

Preval Funds SICAV

An investment company with variable capital (société d'investissement à capital variable) incorporated under the form of a public limited company ("société anonyme") under the laws of the Grand Duchy of Luxembourg

Registered Office: 5, rue Jean Monnet, L-2180 Luxembourg
R.C.S. Luxembourg B. 194.732

Annual Report, including audited Financial Statements
for the year ended December 31, 2016

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Preval Funds SICAV • Annual Report, including audited Financial Statements for the year ended 31.12.2016

Report of the "Réviseur d'Entreprises Agréé"

To the Shareholders of
Preval Funds SICAV
5, rue Jean Monnet
L-2180 Luxembourg

Following our appointment by the annual general meeting of the Shareholders dated May 18, 2016, we have audited the accompanying financial statements of Preval Funds SICAV and of its Subfund (the "Fund"), which comprise the statement of net assets and the statement of investments in securities as at December 31, 2016 and the statement of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Board of Directors of the Fund for the financial statements

The Board of Directors of the Fund 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 Fund 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 Fund, 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 Preval Funds SICAV and of its Subfund as at December 31, 2016, and of the results of their operations and changes in their net assets for the year then ended 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 Fund 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 Luyer, *Réviseur d'entreprises agréé*
Partner

Luxembourg, April 26, 2017
560, rue de Neudorf
L-2220 Luxembourg

The Fund

Preval Funds SICAV
Investment Company with Variable Capital
5, rue Jean Monnet, L-2180 Luxembourg
R.C.S. Luxembourg B. 194.732

No subscription may be accepted on the basis of the financial reports. Subscriptions are accepted only on the basis of the current sales prospectus, the Key Investor Information Document, the latest annual report and the latest semi-annual report, if more recent.

The issue and redemption prices are published in Luxembourg at the registered office of the Fund.

Board of Directors of the Fund

Thierry Flecchia, Member of the Board
Conducting Officer, Preval, Société Anonyme, Luxembourg,
Grand Duchy of Luxembourg

Benoni Dufour, Member of the Board (since 27.04.2016)
Independent Director
Grand Duchy of Luxembourg

Laurent Pluchard, Member of the Board (since 18.05.2016)
Independent Director
Grand Duchy of Luxembourg

Stéphane Frankel, Member of the Board (until 17.05.2016)
Chief Executive Officer, Flinvest, Paris,
France

Grégoire Scheiff, Member of the Board (until 26.04.2016)
Conducting Officer, DCNA Finance Luxembourg, Luxembourg,
Grand Duchy of Luxembourg

Shareholders may obtain the sales prospectus, the key investor information document (KIID), the latest annual and semi-annual reports, the changes in the composition of the securities portfolio during the reporting period and copies of the Articles of Incorporation free of charge from the registered office of the Fund or the local representatives in the countries where the Fund is registered.

Management Company and investment manager

Preval, Société Anonyme
11, boulevard Royal
L-2449 Luxembourg
Grand Duchy of Luxembourg

Custodian Bank

Credit Suisse (Luxembourg) S.A.
5, rue Jean Monnet, L-2180 Luxembourg
Grand Duchy of Luxembourg

Central Administration Agent

Credit Suisse Fund Services (Luxembourg) S.A.
5, rue Jean Monnet, L-2180 Luxembourg
Grand Duchy of Luxembourg

Réviseur d'Entreprises Agréé

Deloitte Audit Société à Responsabilité Limitée, Cabinet de révision agréé
560, rue de Neudorf
L-2220 Luxembourg
Grand Duchy of Luxembourg

Legal Adviser as to matters of Luxembourg law

Elvinger Hoss Prussen
2, Place Winston Churchill
L-2014 Luxembourg
Grand Duchy of Luxembourg

Statement of Net Assets in EUR

	31.12.2016
Assets	
Investments in securities at market value	81,491,809.30
Cash at banks	53,737.82
Income receivable	77,575.49
Prepaid expenses	5,306.16
Net unrealised gain on forward foreign exchange contracts	190,932.88
	81,819,361.65
Liabilities	
Due to banks and to brokers	116,680.87
Provisions for accrued expenses	144,484.82
	261,165.69
Net assets	81,558,195.96

Statement of Operations / Changes in Net Assets in EUR

For the period from
01.01.2016 to
31.12.2016

Net assets at the beginning of the year	65,836,938.32
Income	
Dividends (net)	930,550.95
Bank interest	1,061.62
	931,612.57
Expenses	
Management fee	1,110,353.11
Performance fee	3,528.02
Custodian and safe custody fees	39,812.05
Administration expenses	33,336.09
Interest and bank charges	6,452.24
Audit, control, legal, representative bank and other expenses	75,128.48
Subscription tax	26,675.04
	1,295,285.03
Net income (loss)	-363,672.46
Realised gain (loss)	
Net realised gain (loss) on sales of investments	2,060,111.83
Net realised gain (loss) on forward foreign exchange contracts	271,705.27
Net realised gain (loss) on foreign exchange	117,819.44
	2,449,636.54
Net realised gain (loss)	2,085,964.08
Change in net unrealised appreciation (depreciation)	
Change in net unrealised appreciation (depreciation) on investments	5,633,955.52
Change in net unrealised appreciation (depreciation) on forward foreign exchange contracts	190,932.88
	5,824,888.40
Net increase (decrease) in net assets as a result of operations	7,910,852.48
Subscriptions / Redemptions	
Subscriptions	11,171,400.82
Redemptions	-3,360,995.66
	7,810,405.16
Net assets at the end of the year	81,558,195.96

General

Preval Funds SICAV (the "Fund") is an umbrella structured open-ended investment company with limited liability, organised as a *société anonyme* and qualifies as a *société d'investissement à capital variable* ("SICAV") under part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as amended (the "2010 Law"). The Fund was incorporated on 11.02.2015 and its Articles were published in the Memorial on 27.02.2015.

The Fund is registered under number B 194732 with the Registre de Commerce et des Sociétés of Luxembourg, where the Articles have been filed and are available for inspection. The Fund exists for an indefinite period.

As of 31.12.2016 the Fund had 1 Subfund denominated in EUR:
– Preval Fund SICAV – World Winners, launched on 10.04.2015.

The Fund offers various share classes of the Subfund.

Summary of significant accounting policies

a) Presentation of financial statements

The financial statements are presented in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

b) Computation of the net asset value

The net asset value per share is calculated on each Calculation Day by dividing the total net asset value attributable to each share class, being the proportionate value of its assets less its liabilities, by the number of shares of such share class then in issue.

The resulting net asset value per share is rounded to the nearest three decimal places.

The net asset value of the shares of the Subfund Preval Fund SICAV – World Winners is valued on a weekly basis as of each Friday or, should such Friday not be a Business Day, as of the Business Day following such Friday (the "Subfund's Valuation Day"). The actual calculation takes place one Business Day after the Subfund's Valuation Day. The Net Asset Value is computed every Monday that falls on a Business Day or otherwise the next Business Day, using the closing prices of the relevant Valuation Day.

The financial statements are presented on the basis of the latest NAV calculated during the financial year (i.e. 30.12.2016).

c) Valuation policy

The assets of the Subfund are valued as of the Valuation Day, as follows:

(1) 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 the Board of Directors of the Fund may consider appropriate in such case to reflect the true value thereof.

(2) The value of such securities, financial derivative instruments and assets is determined on the basis of the closing or last available price on the stock exchange or any other Regulated Market as defined by the 2010 Law on which these securities or assets are traded or admitted for trading. Where such securities or other assets are quoted or dealt in one or more than one stock exchange or any other Regulated Market, the Board of Directors of the Fund shall make regulations for the order of priority in which stock exchanges or other Regulated Markets are used for the provisions of prices of securities or assets.

(3) If a security is not traded or admitted on any official stock exchange or any Regulated Market, or in the case of securities so traded or admitted the last available price of which does not reflect their fair value, the Board of Directors of the Fund is required to proceed on the basis of their expected sales price, which is valued with prudence and in good faith.

(4) The financial derivative instruments which are not listed on any official stock exchange or traded on any other organised market are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Board of Directors of the Fund's initiative. The reference to fair value shall be understood as a reference to the amount for which an asset could be exchanged, or a liability be settled, between knowledgeable, willing parties in an arm's length transaction.

(5) Units or shares in undertakings for collective investments are valued on the basis of their last available net asset value as reported by such undertakings.

(6) Liquid assets and money market instruments may be valued at nominal value plus any accrued interest or on an amortised cost basis. All other assets, where practice allows, may be valued in the same manner.

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

d) Net realised gain/loss on sales of investments

The realised gains or losses on the sales of securities are calculated on the basis of the average acquisition cost.

e) Foreign exchange conversion

The financial statements are reported in the reference currency of the Subfund and the consolidated financial statements are reported in EUR.

Cash at banks, other net assets and the value of portfolio securities in currencies other than reference currency of the Subfund are converted into the reference currency at the foreign exchange rate prevailing on 30.12.2016.

Income and expenses in currencies other than reference currency of the Subfund are converted into the reference currency at the foreign exchange rate applicable at the date they accrue to the Subfund.

Realised gains or losses on foreign currencies are accounted for in the statement of operations.

Security transactions in currencies other than the reference currency of the Subfund are converted into the reference currency at the foreign exchange rate valid at the date of the transaction.

The foreign exchange rates used as of 30.12.2016 are:

1 EUR =

3.432900 BRL
1.414450 CAD
7.329950 CNY
7.435550 DKK
0.853600 GBP
8.177650 HKD
123.020800 JPY
9.582000 SEK
1.054750 USD

f) Transactions on investments in securities

The transactions on investments in securities are booked on a trade date basis.

g) Income recognition

Dividends are recorded on ex-dividend date, net of withholding tax. Interest is accrued on a daily basis.

h) Formation expenses

The costs and expenses of establishing the Fund are borne by, and payable out of the assets of, the Subfunds existing at the launch of the Fund and will be amortized over a period not exceeding five years.

Management fee

(see detail at Subfund level)

The Board of Directors of the Fund has appointed Preval, Société Anonyme as the Fund's Management Company to perform investment management, administration and marketing functions as described in Annex II of the 2010 Law.

The Fund pays Management fees for the Subfund to the Management Company *per annum* based on the Net Asset Value of the Fund and/or the Share Classes. The level of Management Fees may vary at the Board of Directors of the Fund discretion, as agreed with the Management Company, across Subfunds and Share Classes. Management Fees accrued on each Calculation Day (with respect to the Share Class concerned), are based on the Net Asset Value of the relevant Share Class and are paid monthly based on the last available Net Asset Value of the relevant Share Class.

Management Fees comprise, without limitation, all operation costs and expenses incurred by the Fund and the Management Company, with the exception of the Central Administration Fee, the fees of the Custodian Bank, and any taxes thereon.

Performance fee

The Management Company may, in addition to the Management Fee, be entitled to a performance fee.

For the Subfund Preval Fund SICAV – World Winners, the performance fee is paid annually in arrears within 15 Business Days from the end of the relevant calendar year (the "Performance Fee Calculation Period") and for the first time in 2015.

The performance fee may be levied provided that:

- (i) the performance of the relevant Share Class for the relevant Performance fee Calculation Period is positive as compared to the precedent Performance fee Calculation Period; and
- (ii) there is a difference in favour of the Shareholders in the relevant Share Class between the relative evolution of the NAV of such Share Class and the MSCI ACWI Index (i.e. an outperformance).

The performance fee by Class of Share outstanding will be equivalent to twenty per cent (20%) of the positive excess of the net return of the relevant Share Class over the MSCI ACWI Index (i.e. the outperformance) since the previous performance fee calculation period.

As of 31.12.2016, the Fund paid Performance Fee of EUR 3,528.02 to the Management Company.

Custodian and safe custody fee

The Custodian Bank receives from the Fund a fee in relation to these services, which is set at a rate of up to 6 bps per annum of the Net Asset Value of the Fund accrued on a daily basis and payable on a monthly basis.

Administration expenses

The Central Administration Agent receives a fee from and out of the assets of the Fund in relation to its Central Administration Agent services. Such fee is in accordance with usual practice in Luxembourg paid on a monthly basis and calculated and accrued at the end of the month considered.

Subscription tax and taxation

The Fund is not subject to any taxes in Luxembourg on income or capital gains.

The only taxes to which the Fund in Luxembourg is subject is the subscription tax at a rate of 0,05% per annum based on the Net Asset Value of each Subfund at the end of the relevant quarter, calculated and paid quarterly. In respect of any Share Class which is reserved for Institutional Investors (within the meaning of article 174 of the 2010 Law), the tax levied will be at the rate of 0,01% per annum.

In case the Fund invests in other Luxembourg investment funds, which in turn are subject to the subscription tax, the aforementioned tax is not due from the Subfund on the portion of assets invested therein.

Other taxes on the Fund, for example on income, capital gains or distributions, are not levied in Luxembourg. However, income, capital gains or distributions of the Fund may be subject to non-refundable withholding taxes or other taxes in countries in which the Fund's assets are invested.

Income, capital gains or distributions of the Fund are not subject to any capital gains, income or withholding tax in Luxembourg.

Changes in the composition of the securities portfolio

Changes in the composition of the securities portfolio during the reporting year are available to Shareholders free of charge at the registered office of the Fund or the local representatives in the countries where the Fund is registered.

Fund performance

(see detail at Subfund level)

The performance of the year Y is based on the net asset values as calculated on the last business day of the year Y and Y-1. Those net asset values reflect the market prices of the investments as of the last business day of the year Y and Y-1. The YTD (Year-To-Date) performance includes the period 01.01.2016 to 31.12.2016.

Historical performance is no indicator of current or future performance.

The performance data given does not take into account commissions and costs incurred in the purchase or redemption of fund shares. The performance since inception is annualised.

Performance of distributing shares includes reinvestments of dividends.

Transaction costs

Transactions costs include brokerage fees, stamp duty, local taxes and other foreign charges if incurred during the reporting year. Transaction fees are included in the cost of securities purchased and sold.

For the year ended on 31.12.2016, the Fund incurred transaction costs relating to purchase or sale of investments in securities and similar transactions, (including derivatives instruments or other eligible assets) as follows:

Preval Funds SICAV – World Winners	EUR 310,520.41
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Not all transaction costs are separately identifiable. For fixed income investments, forward currency contracts and for some other derivative contracts, transaction costs are included in the purchase and sales price of the investments.

Global Exposure

The global exposure of the Subfund is calculated on the basis of the commitment approach.

Manager's Report, Technical Data and Notes

Manager's Report

The global economic acceleration in 2016 provided a favorable context for equity markets. The pickup in economic activity was marked by an acceleration of growth in China, improved global industrial activity, decreasing deflationary pressures, and a strengthening of the US economy, above all in the second part of the year. This context has been pushing inflation expectations in the U.S., and these expectations have been accelerating even further after the Trump election results boosted hopes for heavy investment. These hopes fueled late year rally in U.S. stocks and the dollar surged to a 15-year high, investors having expectations for higher rates.

In this context we have been proactive and reactive enough to benefit and adapt the composition of the Subfund to this new reflation trend. Soon in 2016 we were already considering that investors were way too pessimistic regarding the Chinese economy, and way too scared regarding the global consequences of potential political changes in Europe, also we were considering that industrial companies had been underinvesting at unsustainable levels for quite some time. This context has obviously been setting the stage for a massive outperformance of the equity markets in 2016 with two strong catalyst : the Brexit, and the Trump election. The companies surfing on these new inflationary pressures trends have obviously been the main beneficiaries, entering in a "reverse to mean" era.

If, entering 2016, World Winners was overexposed to defensive stocks, our relative optimism regarding the economic activity, and the fact that cyclical stocks relative valuations became much more interesting in comparison with these defensive names, pushed us to rebalance our portfolio from consumer staples and pharmaceuticals toward companies in the industrials and basic materials industries all along 2016. Our investment ratio has been quite high as well all along 2016, reflecting our high degree of confidence that too many negatives were already priced in, and that the economic situation was better than the one reflected in the equity markets. This move enabled us to resist in this very tumultuous year for stock pickers, and to perform in line with our index, the MSCI World (€), by gaining +11,1%, which positions us in the second decile of our category for 2016. Of note, this performance was reached in spite of strong specific headwinds, namely our underexposure to US stocks, which have been performing strongly in 2016 in spite of what we consider to be very high valuations for this specific market.

Our view entering 2017 is that these uncertainties will keep on leveling off, helped by solid sets of figures from China, and that this context will support the reflation trend initiated in 2016. For this reason we enter 2017 with a strong exposure to China and to cyclical industries.

(The information stated relates to the year under review and is not indicative of future returns.)

Technical Data

		Valoren	ISIN	Management Fee
A -Capitalisation	EUR	25924494	LU1132346872	1.80%
I -Capitalisation	EUR	25924651	LU1132347094	1.20%

Fund Performance

		YTD	Since Inception
A -Capitalisation	EUR	10.44%	5.51%
I -Capitalisation	EUR	11.15%	6.70%

Notes

Forward foreign exchange contracts

Purchases		Sales		Maturity	Valuation (in EUR)
Counterparty					
EUR	4,857,847	GBP	-4,400,000	12.01.2017	-294,492.77
Credit Suisse Luxembourg					
USD	9,563,585	JPY	-1,000,000,000	02.02.2017	921,648.24
Credit Suisse Luxembourg					
JPY	554,000,000	USD	-5,218,784	02.02.2017	-436,222.59
Credit Suisse Luxembourg					
Net unrealised gain on forward foreign exchange contracts					190,932.88

Statement of Net Assets in EUR and Fund Evolution

	31.12.2016
Assets	
Investments in securities at market value	81,491,809.30
Cash at banks	53,737.82
Income receivable	77,575.49
Prepaid expenses	5,306.16
Net unrealised gain on forward foreign exchange contracts	190,932.88
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Liabilities	
Due to banks and to brokers	116,680.87
Provisions for accrued expenses	144,484.82
	261,165.69
Net assets	81,558,195.96

Fund Evolution		31.12.2016	31.12.2015
Total net assets	EUR	81,558,195.96	65,836,938.32
Net asset value per share			
A -Capitalisation	EUR	105.51	95.54
I -Capitalisation	EUR	106.70	96.00

Number of shares outstanding		at the end of the year	at the beginning of the year	Number of shares issued	Number of shares redeemed
A -Capitalisation	EUR	529,944.062	476,891.710	78,945.822	25,893.470
I -Capitalisation	EUR	240,336.700	211,202.700	38,640.000	9,506.000

Statement of Operations / Changes in Net Assets in EUR

For the period from
01.01.2016 to
31.12.2016

Net assets at the beginning of the year	65,836,938.32
Income	
Dividends (net)	930,550.95
Bank interest	1,061.62
	931,612.57
Expenses	
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Performance fee	3,528.02
Custodian and safe custody fees	39,812.05
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Net realised gain (loss) on sales of investments	2,060,111.83
Net realised gain (loss) on forward foreign exchange contracts	271,705.27
Net realised gain (loss) on foreign exchange	117,819.44
	2,449,636.54
Net realised gain (loss)	2,085,964.08
Change in net unrealised appreciation (depreciation)	
Change in net unrealised appreciation (depreciation) on investments	5,633,955.52
Change in net unrealised appreciation (depreciation) on forward foreign exchange contracts	190,932.88
	5,824,888.40
Net increase (decrease) in net assets as a result of operations	7,910,852.48
Subscriptions / Redemptions	
Subscriptions	11,171,400.82
Redemptions	-3,360,995.66
	7,810,405.16
Net assets at the end of the year	81,558,195.96

Statement of Investments in Securities

Breakdown by Country

Cayman Islands	14.40
United Kingdom	14.06
Japan	12.30
USA	9.96
Italy	8.62
Denmark	6.57
Netherlands	6.40
France	5.89
People's Republic of China	4.28
Switzerland	3.86
Canada	3.46
Bermuda	3.00
Finland	1.95
Brazil	1.82
Sweden	1.78
Virgin Islands (UK)	1.57
Total	99.92

Breakdown by Economic Sector

Financial, investment and other div. companies	13.10
Pharmaceuticals, cosmetics and medical products	12.03
Building materials and building industry	11.01
Food and soft drinks	7.73
Miscellaneous services	7.31
Retailing, department stores	6.41
Telecommunication	5.44
Energy and water supply	5.38
Mechanical engineering and industrial equipment	4.88
Traffic and transportation	3.72
Precious metals and precious stones	3.46
Aeronautic and astronautic industry	3.13
Forestry, paper and forest products	3.00
Internet, software and IT services	2.62
Textiles, garments and leather goods	2.52
Electronics and semiconductors	2.52
Lodging and catering industry, leisure facilities	2.23
Vehicles	2.09
Miscellaneous consumer goods	1.34
Total	99.92

Statement of Investments in Securities and Other Net Assets

Description	Quantity / Nominal	Valuation (in EUR)	% of net assets
Securities listed on a stock exchange or other organised markets: Shares (and equity-type securities)			
Shares (and equity-type securities)			
EUR AIRBUS GROUP NV	40,661	2,555,137.24	3.13
USD ALIBABA ADR	18,000	1,498,535.20	1.84
GBP ANTOFAGASTA	229,344	1,813,580.13	2.22
DKK A.P. MOELLER - MAERSK -B-	2,000	3,031,383.02	3.72
USD ARCOS DORADOS HOLDINGS -A-	250,000	1,279,924.15	1.57
JPY ASAHII GLASS	230,000	1,488,203.62	1.82
HKD AVICHINA INDUSTRY & TECHNOLOGY -H-	2,609,127	1,703,758.19	2.09
USD BAIDU.COM ADR	4,500	701,441.10	0.86
USD BARRICK GOLD	91,896	1,392,271.23	1.71
EUR BUZZI UNICEM	90,000	2,025,900.00	2.48
JPY CALBEE	42,000	1,249,544.79	1.53
USD CF INDUSTRIES HOLDINGS	70,000	2,089,215.45	2.56
HKD CHINA LESSO GROUP HOLDINGS	3,888,000	2,391,474.32	2.93
USD CHINA LODGING ADR	37,000	1,818,516.24	2.23
HKD CHINA SHENG MU ORGANIC MILK	4,880,000	1,283,009.18	1.57
JPY EZAKI GLICO	48,000	2,138,175.01	2.62
DKK FLSMIDTH & CO	59,000	2,324,912.08	2.85
SEK GETINGE INDUSTRIES (fria) -B-	95,000	1,448,497.18	1.78
USD GOLDCORP	110,727	1,427,719.55	1.75
HKD GOODBABY INTERNATIONAL HOLDINGS	2,403,000	1,090,182.39	1.34
GBP G4S	1,620,036	4,460,033.51	5.47
GBP HOMESERVE	295,382	2,145,464.39	2.63
EUR KERING	12,000	2,559,600.00	3.14
JPY KOSE	16,000	1,262,875.87	1.55
EUR LAFARGEHOLCIM (reg. shares)	63,000	3,144,645.00	3.86
HKD LEE & MAN PAPER MANUFACTURING	2,066,521	1,521,275.23	1.87
EUR METSO	58,800	1,593,480.00	1.95
JPY MORINAGA & CO	41,300	1,636,613.48	2.01
USD NEW STERIS	47,776	3,052,500.25	3.74
USD NEWMONT MINING	44,157	1,426,337.04	1.75
HKD NINE DRAGONS PAPER	2,843,188	2,444,175.48	3.00
HKD PRADA	638,600	2,053,790.51	2.52
USD SERVICEMASTER GLOBAL HOLDINGS	71,508	2,553,881.36	3.13
HKD SHANDONG WEIGAO GROUP MEDICAL POLYMER COMPANY -H-	2,825,000	1,789,450.51	2.19
JPY SHISEIDO	94,000	2,260,585.20	2.77
EUR TELECOM ITALIA	3,528,731	2,953,547.85	3.62
HKD TENCENT HOLDINGS	62,000	1,438,237.15	1.76
BRL TIM PARTICIPACOES	650,000	1,482,565.76	1.82
USD TRIMBLE NAVIGATION	72,000	2,058,118.04	2.52
EUR VEOLIA ENVIRONNEMENT	138,432	2,239,137.60	2.75
USD X 5 RETAIL GROUP	86,594	2,664,115.00	3.27
Shares (and equity-type securities)		81,491,809.30	99.92
Securities listed on a stock exchange or other organised markets: Shares (and equity-type securities)			
Shares (and equity-type securities)		81,491,809.30	99.92
Total of Portfolio		81,491,809.30	99.92
Cash at banks		53,737.82	0.07
Due to banks and to brokers		-116,680.87	-0.14
Other net assets		129,329.71	0.15
Total net assets		81,558,195.96	100.00

Remuneration

In compliance with the provisions of Articles 111 bis, 111 ter and 151 of the 2010 Law, the Management Company establishes implements and maintains a remuneration policy which is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or articles of incorporation of the UCITS that the Management Company manages. Such remuneration policy is aligned with the strategy of the Management Company, its objectives, its values and its long term interests, such as sustainable growth prospects, complies with principles governing client and investor protection when providing services and does not interfere with the obligation of the Management Company to act in the best interests of the UCITS it manages.

The remuneration policies and practices apply to categories of staff, including senior management, risk takers, employees with oversight functions and any employees whose overall remuneration places them in the same income bracket as senior management and risk takers, whose activities have a material impact on the risk profiles of the Management Company or the UCITS under its management.

The Management Company updates the structure of the remuneration policy regularly to ensure that it remains suitable in light of any developments in the Management Company and satisfy the duty of supervision. Such remuneration policy is in line with business strategy, objectives, values and interests of the Management Company and the UCITS that it manages and of the shareholders of these UCITS. The governance structure of the remuneration policy aims at preventing conflicts of interest.

The remuneration policies and practices include fixed and variable portions of salaries. Where remuneration includes a variable element or a bonus, awarded based on performance criteria, the remuneration policy is structured in such a way as to achieve a fair balance between the fixed and variable elements and so as to ensure that the fixed remuneration component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable components, including the possibility to pay no variable remuneration component. This balance of the various elements of remuneration can vary according to the employee concerned, employees' commitment and achievements of objectives and contribution towards the Management Company's added value but also taking into account the market conditions and the specific environment in which the Management Company operates. A maximum limit has been set by the Management Company for the variable element.

The aim of the remuneration policy is to align the employees' personal objectives with the long term goals of the Management Company. The assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the UCITS managed by the Management Company in order to ensure that the assessment process is based on the longer-term performance of the UCITS and their investment risks and that the actual payment of performance-based components of remuneration is spread over the same period.

Performance measurement, where it is used as a basis for the calculation of bonuses, is adjusted according to current and future risks associated with the underlying performance, and takes into account the cost of capital used and the liquidity required.

The implementation of the remuneration policy is at least subject to an annual internal, centralised and independent analysis.

The latest remuneration policy of the Management Company, including but not limited to the description of how the remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits is available from the Management Company's website (www.preval.lu) and a hard copy thereof is made available free of charge upon request of the Investors at the registered office of the Management Company.

According to the "European Securities and Markets Authority (ESMA) Guidelines", the UCITS V requirements in terms of remuneration will be effective from January 1st, 2017, at the end of the first accounting year following their implementation.

The amounts of remuneration are therefore not mentioned in this report.

Securities Financing Transactions and of Reuse ("SFTR")

As at December 31, 2016, the Company is currently not in the scope of the requirements of the Regulation (EU) 2015/2365 on transparency of SFTR. Furthermore, no corresponding transactions were carried out during the period referring to the financial statements.