis of the last available price at the time when the valuation is carried out. If the same security is quoted on Regulated Markets, the quotation on the principal market for this security will be used. If there is no relevant quotation or if the quotations are not representative of the fair value, the evaluation will be made in good faith by the Board of Directors of the Company or their delegate.

Unlisted securities or financial instruments are valued on the basis of their probable value realisation as determined by the Board of Directors of the Company or their delegate using valuation principles which can be examined by the Auditor, in order to reach a proper and fair valuation of the total assets of the Company.

Any other assets are valued on the basis of their probable value realisation as determined by the Board of Directors of the Company or their delegate using valuation principles which can be examined by the Auditor, in order to reach a proper and fair valuation of the total assets of the Company.

c) Net realised profits/(losses) on sales of securities portfolio

The net realised profits/(losses) on sales of securities portfolio are determined on the basis of the average cost of the securities sold and are recorded in the statement of operations and changes in net assets.

Emerald Euro Investment Grade Bond

Notes to the financial statements as at 31 December 2016 (continued)

Note 2 - Principal accounting methods (continued)

d) Future contracts

Futures contracts are posted off-balance sheet and valued at their last known or closing price on the stock exchanges or regulated markets for that purpose. The unrealised appreciation or depreciation is disclosed in the statement of net assets. Net realised profits or losses and movement in net unrealised appreciations or depreciations are disclosed in the statement of operations and changes in net assets.

e) Options

Premiums received on the sale of options are recognised as liabilities and premiums paid on the purchase of options are carried as assets. Option contracts outstanding at the date of the report are valued at the last known price on the stock exchanges or regulated markets for that purpose. The unrealised appreciation or depreciation is disclosed in the statement of net assets. Net realised profits or losses and movement in net unrealised appreciations or depreciations are disclosed in the statement of operations and changes in net assets.

f) Income

Interests are recorded net of any potential withholding taxes.

g) Formation expenses

Expenses in connection with the incorporation of the Company are amortised on a straight line basis over five years period.

h) Transaction fees

The transaction fees, i.e. fees charged by the brokers and the Depositary for securities transactions and similar transactions, are recorded separately in the statement of operations and other changes in net assets under the caption "Transaction fees".

Note 3 - Management fees

Management Company fee:

In consideration of its services, the Management Company receives an annual management fee up to 0.06% payable quarterly and calculated on the average net assets of the Company.

The Management Company is entitled to a minimum fee of EUR 50,000 p.a., due in case the Management Company fees referenced above as a % rate result to a lower amount.

Investment Manager fee:

The Management Company has appointed CGM Compagnie de Gestion Privée Monégasque, as Investment Manager.

In consideration of its services, the Investment Manager is entitled to receive an Investment Manager fee that is calculated as a percentage of the Net Asset Value of each Class of Shares prior to accrual of performances.

Emerald Euro Investment Grade Bond

Notes to the financial statements as at 31 December 2016 (continued)

Note 3 - Management fees (continued)

Investment Manager fees per Class are as follows:

- R Class: up to 1.05% p.a.
- RR Class: up to 1.25% p.a.
- I Class: up to 0.55% p.a.
- II Class: up to 0.65% p.a.

The Investment Manager fees are accrued on each Valuation Day and payable quarterly in arrears.

Note 4 - Performance fees

The Investment Manager is entitled to receive a Performance fee calculated for each Class of Shares as follows:

R Class:

Quarterly Performance fee of 10% of the positive performance of the Class based on the High Water Mark principle.

RR Class:

Quarterly Performance fee of 15% of the positive performance of the Class based on the High Water Mark principle.

The High Water Mark Principle involves that no Performance fee is payable for a relevant quarter unless the Net Asset Value of the Class as at the end of the quarter exceeds the Net Asset Value based on which a Performance fee was last paid. The amount of Performance fee payable is calculated on the basis of the last Valuation Day of the relevant quarter.

I Class:

Quarterly Performance Fee of 20% of the performance of the Class over the performance of the index Barclays Euro Aggregate index [LBEATREU].

II Class:

Quarterly Performance Fee of 25% of the performance of the Class over the performance of the index Barclays Euro Aggregate index [LBEATREU].

For I and II classes, shareholders should be aware that based on this principle a Performance fee might be payable to the Investment Manager even if there was a decrease in value of the Net Asset Value of the Class over the relevant quarter notwithstanding the level of performance realised over the previous quarters. The amount of Performance fee payable is calculated on the basis of the last Valuation Day of the relevant quarter.

Performances fees are accrued on each Valuation Day and are calculated on the basis of the Net Asset Value after deduction of all expenses, liabilities and Investment Manager fees.

Emerald Euro Investment Grade Bond

Notes to the financial statements as at 31 December 2016 (continued)

Note 5 - Global distribution fee

CGM Compagnie de Gestion Privée Monégasque has also been appointed as Global Distributor so it is entitled to receive a global distribution fee up to 0.18% p.a. calculated on the Net Asset Value of R and I Classes of Shares and payable quarterly.

These fees are recorded in the statement of operations and changes in net assets under the caption “Other expenses”.

Note 6 - Depositary and Administrative agent fees

CACEIS Bank Luxembourg, as Depositary and Administration agent, is entitled to receive fees from the Company.

It shall receive a variable fee up to 0.10% p.a. calculated on the average net assets of the Company with a minimum annual fee of EUR 18,000 (this amount will not applied the first six months), for its Administration agent function. These fees are payable monthly and accrued on each Valuation Day.

For its Depositary agent function, it shall receive for the monitoring and safekeeping of the assets, a variable annual fee of 0.05% calculated on the average net assets of the Company. In addition, sub-custodian fees will be charged separately (annual variable commission of 0.005% of the net assets of the Company).

Note 7 - Subscription duty (“taxe d’abonnement”)

The Company is subject in Luxembourg to an annual tax of 0.05% of its net assets for any Class of Shares reserved to retail investors (R Class and RR Class) and an annual tax of 0.01% of its net assets for any Class of Shares reserved to institutional investors (I Class and II Class).

Such tax being payable quarterly and calculated on the total Net Asset Value of each Class at the end of the relevant quarter.

Note 8 - Other liabilities

The caption « Other liabilities » is mainly composed of distribution fees, *taxe d’abonnement* and professional fees.

Note 9 - Futures contracts

As at 31 December 2016, the following futures contracts are outstanding :

Buy/Sell	Number of contracts	Denomination	Currency	Commitment (in EUR)	Unrealised result (in EUR)
Buy	41	EURO BTP FUT 03/17	EUR	5,547,710.00	(1,110.00)
Buy	12	EURO BUXL FUT 03/17	EUR	2,082,240.00	(11,760.00)
Sell	(79)	EURO OAT FUT 03/17	EUR	(11,993,780.00)	(130,260.00)
Sell	(65)	EURO BUND FUT 03/17	EUR	(10,669,750.00)	(169,920.00)
				Total:	(313,050.00)

These contracts are dealt with the broker CACEIS BANK, the collateral received amounted to EUR 25,542.00 and recorded in the caption “Bank overdrafts”.

Emerald Euro Investment Grade Bond

Notes to the financial statements as at 31 December 2016 (continued)

Note 10 - Options

As at 31 December 2016, the following options contracts are outstanding :

Buy/Sell	Number of contracts	Denomination	Currency	Commitment (in EUR)	Unrealised result (in EUR)
Sell	(2)	EURX BUND CALL 165 01/17	EUR	(330,000.00)	300.00
Sell	(2)	EURX BUND CALL 165.5 01/17	EUR	(331,000.00)	180.00
Sell	(2)	EURX BUND PUT 164 01/17	EUR	(328,000.00)	(80.00)
				Total:	<u>400.00</u>

These contracts are dealt with the broker CACEIS BANK.

Note 11 - Total Expense Ratio ("TER")

The TER is calculated for the last 12 months preceding the date of this report.

Transaction fees are not taken into account in the calculation of the TER.

If a performance-related fee is foreseen and has been calculated, the TER is disclosed including this fee. Moreover the performance fee ratio is calculated in percentage of the average net assets for the last 12 months preceding indicated reference date.

	R Class	RR Class	I Class	II Class
TER	2.22%	- *	1.38%	1.41%**
Ratio of performance fee	0.61%	-	0.34%	0.07%

* : TER not calculated as unrepresentative

** : annualised

Note 12 - Changes of the investment portfolio

The statement of changes in investments for the period referring to this report is available free of charge at the registered office of the Company.

Note 13 - Securities Financing Transactions and Reuse Regulation ("SFTR")

The Company does not use any instruments falling into the scope of SFTR.

Note 14 - Subsequent events

With effect as of 1 January 2017, CACEIS Bank Luxembourg through a cross-border merger by way of absorption, became the Luxembourg branch of CACEIS Bank France. On the same date, CACEIS Bank Luxembourg was renamed CACEIS Bank, Luxembourg Branch and CACEIS Bank France was renamed CACEIS Bank.

With effect as of 1 January 2017, CACEIS (Switzerland) SA through a cross-border merger by way of absorption, became the Switzerland branch of CACEIS Bank France. On the same date, CACEIS (Switzerland) SA was renamed CACEIS Bank, Switzerland Branch and CACEIS Bank France was renamed CACEIS Bank.

Emerald Euro Investment Grade Bond

Unaudited information

Global exposure calculation method

The Company uses the commitment approach in order to monitor and measure the global exposure.

Remuneration

The European Directive 2014/91/EU amending Directive 2009/65/EC on undertakings for collective investment, which is applicable to the Company, came into force on March 18, 2016. It is implemented in national law under the Luxembourg Act of May 10, 2016 implementing Directive 2014/91/EU. Due to these new regulations, the Company is required to publish information relating to the staff costs of the Management Company, proportionated to the total net assets of the Company and the number of staff of the Management Company within the meaning of the Act in the annual report. The appropriate quantitative remuneration disclosures will be made in due course in accordance with Article 69(3) of the UCITS V Directive once a full performance year has been completed.

The information regarding the remuneration is available to the shareholders at the registered office of the Management Company.