



**Ithaca Universal Fund Ltd.**

Audited Financial Statements

For the Year Ended December 31, 2014

# ITHACA UNIVERSAL FUND LTD.

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# Ithaca Universal Fund Ltd.

## Directors' Report

The Directors present the audited financial statements of Ithaca Universal Fund Ltd. (the "Fund") for the period from January 1, 2014 to December 31, 2014.

## Investments

The Fund operates as a feeder fund, investing substantially all of its assets in the Odyssey Green Planet Fund, a Sub-Fund of Odyssey SICAV PLC.

## Subsidiaries

The Fund has no subsidiary.

## Related party transactions

During the period ended December 31, 2014, the Investment Manager charged \$47,342 of management fees.

Odyssey Green Planet Fund, a Sub-Fund of Odyssey SICAV PLC is considered as a related party due to its Investment Advisor having common ownership as the Investment Manager of the Fund.

Fiduciary Group Limited, one of the directors of the Fund, is a dedicated Director Company wholly owned by Folio Administrators Limited. Folio Administrators Limited serves as the Administrator of the Fund. During the period ended December 31, 2014, the Administrator charged \$24,000 of administration fees.

The Directors received a total remuneration of \$12,500 for their services. None of the directors agreed to waive any emoluments.

## Forecast

The Fund did not publish any forecast.

## Accounting standards

The Fund's financial statements are prepared in accordance with International Financial Reporting Standards, under the historical cost convention, except for the revaluation of financial assets and financial liabilities at fair value through profit or loss.

## Results, assets and liabilities

The results, assets and liabilities for the period ended December 31, 2014 were as follows:

	2014
Net gain for the period	\$95,992
Total assets	\$2,231,659
Total liabilities, excluding the net assets attributable to holders of redeemable shares	\$45,304



Fiduciary Group Limited

Director

June 25, 2015



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## Independent Auditor's Report

To the Shareholders of  
Ithaca Universal Fund Ltd.  
Tortola, British Virgin Islands

We have audited the accompanying financial statements of Ithaca Universal Fund Ltd., which comprise of the statement of financial position as at December 31, 2014, and the related statements of comprehensive income, changes in net assets attributable to holders of redeemable shares and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to 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 management, 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 present fairly, in all material respects, the financial position of Ithaca Universal Fund Ltd. as of December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Accounting Standards.

June 30, 2015  
Tortola, British Virgin Islands

# ITHACA UNIVERSAL FUND LTD.

## Statement of Financial Position

December 31, 2014

(Expressed in United States Dollars)

	Note	2014	2013
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	3	2,086,102	3,968,647
Receivables		56	6,666
Cash and cash equivalents		135,108	87,380
Due from broker		10,448	-
<b>Total current assets</b>		<b>2,231,714</b>	<b>4,062,693</b>
<b>LIABILITIES</b>			
Financial liabilities at fair value through profit or loss	3	-	529,990
Due to Investment Manager	5	17,163	23,767
Accounts payable and accruals	5	28,200	22,933
Due to broker		-	391,920
<b>Total current liabilities</b>		<b>45,363</b>	<b>968,610</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES</b>		<b>\$ 2,186,351</b>	<b>\$ 3,094,083</b>

APPROVED ON BEHALF OF THE BOARD

  
\_\_\_\_\_ Directors

June 30, 2015

\_\_\_\_\_ Date Approved

The accompanying notes form an integral part of these financial statements

# ITHACA UNIVERSAL FUND LTD.

## Statement of Comprehensive Income For the Year Ended December 31, 2014 (Expressed in United States Dollars)

	Note	2014	2013
<b>INCOME</b>			
Net realised profit or (loss) on financial assets and financial liabilities at fair value through profit or loss		589,467	(5,664)
Net unrealised movement on financial assets and financial liabilities at fair value through profit or loss		(399,544)	354,940
Dividend income (net of withholding taxes of \$13,565 (2013: \$18,514))		42,846	60,111
		232,769	409,387
<b>EXPENSES</b>			
Management fees	5	47,342	62,143
Administration fees	5	24,000	24,000
Professional fees		21,940	19,310
Directors fees	5	12,500	12,500
Commission		4,449	8,162
Bank and interest expense		9,463	20,832
Other expenses		17,083	10,727
		136,777	157,674
<b>NET INCOME FOR THE YEAR</b>		<b>\$ 95,992</b>	<b>\$ 251,713</b>

The accompanying notes form an integral part of these financial statements

# ITHACA UNIVERSAL FUND LTD.

Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares  
For the Year Ended December 31, 2014  
*(Expressed in United States Dollars)*

	2014	2013
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES</b>		
Opening balance	3,094,083	3,070,937
<b>REDEEMABLE SHARE TRANSACTIONS</b>		
Redemption of redeemable shares	(1,003,724)	(228,567)
	(1,003,724)	(228,567)
<b>NET INCOME FOR THE YEAR</b>	95,992	251,713
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES</b>		
Ending Balance	\$ 2,186,351	\$ 3,094,083

The accompanying notes form an integral part of these financial statements



# ITHACA UNIVERSAL FUND LTD.

## Statement of Cash Flows For the Year Ended December 31, 2014 (Expressed in United States Dollars)

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income for the year	95,992	251,713
<b>Adjustments to reconcile net income to cash from operations before working capital changes:</b>		
Net realized (profit) or loss on financial assets and financial liabilities at fair value through profit or loss	(589,467)	5,664
Net unrealised movement on financial assets and financial liabilities at fair value through profit or loss	399,544	(354,940)
Dividend income, net of withholding taxes	(42,846)	(60,111)
<b>Cash from operations before working capital changes:</b>	(136,777)	(157,674)
Purchase of financial assets and financial liabilities at fair value through profit or loss	(5,748,510)	(9,700,207)
Sale of financial assets and financial liabilities at fair value through profit or loss	7,290,988	9,529,089
Decrease in receivables	6,610	2,658
(Increase) decrease in due from broker	(10,448)	49,196
Decrease in due to Investment Manager	(6,604)	(20,453)
Increase (decrease) in accounts payable and accruals	5,267	(12,718)
(Decrease) increase in due to broker	(391,920)	391,920
Dividend received, net of withholding taxes	42,846	60,111
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>1,051,452</b>	<b>141,922</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net payments for share redemptions	(1,003,724)	(228,567)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(1,003,724)</b>	<b>(228,567)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>47,728</b>	<b>(86,645)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
At beginning of year	87,380	174,025
<b>At end of year</b>	<b>\$ 135,108</b>	<b>\$ 87,380</b>

The accompanying notes form an integral part of these financial statements

# ITHACA UNIVERSAL FUND LTD.

## Notes to the Financial Statements For the Year Ended December 31, 2014 (Expressed in United States Dollars)

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### 1. Incorporation and Activity

Ithaca Universal Fund Ltd. (the "Fund") was incorporated in the British Virgin Islands on November 12, 2009 under the BVI Business Companies Act, 2004 (as amended) and the Fund is recognised as a professional fund under the Securities and Investment Business Act, 2010. The Fund commenced operations on May 1, 2010 ("Commencement"). The Fund is listed on the Bermuda Stock Exchange since December 17, 2010. The Fund's registered office is located at Folio House, James Walter Francis Drive, P.O. Box 800, Road Town, Tortola, British Virgin Islands.

The Fund's objective is to achieve capital appreciation, whilst limiting risk of loss, by investing directly long and short in listed equities on Global Markets, equity linked derivatives, money market instruments and cash. The Investment Manager will employ a bottom up approach to equity selection and actively uses the interplay between long and short components to manipulate the portfolio's risk versus the market. Effective October 1, 2014, the Fund will achieve its investment objective through its investment in the Odyssey Green Planet Fund (the "Recipient Fund").

The Fund operates as a feeder fund, investing its assets in the Recipient Fund, a Sub-Fund of Odyssey SICAV PLC, a limited liability public company incorporated in Malta on 22 January 2013.

The Fund's investment activities are managed by Ithaca Capital Advisers Ltd. (the "Investment Manager"). The founder shareholder of the Recipient Fund is the principal of the Investment Manager. Folio Administrators Limited (the "Administrator") provides administrative services to the Fund.

### 2. Significant Accounting Policies

#### (a) Basis of preparation

The Fund's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss. The Fund's financial accounting records are kept in United States ("US") dollars.

#### (b) Standards, amendments and interpretations to existing standards effective and relevant to the Fund

- **IAS 32, 'Offsetting financial assets and financial liabilities'** - clarifies the offsetting criteria in IAS 32 by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is considered to be equivalent to net settlement. The amendments to IAS 32 did not have any impact on the Fund's financial position or performance.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial period beginning January 1, 2014 that would be expected to have a material impact on the Fund.

#### (c) Standards, amendments and interpretations to existing standards in issue but not yet effective and relevant to the Fund

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. The only new standard relevant to the Fund is **IFRS 9 Financial Instruments**, which is discussed below.

The Fund does not plan to adopt IFRS 9 early. IFRS 9, published in July 2014, will replace the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. It includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on the initial assessment, this standard is not expected to have a material impact on the Fund.

None of the other new standards, interpretations and amendments, which are effective for periods beginning after January 1, 2014 and which have not been adopted early, are expected to have no material effect on the Fund's future financial statements.

# ITHACA UNIVERSAL FUND LTD.

## Notes to the Financial Statements For the Year Ended December 31, 2014 (Expressed in United States Dollars)

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### 2. Significant Accounting Policies (continued)

#### (d) Foreign currency

Transactions entered into by the Fund in a currency other than US dollars (the "foreign currencies") are recorded at the rates ruling when the transaction occurs. Foreign currency monetary assets and liabilities are translated at the rates ruling at the date of financial statements.

Foreign exchange gains and losses arising from translation of financial assets and financial liabilities at fair value through profit or loss are recognised in the statement of comprehensive income within "Net realised gain on financial assets and financial liabilities at fair value through profit or loss". All other foreign exchange gains and losses are recognised in the statement of comprehensive income within "Net foreign currency gain (loss)".

#### (e) Use of estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates and assumptions.

#### (f) Financial assets

The Fund classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Fund has not classified any of its financial assets as held-to-maturity or available-for-sale.

##### (i) Fair value through profit or loss

This category comprises investments held long and financial contracts in an asset position (see Financial liabilities for financial contracts in a liability position). They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income within "Unrealised movement on financial assets and financial liabilities at fair value through profit or loss".

##### (ii) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence that the Fund will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

The Fund's loans and receivables comprise receivables, cash and cash equivalents and due from broker.

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three month or less .

Amounts due from broker represents cash, foreign cash, margin debit balances, receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the date of the financial statements respectively.

# ITHACA UNIVERSAL FUND LTD.

## Notes to the Financial Statements For the Year Ended December 31, 2014 (Expressed in United States Dollars)

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### 2. Significant Accounting Policies (continued)

#### (g) Financial liabilities

The Fund classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

The Fund's accounting policy for each category is as follows:

##### (i) Fair value through profit or loss

This category comprises investments sold, but not yet purchased and financial contracts in a liability position (see Financial assets for financial contracts in an asset position). They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income within "Unrealised movement on financial assets and liabilities at fair value through profit or loss".

##### (ii) Other financial liabilities

Other financial liabilities include the following items:

- Due to broker includes cash, foreign cash, margin debit balances and amounts payable on investment transactions.
- Payables, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
- The redeemable shares are carried at the redemption amount that is payable at the date of the financial statements if the holder exercises the right to put the share back to the Fund.

#### (h) Fair value measurement

The Fund's investment in the Recipient Fund is subject to the terms and conditions of the Recipient Fund's offering documentation. The investment in Recipient Fund is valued based on the latest available redemption price of such units, as determined by the Recipient Funds' administrator. The Fund reviews the details of the reported information obtained from the Recipient Funds and considers:

- the liquidity of the Recipient Fund or its underlying investments;
- the value date of the net asset value (NAV) provided;
- any restrictions on redemptions; and
- the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the Recipient Fund's advisors

If necessary, the Fund makes adjustments to the NAV of the Recipient Fund to obtain the best estimate of fair value. Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss in the statement of comprehensive income include the change in fair value of Recipient Fund.

The Recipient Fund uses the first in, first out ("FIFO") for its disposal and cost recognition of its underlying investments. All the Recipient Fund's investments are listed and are valued on the last trading day of the month using the published closing price.

#### (i) Fair value hierarchy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities at fair value through profit or loss to use a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical financial assets and financial liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the financial asset and the financial liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2);
- Inputs for the assets or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or the financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels. At December 31, 2014 the 100% of financial instruments of the Fund fell into Level 2 of the hierarchy.

# ITHACA UNIVERSAL FUND LTD.

## Notes to the Financial Statements For the Year Ended December 31, 2014 (Expressed in United States Dollars)

### 2. Significant Accounting Policies (continued)

#### (j) Investment transaction and revenue recognition

The Fund records investment transactions based on settlement date. Realised gain or loss on financial assets and financial liabilities at fair value through profit or loss is determined average cost basis.

Dividend income and expense from financial assets and financial liabilities at fair value through profit or loss are recognised when the Fund's right to receive payments or the Fund's obligation is established, usually the ex-dividend date. Interest income is accrued on a time basis and recognised based on the effective interest rate, which is the rate that effectively discounts estimated future cash payments or receipts throughout the expected life of the financial instrument.

#### (k) Taxation

Under current legislation in the British Virgin Islands, there is no income, estate, corporate, capital gain or other taxes payable by the Fund. Accordingly, no income tax has been provided.

The Fund may be subject to foreign withholding taxes on certain interest, dividends and capital gains.

### 3. Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss

The following table analyses, within the fair value hierarchy, the Fund's investments (by class) measured at fair value at December 31, 2014:

	Level 1	Level 2	Level 3	Total
<b>FINANCIAL ASSETS</b>				
Recipient Fund	-	2,086,102	-	2,086,102
<b>Total financial assets at fair value through profit or loss</b>	<b>\$ -</b>	<b>\$ 2,086,102</b>	<b>\$ -</b>	<b>\$ 2,086,102</b>

The following table analyses, within the fair value hierarchy, the Fund's investments (by class) measured at fair value at December 31, 2013:

	Level 1	Level 2	Level 3	Total
<b>FINANCIAL ASSETS</b>				
Equity securities	3,968,647	-	-	3,968,647
<b>Total financial assets at fair value through profit or loss</b>	<b>\$ 3,968,647</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,968,647</b>
<b>FINANCIAL LIABILITIES</b>				
Equity securities	529,990	-	-	529,990
<b>Total financial liabilities at fair value through profit or loss</b>	<b>\$ 529,990</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 529,990</b>

# ITHACA UNIVERSAL FUND LTD.

## Notes to the Financial Statements For the Year Ended December 31, 2014 (Expressed in United States Dollars)

### 4. Share Capital

#### (a) Authorised and issued

The authorised share capital is consisting of 9,999,000 Class A shares of no par value (the “redeemable shares”) and 1,000 Class B shares (the “management shares”) of no par value.

Transactions in Class A shares, for the year ended December 31, 2014, are as follows which are all issued and fully paid.

	Beginning balance	Shares subscribed	Shares redeemed	Ending balance
Lead Series	17,500.0000	-	(5,000.0000)	12,500.0000
2010-06 Series	3,000.0000	-	(2,000.0000)	1,000.0000
2010-07 Series	1,000.0000	-	(1,000.0000)	-
2010-10 Series	250.0000	-	-	250.0000
2011-03 Series	4,000.0000	-	-	4,000.0000
2011-04 Series	430.4162	-	-	430.4162
2011-05 Series	1,000.0000	-	-	1,000.0000
2011-06 Series	1,531.9060	-	(531.9060)	1,000.0000
2011-08 Series	1,500.0000	-	(1,000.0000)	500.0000
2011-10 Series	1,000.0000	-	-	1,000.0000
2012-02 Series	1,000.0000	-	(700.0000)	300.0000
2012-04 Series	500.0000	-	-	500.0000
	32,712.3222	-	(10,231.9060)	22,480.4162

Transactions in Class A shares, for the year ended December 31, 2013, are as follows which are all issued and fully paid.

	Beginning balance	Shares subscribed	Shares redeemed	Ending balance
Lead Series	18,501.0000	-	(1,001.0000)	17,500.0000
2010-06 Series	3,000.0000	-	-	3,000.0000
2010-07 Series	1,000.0000	-	-	1,000.0000
2010-10 Series	250.0000	-	-	250.0000
2011-03 Series	4,000.0000	-	-	4,000.0000
2011-04 Series	1,000.0000	-	(569.5838)	430.4162
2011-05 Series	1,000.0000	-	-	1,000.0000
2011-06 Series	2,000.0000	-	(468.0940)	1,531.9060
2011-08 Series	1,500.0000	-	-	1,500.0000
2011-10 Series	1,000.0000	-	-	1,000.0000
2012-02 Series	1,000.0000	-	-	1,000.0000
2012-04 Series	1,000.0000	-	(500.0000)	500.0000
	35,251.0000	-	(2,538.6778)	32,712.3222

During the years ended December 31, 2014 and 2013, the total 1,000 management shares are issued.

# ITHACA UNIVERSAL FUND LTD.

## Notes to the Financial Statements For the Year Ended December 31, 2014 (Expressed in United States Dollars)

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### 4. Share Capital (continued)

#### (b) Class rights

Each management share confers the right to one vote but no right to redeem, to any dividend or other distribution and to receive any payment in the distribution of the surplus of assets on the Fund's liquidation. Each redeemable Class A share has no right to receive notice of, attend at or vote at any meeting of the shareholders but has the right to redeem such share, to an equal share in any dividend or other distribution and to receive an equal share in the distribution of the surplus assets of the Fund properly attributable to the redeemable shares with reference to each class.

#### (c) Subscriptions and redemptions

The initial series of redeemable shares will be issued at the initial subscription date at the offering price of US\$100 per share. Subsequently, redeemable shares of that series may be issued from time to time on the first business day of each month at the net asset value per share. Shares issued on each subscription date may be denominated as separate series for purposes of accruing the performance fee and/or the management fee applicable to such redeemable shares (or for other purposes in the Fund's discretion). A new series of redeemable shares may be issued to all investors subscribing on each subscription date in order to permit the performance fee to be calculated separately with respect to each series. Each separate series of redeemable shares of each class is identified by its date of issuance.

The minimum initial subscription from each investor is \$100,000. Subscriptions are payable only in US dollars.

Generally, a shareholder may redeem all or any portion of their shares effective as of the last business day of each calendar month upon at least four (4) days' prior written notice to the Investment Manager from October 1, 2014. Prior to October 1, 2014 the notice period was six (6) days. The Investment Manager may waive the notice requirement in its sole discretion. The redemption price will be the net asset value per share of the relevant class and series as of the redemption date. A penalty equal to 3% of the amount redeemed will be deducted from any amount invested in the Fund for less than 12 months, 2% from any amount invested in the Fund for less than two years and 1% from any amount invested in the Fund for less than 3 years and retained by the Fund for the benefit of the remaining shareholders. The Investment Manager may in its sole discretion waive any requirement relating to redemptions, suspend redemptions under certain circumstances, and elect to make redemption payments in cash or in kind.

#### (d) Net asset value per share

The net asset value per redeemable share is determined by dividing the net assets attributable to a specific class series by the number of redeemable shares outstanding in that specific class series.

The table below shows the respective net asset value per class series of redeemable share.

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	2014	2013
Lead Series	97.4249	93.8842
Series 2010-06	102.1227	98.4113
Series 2010-07	-	98.8542
Series 2010-10	105.8472	102.0004
Series 2011-03	91.5123	88.1865
Series 2011-04	95.0179	91.5647
Series 2011-05	92.8566	89.4820
Series 2011-06	95.1783	91.7192
Series 2011-08	101.6423	97.9483
Series 2011-10	106.0619	102.2074
Series 2012-02	111.3668	107.8451
Series 2012-04	109.3695	105.9109

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# ITHACA UNIVERSAL FUND LTD.

## Notes to the Financial Statements For the Year Ended December 31, 2014 (Expressed in United States Dollars)

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### 5. Related Party Transactions and Balances

The Investment Manager, Administrator and Recipient Fund and the Fund are considered related parties by virtue of having common directors. Transaction with related parties during the financial year end December 31, 2014 and 2013 follows;

#### (a) Management Fees

On September 11, 2014 the directors of the Fund resolved to reduce management fee to 1% of net assets per annum from October 1, 2014. Prior to October 1, 2014 under the terms of the discretionary asset management agreement, dated January 1, 2010, the Investment Manager was entitled to a monthly management fee equal to 2% per annum of the net asset value of each series of redeemable shares as of the last business day of each month. The management fee is payable monthly.

During the year ended December 31, 2014, total management fees amounting to \$47,342 (2013: \$62,143) was recorded of which \$15,909 (2013: \$22,794) is payable at December 31, 2014.

#### (b) Performance Fee

On September 11, 2014 the directors of the Fund resolved to reduce performance fee to 10% of profits per annum from October 1, 2014. Prior to October 1, 2014 the Investment Manager was entitled to a performance fee equal to 20% of the net profits of each series of the Fund above the hurdle rate of the 30 Day Eurodollar London Rate + 2% of the yearly increase in the net asset value of each series of the Fund. The performance shall be prorated to reflect partial year performance for any series launched during a performance period. Upon the crystallization of a performance fee for any series of the Fund at the calendar year end, the applicable net asset value of the series will become a high water mark and any losses in subsequent years will need to be recovered before future performance fee is payable. The performance fee is calculated monthly and payable yearly.

During the year ended December 31, 2014, total performance fees amounting to \$222 (2013: \$973) was charged. All performance fees were paid during the reporting period.

#### (c) Administration Fee

Under the terms of the administration agreement dated January 1, 2010, the Administrator agreed to provide accounting and administration services to the Fund. The Fund will pay an annual fee at the higher rate of a flat fee of \$24,000 or the application of basis points on the combined net asset value of the active share classes whichever fee base is higher, plus any reimbursable expenses. The fees will be charged in the following sliding scale:

15 Basis point:	Net assets of \$0 to \$10,000,000
12 Basis point:	Net assets of \$10,000,001 to \$20,000,000
9 Basis point:	Net assets of \$20,000,001 to \$50,000,000
7.5 Basis point:	Net assets above \$50,000,000

During the year ended December 31, 2014, total administration fees amounting to \$24,000 (2013: \$24,000) were recorded of which \$12,000 (2013: \$6,000) is payable at the date of the financial statements. The amount is included within "accounts payable and accruals" in the statement of financial position.

#### (d) Directors' Fees

The Fund shall pay the directors such annual remuneration for acting as Directors of the Fund.

During the year ended December 31, 2014, total directors' fees were charged amounting to \$12,500 (2013: \$12,500). All directors' fees were paid during the reporting period.

#### (e) Redeemable Shares

The Fund issued redeemable shares to the principal of the Investment Manager, which represents 4.45% (2013: 3.03%) of the net assets attributable to holders of redeemable shares.

#### (f) Purchase of unquoted equity shares

The Fund purchased 20,000 shares of the Recipient Fund's Class A shares on October 1, 2014 paying a total amount of \$2,000,000. The unrealized gain on this investment for the period ended December 31, 2014 was \$86,102.



# ITHACA UNIVERSAL FUND LTD.

## Notes to the Financial Statements For the Year Ended December 31, 2014 (Expressed in United States Dollars)

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### 6. Risk Management

The Fund is exposed through its operations to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

In common with all other businesses, the Fund is exposed to risks that arise from its use of financial instruments. This note describes the Fund's objectives, policies and processes for managing those risks and the methods used to measure them.

The principal financial instruments used by the Fund, from which financial instrument risk arises, are as follows: financial assets and financial liabilities at fair value through profit or loss, receivables, cash and cash equivalents, due from/to broker, due to Investment Manager and accounts payable and accruals.

The Fund is also exposed to operations risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer the securities might be temporarily impaired.

#### (a) General objectives, policies and processes

The Directors have overall responsibility for the determination of the Fund's risk management objectives and policies and, whilst retaining ultimate responsibility for them, they have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Fund's management.

The Fund's overall risk management program seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund's policy allows it to use derivative financial instruments to both moderate and create certain risk exposures. There can be no assurance that the Fund will be able to generate return for its investors or that the returns will commensurate with the risks of investing in the type of companies and transactions described in the Fund's offering memorandum. Accordingly, an investment in the Fund should only be considered by persons who can afford a loss in the full value of their investment either during the life of the Fund or on its termination.

All securities investments present a risk of loss of capital. The maximum loss of capital on purchased options, long equity and debt securities is limited to the fair value of those positions. The maximum loss of capital on equities sold but not yet purchased is limited to the proceeds of those positions.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

#### (i) Credit Risk

Credit risk is the risk of financial loss to the Fund if counterparties to a financial instrument fail to meet their contractual obligations. The Fund is mainly exposed to credit risk from financial assets at fair value through profit or loss, receivables, cash and cash equivalents and due from broker.

The maximum exposure to credit risk before any credit enhancements at December 31, 2014 and December 31, 2013 is the carrying amount of the financial assets as set out in the statement of financial position.

As at December 31, 2014, 100% of financial assets at fair value through profit or loss comprise investments in the Recipient Fund that have been fair valued in accordance with the policies outlined at 2 (h) above. The Fund may also be materially affected by the actions of other investors who have invested in the Recipient Fund in which the Fund has invested. The Fund mitigates its credit risk by a continuous monitoring of the results of the Recipient Fund by the Investment Manager.

At December 31, 2014 and 2013, all cash balances and due from broker balances are placed in custody with a reputable prime broker.

# ITHACA UNIVERSAL FUND LTD.

## Notes to the Financial Statements For the Year Ended December 31, 2014 (Expressed in United States Dollars)

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### 6. Risk Management (continued)

#### (a) General objectives, policies and processes (continued)

##### (ii) Market Risk

Market risk arises from the Fund's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (foreign currency risk) or other market factors (other price risk).

##### Interest rate risk

The Fund is exposed to cash flow interest rate risk from cash and cash equivalents and due from brokers that expose the Fund to fair value interest rate risk.

The Fund does not actively manage the interest rate risk.

At December 31, 2014, had the market interest rate increased by 50 (2013: 50) basis points, with all other variables held constant, the Fund's profit or loss and net assets would have decreased by \$7,278 (2013: decreased by \$4,173). A decrease in the market interest rate of 50 (2013: 50) basis points, with all other variables held constant, would have an equal but opposite effect on the profit or loss and net assets of the Fund. A 50 basis point shift in the market interest rate represents management's assumption for the reasonably possible change in interest rates. The Fund's assumptions have not changed from prior year.

##### Foreign currency risk

At December 31, 2014 and 2013, the Fund has no financial assets and financial liabilities denominated in currencies other than the US dollar. As a result, the Fund is not exposed to significant foreign currency risk.

##### Other price risk

The Fund is exposed to other price risk on its financial assets and financial liabilities at fair value through profit or loss. This arises from investments held by the Fund for which fair values in the future are uncertain.

At December 31, 2014, if the relevant value increased by 5%, with all other variables held constant, the Fund's profit or loss and net assets would have increased by \$104,305 (2013: \$171,933). A decrease in the relevant value of 5%, with all other variables held constant, would have an equal but opposite effect on the profit or loss and net assets of the Fund. A 5% shift in the relevant value represents management's assumption for the reasonably possible change in fair value. The Fund's assumptions have not changed from prior year.

##### (iii) Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to liquidity risk from its financial liabilities. The amounts due to Investment Manager, accounts payable and accruals and due to broker are payable within one year and the holders of redeemable shares may request for monthly redemption.

The shares of the Recipient Fund are not publicly traded; redemption can only be made by the Fund on the last business day of each month (the "Valuation Day") and subject to the required four (4) days notice period as specified in the offering documents of the Recipient

The Fund mitigates its risk on redeemable shares by requesting the holders of these redeemable shares to provide redemption written notices of at least 6 days which gives time to the Fund to gather the necessary amounts by selling investments.

The cash and cash equivalents and due from broker are considered being on demand.

The Fund may suspend the redemption of shares if circumstances, events or conditions exist which are beyond the control of the Fund. Additionally, if the net asset value cannot reasonably be determined in the normal and usual fashion customary to funds of this type because the appropriate exchange or inter-dealer market wherein a significant portion of the Fund's assets is regularly traded or quoted is closed or suspended, other than for regularly scheduled holidays, then a shareholder's right to redemption will be suspended until such markets are functioning normally.

# ITHACA UNIVERSAL FUND LTD.

## Notes to the Financial Statements For the Year Ended December 31, 2014 *(Expressed in United States Dollars)*

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### 6. Risk Management (continued)

#### (b) Capital Risk Management

The capital of the Fund is represented by the net assets attributable to holders of redeemable shares. The amount of net asset attributable to holders of redeemable shares can change significantly on a monthly basis as the Fund is subject to monthly subscriptions and redemptions at the discretion of shareholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for shareholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to redeem and issue new shares in accordance with the constitutional documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

The Directors and Investment Manager monitor capital on the basis of the value of net assets attributable to redeemable shareholders.

### 7. Subsequent capital transactions

The Fund evaluated all events that occurred from January 1, 2014 through June 30, 2015. During the period, the Fund did not have any material recognizable subsequent events other than the subsequent capital transactions disclosed above.

Subsequent to December 31, 2014 to June 30, 2015, the Fund paid redemptions of \$318,353.

The Fund will be entitled to a performance fee equal to 20% of net profits calculated quarterly and management fees at 2% of net assets for shares purchased after January 1, 2015.

In addition, a shareholder, who has purchased his shares after January 1, 2015 wishing to exercise his redemption privilege shall deliver to the Fund at least twenty-eight (28) days.