

\$ Q Q X D O \$ X G L W / H W W H U
< H D U H Q G L Q J 0 D U F K

: R U F H V W H U V K L U H & R X Q W \ & R X Q F L O
\$ X J X V W

& R Q W H Q W V



6HFWLRQ

([HFXWLYH 6XPPDU\
\$XGLW RI WKH \$FFRXQWV
9DOXH IRU 0RQH\ FRQFOXVLRQ

3DJH

\$SSHQGLFHV
<RXU NH\ *UDQW 7KRUQWRQ \$ 5HSRUWV LVVXHG DQG IHHV
WHDP PHPEHUV DUH % 5HFRPPHQGDWLRQV

-RKQ *UHJRU\
(QJDJHPHQW OHDG

7

(MRKQ *UHJRU\#XN JW FRP

+HOHQ /LOOLQJWRQ
ODQDJHU

7

(KHOHQ P /LOOLQJWRQ#XN JW FRP

.DWKU\Q .HQGHUGLQH
([HFXWLYH

7

(.DWKU\Q D .HQGHUGLQH#XN JW FRP

([H F X W L Y H 6 X P P D U \

3XUSRVH

5HVSHFWLYH UHVS RQVLELOLWLHV

2XU \$QQXDO \$XGLW /HWWHU /HWWHU VXPPDULVHV WKH NH\ ILQGLQJV DULVLQJ IURP WKH ZRUN
WKDW ZH KDYH FDUULHG RXW DW :RUFHVWHUVKLUH &RXQW\ &RXQFLO WKH &RXQFLO IRU WKH \HDU
HQQHG 0DUFK

7KLV /HWWHU LV LQWHQGHG WR SURYLGH D FRPPHQWU\ RQ WKH UHVXOWV RI RXU ZRUN WR WKH
&RXQFLO DQG H[WHUQDO VWDNHKROGHUV DQG WR KLJKOLJKW LVVXH WKDW ZH ZLVK WR GUDZ WR WKH
DWWHQWLRQ RI WKH SXEOLF ,Q SUHSDULQJ WKLW /HWWHU ZH KDYH IROORZHG WKH 1DWLRQDO \$XGLW
2IILFH 1\$2 V &RGH RI \$XGLW 3UDFWLFH DQG \$XGLWRU *XLGDQFH 1RWH \$*1 ±
\$XGLWRU 5HSRUWLQJ :H UHSRUWHG WKH GHWDLOHG ILQGLQJV IURP RXU DXGLW ZRUN WR WKH
&RXQFLO V \$XGLW DQG *RYHUQDQFH &RPPLWWHH DV WKRVH FKDUJHG ZLWK JRYHUQDQFH LQ RXU
\$XGLW)LQGLQJV 5HSRUW RQ -XO\

([H F X W L Y H 6 X P P D U \

9DOXH IRU 0RQH\ DUUDQH ZPHUHWDLVLHG WKDW WKH &RXQFLO SXW LQ SODFH SURSHU DUUDQJHPHQWV WR
H[FHSW IRU WKH PDWWHUV ZH LGHQWLILHG LQ UHVSHFW RI &KLOGUHQ\ V 6HUYLFHV D
LQ RXU DXGLW UHSRUW WR WKH &RXQFLO RQ -XO\

&HUWLILFDWH :H FHUWLI\ WKDW ZH KDYH FRPSOHWHG WKH DXGLW RI WKH DFFRXQWV RI :RUFHVWHU

:RUNLQJ ZLWK WKH &RXQFLO

'XULQJ WKH \HDU ZH KDYH GHOLYHUHG D QXPEHU RI VXFFHVVIXO RXWFRPHV ZLWK \RX

‡ \$Q DXGLW GHOLYHUHG E\ WKH VWDWXWRU\ GHGOLQH ± ZH GHOLYHUHG WKH DXGLW E\ ZRUNLQJ
KDUG LQ SDUWQHUVKLS ZLWK \RXU WHDP WR WDFNOH WKH LVVXH LGHQWLILHG SDUWLFXODUO\ WKRVH
DULVLQJ IURP WKH LPSOHPHQWDWLRQ RI WKH QHZ ILQDQFLDO V\ VWHP

‡ ,PSURYHG ILQDQFLDO SURFHVVHV ± ZH ZRUNHG ZLWK \RX WR LGHQWLI\ DUHDV ZKHUH
SURFHVVHV FRXOG EH LPSURYHG IRU IXWXUH \HDUV LQ SDUWLFXODU WKH QHFHVVDU\
UHSRUWLQJ IURP WKH ILQDQFLDO V\ VWHP DQG WKH ZRUNLQJ SDSHUV QHHGHG WR VXSSRUW
UHYDOXDWLRQV

‡ 6KDULQJ RXU LQVLJKW ± ZH UHJXODUO\ DWWHQGHG \$XGLW DQG *RYHUQDQFH &RPPLWWHH DQG
VKDUHG RXU H[SHULHQFHV :H DOVR VKDUHG RXU WKRXJKW OHDGHUVKLS UHSRUWV LQFOXGLQJ
WKRVH RQ VHWWLQJ XS ORFDO DXWKRULW\ FRPSDQLHV

:H ZRXOG OLNH WR UHFRUG RXU DSSUHFLDWLRQ IRU WKH DVVLVWDQFH DQG FR RSHUDWLRQ
SURLGHG WR XV GXULQJ RXU DXGLW E\ WKH &RXQFLO V VWDII

*UDQW 7KRUQWRQ 8. //3
\$XJXVW

\$ X G L W R I W K H \$ F F R X Q W V

\$XGLW RI WKH \$FFRXQWV

\$XGLW RSLQLRQ

:H JDYH DQ XQTXDOLILHG RSLQLRQ RQ WKH &RXQFLO V ILQDQFLDO VWDWHPHQWV RQ -XO\
LQ OLQH ZLWK WKH QDWLRQDO GHDGOLQH

3UHSDUDWLRQ RI WKH DFFRXQWV

7KH &RXQFLO SUHVHQWHG XV ZLWK GUDIW DFFRXQWV LQ DFFRUGDQFH ZLWK WKH QDWLRQDO
GHDGOLQH DQG SURYLGHG ZRUNLQJ SDSHUV WR VXSSRUW WKHP 7KH ILQDQFH WHDP UHVSRRGHG
WR RXU TXHULHV GXULQJ WKH FRXUVH RI WKH DXGLW

:KLOH WKHUH LV HYLGHQFH WKDW PHPEHUV RI WKH ILQDQFH WHDP KDYH ZRUNHG KDUG WR
PLWLJDWH WKH LPSDFW WKDW WKH QHZ ILQDQFLDO V\WHP KDV KDG RQ WKH DFFRXQWV SURGXFWLRQ
SURFHVV LW KDV SUHVHQWHG VLJQLILFDQW FKDOOHQJHV WR ERWK WKH ILQDQFH WHDP DQG WKH
DXGLW WHDP ,Q SUHYLRXV \HDUV ILQDQFH RIILFHUV ZHUH DEOH WR UXQ GHWDLOHG WUDQVDFWLRQ
OLVWLQJV GLUHFWO\ IURP WKH OHGJHU 7KLV HQDEOHG PHPEHUV RI WKH ILQDQFH WHDP WR KDYH D
FOHDU XQGHUVWDQGLQJ RI WKH WUDQVDFWLRQV LQ HDFK EDODQFH DQG IRU WKH DXGLW WHDP WR WHVW

9DOXH IRU ORQH\ FRQFOXVLRQ

9DOXH IRU 0RQH\ FRQFOXVLRQ

.H\ 9DOXH IRU 0RQH\ 5LVNV

5LVNV LGHQWLILHG LQ RXU DXGLW SODQ	+RZ ZH UHVSROGHG WR WKH ULVN	
<p>&KLOGUHQ\ 6HUFLFHV</p> <p>‡ &KLOGUHQ\ VHUFLFHV ZDV D\ 2IVWHG DV LQDGHTXDWH DW LQVSHFWLRQ LQ - 7KH UHFRJQLVHG WKH KDUG ZRUN WKDW WKH &RXQFLO KDG XQGHUWDNHG FRPPLWPHQW IURP DOO OHYHOV ,W DOVR ZHQW RQ WR KLJKOLJKW WKDW WKHUH QXPEHU RI DUHDV ZKHUH LPSURYHPHQW LV QHHGHG</p> <p>‡ :H ZLOO UHYLHZ WKH &RXQFLO UHVSROGHG WKH SURJUDPPDWLYH KDYH XQGHUWDNHG D QXPEHU RI GLDJQRVWLQJ YLVLWV 7KHL</p> <p>'HOLYHU\ ORGHO</p>	<p>‡ 7KH &RXQFLO KDYH FRQWLQXHG WR ZRUN KDUG WR LPSURYH WKH WKH &RXQFLO KDG XQGHUWDNHG FRPPLWPHQW IURP DOO OHYHOV ,W DOVR ZHQW RQ WR KLJKOLJKW WKDW WKHUH QXPEHU RI DUHDV ZKHUH LPSURYHPHQW LV QHHGHG</p> <p>‡ 2Q 6HSWHPEHU WKH &RXQFLO ZHUH LVVXH ZLWK D GLUHFWRU ZKLFK UHTGHYHORS DQ RSWLRQV DQDO\VLV IRU DOWHUQDWLYH PRGHV IRU SURYLVLHQW RI F)ROORZLQJ D IXOO EXVLQHVV FDVH WKH &RXQFLO KDYH DSSURYHG WKH LPSOHPHQW RZQHG &RXQFLO &RPSDQ\ IRU WKH SURYLVLHQW RI &KLOGUHQ\ VHUFLFHV ZLWK D GDWH RI \$SULO</p> <p>‡ ,Q DGGLWLRQ WR WKH 2IVWHG YLVLWV IRU &KLOGUHQ\ 6HUFLFHV WKH &RXQFLO LQVSHFWLRQ YLVLW GXULQJ ODUFK LQ UHODWLRQ WR 6SHFLDO (GXFDWLRQDO 6(1' 7KH RXWFRPH RI WKH LQVSHFWLRQ ZDV WR UHTXLUH D ZULWWHQ VDWHPHQW EHFDXVH RI VLJQLILFDQW DUHDV RI ZHDNQHVV LQ WKH ORFDO DUHD\ SUDFWLFH ZRUNLQJ ZLWK 1+6 :RUFHVWHUVKLUH &OLQLFDO &RPLVLRQLQJ *URXS WR SURGDFWLRQ SODQ WR 2IVWHG WKDW GHWDLOV KRZ WKH\ DUH JRLQJ WR LPSURYH WKH DGGUHVV WKH ZHDNQHVVHV LGHQWLILHG</p>	

9DOXH IRU 0RQH\ FRQFOXVLRQ FRQWLQXH



\$ 5HSRUWV LVVXHG DQG IHHV

:H FRQILUP EHORZ RXU ILQDO UHSRUWV LVVXHG DQG IHHV FKDUJHG IRU WKH DXGLW DQG SURYLVLRQ RI QRQ

5HSRUWV LVVXHG

5HSRUW	'DWH LVVXHG
\$XGLW 3ODQ	ODU FK
\$XGLW)LQGLQJV 5HSRUW	-XO\
\$QQXDO \$XGLW /HWWHU	\$XJXVW

)HHV IRU QRQ DXGLW VHUYLFHV

6HUFLH)HHV ...
\$XGLW UHODWHG VHUYLFHV 73\$ FHUWLILFDWLRQ	
1RQ \$XGLW UHODWHG VHUYLFHV &)2 LQVLJKWV VXEVSULSWLRQ	

)HHV

3ODQ \$XGLW /HWWHU IHHV IHHV
6WDWXWRU\ &RXQFLO DXGLW \$XGLW RI 3HQVLRQ)XQG ,\$6 \$VVXUDQFH WR RWKHU DXGLWRUV 7RWDO IHHV

1RQ DXGLW VHUYLFHV

‡)RU WKH SXUSRVHV RI RXU DXGLW ZH KDYH PDGH
8. //3 WHDPV SURYLGLQJ VHUYLFHV WR WKH &RXQFLO
VXPPDULVHV DOO QRQ DXGLW VHUYLFHV ZKLFK ZH
‡ :H KDYH FRQVLGHUHG ZKHWKHU QRQ DXGLW VHUYLFHV
WKUHDW WR RXU LQGHSHQQGHQFH DV WKH &RXQFLO
DSSURSULDWH VDIHJDUGV DUH SXW LQ SODFH

7KH IHH YDULDWLRQ IRU , \$6 WDNHV DFFRXQW RI WKH ZRUN DERYH QRQ DXGLW VHUYLFHV DUH FROVLVWHQW
DGPLWWHG ERGLHV ZLWKLQ WKH 36\$\$ UHJLPH

ZKH DERYH QRQ DXGLW VHUYLFHV DUH FROVLVWHQW
DOORWPHQW RI QRQ DXGLW ZRUN WR RXU DXGLWRUV

7KH SURSRVHG IHHV IRU WKH \HDU ZHUH LQ OLQH ZLWK WKH VFDOH IHH VHW E\ 3XEOLF 6HFWRU \$XGLW
\$\$SSRLQWPHQWV /WG 36\$\$

7KH DVVXPSWLRQV ZLWKLQ WKH DXGLW SODQ DVVXPHV WKDW GUDIW ILQDQFLDO VWDWHPHQWV DQG
ZRUNLQJ SDSHUV DUH SURYLGHG DW WKH DJUHHG GDWH LQ DFFRUGDQFH ZLWK WKH DJUHHG XSRQ
LQIRUPDWLRQ UHTXLUH OLWV \$V SUHYLRXVO\ KLJKOLJKWHG ZH KDYH QHHGHG WR XQGHUDNH
DGGLWLRQDO ZRUN DV D UHVXOW RI WKH FKDOOHQJHV RI WKH UHSRUWLQJ IURP WKH QHZ ILQDQFLDO
V\VWHP DQG DV D UHVXOW RI WKH TXDOLW\ RI WKH ZRUNLQJ SDSHUV LQLWLDOO\ SURYLGHG :H KDYH
DOVR HQFRXQWHUHG VLJQLILFDQW LVVXHV ZLWK WKH YDOXDWLRQV RI SURSHUW\ SODQW DQG HTXLSPHQW
ZKLFK KDV UHVXOWHG LQ DGGLWLRQDO WLPH QHHGHG WR FRPSOHWH WKH DXGLW :H KDYH GLVFXVHG
DQ DGGLWLRQDO IHH ZLWK WKH &KLHI)LQDQFH 2IILFHU DQG WKLV KDV EHHQ LQFOXGHG ZLWKLQ WKH
DFWXDO IHHV FROXPQ DERYH 7KLV LV VXEVSULSWLRQ WR DJUHHPHQW IURP 36\$\$

% \$FWLRQ SODQ

:H KDYH LGHQWLILHG IRXU UHFRPPHQGDWLRQV IRU WKH &RXQFLO DV D UHVVXOW RI LVVXHV LGHQWLILHG GXULQJ ZLOO UHSRUW RQ SURJUHVV RQ WKHVH UHFRPPHQGDWLRQV GXULQJ WKH FRXUVH RI WKH DXGLW 7KH PDV FRXUVH RI RXU DXGLW DQG WKDW ZH KDYH FRQFOXGHG DUH RI VXIILFLHQW LPSRUWDQFH WR PHULW EHLQJ UHS \$VVHVPHQW ,VVXH DQG ULVN 5HFRPPHQGDWLRQV

Z 7KH UHSRUWLQJ RXWSXW IURP WKH QHZ ILQDQFLDO V\WHP VKRXOG



< *UDQW 7KRUQWRQ 8. //3 \$OO ULJKWV UHVHUYHG

μ*UDQW 7KRUQWRQ UHIHUV WR WKH EUDQG XQGHU ZKLFK WKH *UDQW 7KRUQWRQ PHPEHU ILUPV SURYLGH DV ILUPV DV WKH FRQWH[W UHTXLUHV

*UDQW 7KRUQWRQ 8. //3 LV D PHPEHU ILUP RI *UDQW 7KRUQWRQ ,QWHUQDWLRQDO /WG *7,/ *7,/ DQG WKH PHPEHU VHSODUDWH OHJDO HQWLW\ 6HUYLFHV DUH GHOLYHUHG E\ WKH PHPEHU ILUPV *7,/ GRHV QRW SURYLGH VHUYL DQRWKHU DQG DUH QRW OLDEOH IRU RQH DQRWKHU V DFWV RU RPLVLRQV