

NEW MILLENNIUM SIF - SICAV



Specialised Investment Fund - Investment Fund with variable
share capital
(SIF - SICAV)

R.C.S. Luxembourg B132 131

Audited annual report as at 31 December 2016

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NEW MILLENNIUM SIF - SICAV

Directors and Administration

REGISTERED OFFICE	5, Allée Scheffer L - 2520 Luxembourg
PROMOTER	Banca Finnat Euramerica S.p.A. Piazza del Gesù, 49 I - 00186 Roma
CUSTODIAN, CENTRAL ADMINISTRATION, REGISTRAR AND TRANSFER AGENT	CACEIS Bank Luxembourg (until 31 December 2016) CACEIS Bank, Luxembourg Branch (since 1 January 2017) 5, Allée Scheffer L - 2520 Luxembourg
AUDITOR	PricewaterhouseCoopers, Société coopérative 2, rue Gerhard Mercator L - 2182 Luxembourg
GENERAL COORDINATOR	Banca Finnat Euramerica S.p.A. Piazza del Gesù, 49 I - 00186 Roma
SUB-FUND CO-MANAGERS	Banca Finnat Euramerica S.p.A. Piazza del Gesù, 49 I - 00186 Roma Augustum Opus Sim S.p.A. Via Marina 6 I - 20121 Milan
LEGAL ADVISOR	Bonn & Schmitt Avocats 148, Avenue de la Faïencerie L - 1511 Luxembourg

Board of Directors

CHAIRMAN	Mr. Alberto ALFIERO <i>Deputy General Manager</i> Banca Finnat Euramerica S.p.A. Piazza del Gesù, 49 I - 00186 Roma
DIRECTORS	Mr. Gianluca COSTANTINI Banca Finnat Euramerica S.p.A. Piazza del Gesù, 49 I - 00186 Roma Mr. Sante JANNONI <i>Managing Director</i> TMF Compliance (Luxembourg) S.A. 11, rue Béatrix de Bourbon L - 1225 Luxembourg Ms. Antonella MUSCO Banca Finnat Euramerica S.p.A. Piazza del Gesù, 49 I - 00186 Roma Mr. Emanuele BONABELLO Banca Finnat Euramerica S.p.A. Piazza del Gesù, 49 I - 00186 Roma

Board of Directors' report

Domestic and international macroeconomic scenario

In 2016, the ongoing ultra-accommodating monetary policy by the European Central Bank enabled the Eurozone countries to issue over 60 percent of their debt at even negative average rates. Companies also benefited from the extremely low interest rates, as a result of which corporate issuers in the Eurozone were able to offer new bond products totalling no less than 344 billion euros.

Despite the BCE's policy producing important effects on the monetary markets, economic growth rates in the euro area nevertheless remained excessively low. The general economic sentiment was negatively affected by both the outcome of the referendum on the United Kingdom's membership of the European Union, with a majority voting in favour of leaving the EU, and the uncertainty that emerged from the constitutional referendum in Italy, which would have introduced a set of reforms deemed essential by many international investors to improve the growth prospects of our economy.

Therefore, economic growth in the Eurozone is substantially running out of steam, with a meagre 0.3% in both the second and third quarters, after the much better 0.6% recorded in the first quarter of 2016. In France, the sustained growth of 0.7% in the first quarter was followed by a 0.1% GDP decrease in the following quarter and a limited recovery of 0.2% in the third. Germany, after an initial GDP growth of 0.7%, witnessed two consecutive drops of 0.4% in the second quarter and 0.2% in the third. In Italy, growth was limited to 0.3% in the first and third quarters, dropping to zero in the second.

Only the United States featured a constant growth trend, with a progressively rising annualised GDP from 0.8% in the first quarter, to 1.4% in the second and no less than 3.5% in the third.

In the emerging countries, while the Chinese GDP confirmed an annualised growth rate of 6.7% in the third quarter, equal to the one it had already achieved in the previous quarter, Brazil and Russia attempted to pull themselves out of the recession into which both countries have plunged over the past two years, in the wake of the significant dip in commodity prices, of which they are strong producers and exporters. In the third quarter of 2016, Brazil's GDP shrunk by 2.8%, after having already dropped by 3.6% in the previous quarter, while in Russia the GDP dropped by 0.4%, after a previous contraction of 0.6%.

Regarding global inflation trends, an initial period in which prices continued to drop – from 2.9% to 2.5% - was followed by a second period, from September, in which inflation expectations, in the wake of the sharp rise in oil prices (+34% at the end of the first half of 2016), as well as the reflationary effects of the new pro-cyclical policies announced by the new US administration, signalled a trend reversal. This strong increase of inflation expectations was then confirmed by the actual macroeconomic figures, especially in the Eurozone. In the US, there was an increase in consumer prices, between April 2016 and December 2016, from 1.1% to 1.7%, with even more drastic changes in the Eurozone, where the situation switched from a year-on-year drop of 0.2%, in April, to a trend growth of 1.1% in December.

Against this backdrop, bond yields have strengthened. The 10-year US Treasury yield rose from 1.38% to 2.46% at the end of December 2016; the 10-year Bund yield rose to 0.21%, from minus 0.19%, while the Italian 10-year BTP yield increased from 1.34% to 1.81%.

In March, the ECB launched new expansive measures in a deflationary context, while in the following December, given the new reflationary trends, its actions aimed at readjusting its non-conventional monetary policy interventions. At its meeting in December 2016, the ECB did not change its policy rates, leaving the refinancing rate at zero, the deposit rate at minus 0.4% and the marginal lending facility at 0.25%. Regarding non-conventional monetary policy measures, the ECB's Governing Council decided to continue its current quantitative easing (asset purchase) programme and, indeed, to extend it to December 2017, albeit reducing monthly asset purchases from the current 80 billion euros (valid until March 2017) to 60 billion.

In view of the new inflation expectations, at its meeting held on 14 December 2016, the Federal Open Market Committee – the branch of the Federal Reserve Board that determined the direction of monetary policy – decided to confirm the current trend towards a stronger normalisation of its monetary policy, increasing the interest rate by 0.25% (the Fed Funds rate has been increased to 0.75%), announcing three further similar-sized increases throughout 2017.

Board of Directors' report (continued)

The financial Markets

In 2016, the share markets featured broadly inconsistent trends. While stock prices rose considerably in the United States and the principal emerging economies, the euro area suffered from the weakness of the macroeconomic scenario and, in Italy and Spain above all, from the heavy adjustments in the respective banking sectors.

Therefore, the US stock market offered annual returns of 13.8% the *Dow Jones*, and 9.9% the *S&P 500*, while the global emerging markets index offered a return – in US dollars – of 10%, albeit with markets, such as Brazil and Russia, which, emerging from the heavy economic recession that hit both countries in 2015/2016, offered returns of 38.9% (+73.9% in euros) and 26.8%, respectively.

In the Eurozone, the unsatisfactory economic performance, but, above all, the political uncertainties arising from the outcome and consequences of the Brexit and the constitutional reforms proposed by the Italian government, but rejected by the voters, have weighed heavily, especially on the more volatile markets. At the end of the year, the stock index of Eurozone stocks (*Eurostoxx 50*) remained essentially unchanged (+0.7%), while the French Bourse index *CAC 40* offered a return of 4.86% and the German *DAX* a return of 6.87%. The weight of the mining sector in the composition of the British *FTSE 100* index has enabled the London Stock Exchange to record a return of 14.43%, in the local currency, which, however, was neutralised for those investors who had failed to hedge the exchange rate risk: in the aftermath of Brexit, in fact, the pound has lost over 15%, with regard to both the US dollar and the euro. Other negative returns, in Europe, were recorded by Zurich (-6.8%), Portugal (-11%), Madrid, in terms of the *Ibex 35* index (-2%), and the *FTSE Mib* index of the Italian Bourse, which suffered a 10.2% drop, dragged down by the 39% drop of the banking sector.

In the Asia/Pacific area, the *Shanghai* recorded a 13.13% loss, the Japanese *Nikkei 225* index gained 0.42% and the *Hang Seng* index of the Hong Kong stock exchange 0.39%.

The *Commodities* markets offered aggregated returns of 10.5%, after the worst asset class performance in the previous three years. The lion's share was taken up by *Oil*, which, after having dropped (the Brent variety) from 107 dollars per barrel in July 2014 to 28 dollars in January 2016 (the lowest price in 13 years), featured an unexpected annual return of 50.6%, in the wake of the first production cut decided by the OPEC in 8 years. Good returns were also recorded, in the energy sector, by *ICE Diesel* (+53.9%) and *NYMEX Natural Gas* (+68.2%). Among industrial metals, *Gold* increased by 9%, after having reached 24% half way through the first half of 2016. Regarding *agricultural derivatives*, the following commodities recorded negative trends: *Corn* (-1.74%) and *Wheat* (-13.1%), while the price of *Soybeans* rose by 15.75%. Furthermore, *Coffee* rose by 9.1%, *Cotton* by 13.6% and *Sugar* by no less than 28.7%.

Regarding the bond markets, global high yield bonds are the best performers, with annual returns of 14%, while the *corporate investment grade bonds* proved quite a disappointment (+3.3%) and especially the US 10-year US Treasury bond (0%), whose capital losses, as a result of the changed rate expectation scenario, has fully eroded the value of the expected coupon.

The best performance, among the the government bonds, was recorded by the UK *Gilts* (+7.6%), while more than satisfactory returns have also been assured by the French *OATS* (+4.2%) and the German *Bunds* (+5.4%). The return of Italian *BTPs* was practically nil (+0.1%), while the emerging debt, overall, (based on the JP Morgan EMBI Index) offered an 8.6% yield.

Regarding the *currency markets*, in 2016 the following currencies appreciated against the euro, alongside the US dollar (+3.2%), the Japanese yen (+6.8%) and the Swiss franc (+0.84%), while the British pound depreciated by 17.8%. Instead, compared to the US dollar, there was an appreciation of both the Brazilian peso (+17.8%) and the South African rand (+11.4%), and a depreciation of the Mexican peso (-15.1%) and the British pound (-15.8%).

NEW MILLENNIUM SIF - SICAV - Total FlexFund

On average, the portfolio features 55% of government bonds and the remaining 44% of corporate bonds; the remaining life of the securities is less than 1 year for 12%, between 1 and 3 years for 68% and between 3 and 5 years for the remaining 20.

At the end of the year the sub-fund recorded a Net Asset Value per share of EUR 87.22 generating an annual performance equal to -2.84%.

NEW MILLENNIUM SIF - SICAV

Board of Directors' report (continued)

NEW MILLENNIUM SIF - SICAV - Flexible Credit Opportunities December 2020

This sub-fund was launched in April 2017 and has invested predominantly in high-yield bonds with medium duration of no more than 5 years and with an average rating of BB-.

The manager adopted a bottom-up approach, based on an initial analysis of about 4,000 issues, with the aim of achieving a diversified portfolio in which each issue does not exceed 1.5% of the NAV, in general.

From a sectorial point of view, the sub-fund has invested in about 10 more or less equally distributed macro-sectors, currently overweighting the financial and insurance sector. Geographically, about 60% of investments are in European issuers, the remainder consists almost entirely of US issuers.

The exchange risk is fully hedged and it is possible to undertake an exchange risk of up to 20% of the NAV.

At the end of the year the sub-fund recorded a Net Asset Value per share of EUR 109.03, paid a dividend of EUR 1.02 and featured an absolute performance of 10.05%.

Luxembourg, 1 March 2017

Note: the information in this report represents historical data and is not an indication of future results.



Audit report

To the Shareholders of
NEW MILLENNIUM SIF - SICAV

We have audited the accompanying financial statements of NEW MILLENNIUM SIF - SICAV and of each of its sub-funds, 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 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 SICAV for the financial statements

The Board of Directors of the SICAV 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 SICAV 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 about 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 judgment of the “Réviseur d’entreprises agréé”, 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 SICAV, 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.

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R.C.S. Luxembourg B 65 477 - TVA LU25482518



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of NEW MILLENNIUM SIF - SICAV and of each of its sub-funds as of 31 December 2016, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

Other information

The Board of Directors of the SICAV 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 audit report 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.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 4 April 2017

A handwritten signature in black ink, consisting of a stylized 'T' followed by a long, sweeping horizontal line.

Thierry Blondeau

NEW MILLENNIUM SIF - SICAV

Consolidated

NEW MILLENNIUM SIF - SICAV
Consolidated
Financial Statements as at 31 December 2016

Statement of net assets as at 31 December 2016

Expressed in EUR

Assets		13,550,062.50
Investments in securities at market value	Note 2	11,258,574.98
Cash		305,151.53
Interests receivable		274,506.99
Formation expenses	Note 2	11,832.19
Subscriptions receivable		1,699,996.81
Liabilities		453,923.36
Accrued performance fees	Note 3	115,602.08
Redemptions payable		52,967.77
Unrealised net depreciation on forward foreign exchange contracts	Note 2, 6	230,892.20
Unrealised net depreciation on futures contracts	Note 2, 7	9,700.00
Accrued management fees	Note 3	23,480.08
Expenses payable		21,281.23
Net asset value		13,096,139.14

NEW MILLENNIUM SIF - SICAV

Consolidated

Statement of operations and changes in net assets from 1 January 2016 to 31 December 2016

Expressed in EUR

Income		358,401.09
Net interest on bonds		358,004.65
Bank interest on cash account		350.25
Other income		46.19
Expenses		252,335.15
Amortisation of formation expenses	Note 2	2,480.29
Management fees	Note 3	54,516.34
Custodian fees		3,124.17
Subscription tax	Note 4	587.49
Central administration fees		8,501.89
Performance fees	Note 3	115,602.08
Domiciliation and Administrative Agent fees		10,000.00
Professional fees		25,348.30
Bank interest on overdrafts		6,302.83
Other charges	Note 5	25,871.76
Net income from investments		106,065.94
Net realised profit / (loss) on:		
- investments		50,953.88
- forward foreign exchange contracts		5,545.10
- futures contracts		14,704.50
- foreign exchange		(5,399.93)
Net realised profit		171,869.49
Change in net unrealised appreciation / (depreciation) on:		
- investments		673,275.91
- forward foreign exchange contracts		(230,892.20)
- futures contracts		(9,700.00)
Increase in net assets as a result of operations		604,553.20
Dividends paid	Note 8	(62,492.22)
Subscription distribution shares		11,264,947.36
Redemption distribution shares		(52,967.77)
Increase in net assets		11,754,040.57
Net assets at the beginning of the year		1,342,098.57
Net assets at the end of the year		13,096,139.14

NEW MILLENNIUM SIF - SICAV
- Total FlexFund

NEW MILLENNIUM SIF - SICAV - Total FlexFund
Financial Statements as at 31 December 2016

Statement of net assets as at 31 December 2016

Expressed in EUR

Assets		1,312,121.68
Investments in securities at market value	Note 2	1,284,197.80
Cash		14,041.89
Interests receivable		9,140.91
Formation expenses	Note 2	4,741.08
Liabilities		8,141.33
Expenses payable		8,141.33
Net asset value		1,303,980.35

Key figures

	<i>Year ending as at:</i>	31 December 2016	31 December 2015	31 December 2014
Total Net Assets	EUR	1,303,980.35	1,342,098.57	5,109,941.02
	EUR		EUR	EUR
Capitalisation shares				
Number of shares		14,950.831	14,950.831	54,473.400
Net asset value per share		87.22	89.77	93.81

NEW MILLENNIUM SIF - SICAV - Total FlexFund

Securities portfolio as at 31 December 2016

Expressed in EUR

Quantity / Nominal	Description	Currency	Acquisition cost	Market value	% of net assets
Transferable securities admitted to official stock exchange listing and/or dealt in on another regulated market			1,302,279.60	1,284,197.80	98.48
Bonds			878,168.10	863,054.20	66.18
<i>Italy</i>			<i>517,492.90</i>	<i>504,270.20</i>	<i>38.67</i>
150,000.00	ENI SPA 4.875 11-17 11/10A	EUR	164,752.50	155,829.00	11.95
210,000.00	ITALIE 0.30 15-18 15/10S	EUR	211,407.00	211,696.80	16.23
130,000.00	ITALY BTP 3.50 13-18 01/06S	EUR	141,333.40	136,744.40	10.49
<i>Spain</i>			<i>360,675.20</i>	<i>358,784.00</i>	<i>27.51</i>
320,000.00	SPAIN 4.60 09-19 30/07A	EUR	360,675.20	358,784.00	27.51
Floating rate bonds			424,111.50	421,143.60	32.30
<i>Italy</i>			<i>305,761.50</i>	<i>300,972.00</i>	<i>23.08</i>
150,000.00	INTESA SANPAOLO FL.R 15-20 15/06Q	EUR	151,246.50	150,673.50	11.55
150,000.00	UNICREDIT SPA FL.R 11-17 31/01Q	EUR	154,515.00	150,298.50	11.53
<i>United States of America</i>			<i>118,350.00</i>	<i>120,171.60</i>	<i>9.22</i>
120,000.00	MERRILL LYNCH EMTN FL.R 06-18 14/09Q	EUR	118,350.00	120,171.60	9.22
Total securities portfolio			1,302,279.60	1,284,197.80	98.48
Cash at bank/(bank liabilities)				14,041.89	1.08
Other net assets				5,740.66	0.44
Total net assets				1,303,980.35	100.00

NEW MILLENNIUM SIF - SICAV - Total FlexFund

Statement of operations and changes in net assets from 1 January 2016 to 31 December 2016

Expressed in EUR

Income		36,796.29
Net interest on bonds		36,786.23
Bank interest on cash account		10.06
Expenses		44,727.39
Amortisation of formation expenses	Note 2	1,381.40
Custodian fees		649.29
Subscription tax	Note 4	131.94
Central administration fees		6,000.00
Domiciliation and Administrative Agent fees		5,000.00
Professional fees		19,348.30
Bank interest on overdrafts		40.46
Other charges	Note 5	12,176.00
Net loss from investments		(7,931.10)
Net realised profit / (loss) on:		
- investments		(24,293.48)
Net realised loss		(32,224.58)
Change in net unrealised appreciation / (depreciation) on:		
- investments		(5,893.64)
Decrease in net assets as a result of operations		(38,118.22)
Decrease in net assets		(38,118.22)
Net assets at the beginning of the year		1,342,098.57
Net assets at the end of the year		1,303,980.35

NEW MILLENNIUM SIF - SICAV
- Flexible Credit Opportunities December 2020

Financial Statements as at 31 December 2016

Statement of net assets as at 31 December 2016

Expressed in EUR

Assets		12,237,940.82
Investments in securities at market value	Note 2	9,974,377.18
Cash		291,109.64
Interests receivable		265,366.08
Formation expenses	Note 2	7,091.11
Subscriptions receivable		1,699,996.81
Liabilities		445,782.03
Accrued performance fees	Note 3	115,602.08
Redemptions payable		52,967.77
Unrealised net depreciation on forward foreign exchange contracts	Note 2, 6	230,892.20
Unrealised net depreciation on futures contracts	Note 2, 7	9,700.00
Accrued management fees	Note 3	23,480.08
Expenses payable		13,139.90
Net asset value		11,792,158.79

Key figures*Period ending as at:* **31 December 2016**

Total Net Assets	EUR	11,792,158.79
	EUR	
Distribution shares		
Number of shares		108,157.180
Net asset value per share		109.03

NEW MILLENNIUM SIF - SICAV - Flexible Credit Opportunities December 2020

Securities portfolio as at 31 December 2016

Expressed in EUR

Quantity / Nominal	Description	Currency	Acquisition cost	Market value	% of net assets
Transferable securities admitted to official stock exchange listing and/or dealt in on another regulated market			8,891,005.31	9,536,440.56	80.87
Bonds			6,074,925.07	6,686,511.02	56.70
<i>Italy</i>			<i>1,682,580.00</i>	<i>1,994,549.50</i>	<i>16.90</i>
200,000.00	BANCA MONTE PASCHI 2.00 15-19 16/02S	EUR	179,800.00	181,536.00	1.54
1,450,000.00	BP VICENZA EMTN 4.97 07-27 20/04A	EUR	718,915.00	1,009,562.50	8.55
100,000.00	MANUTENCOOP FM REGS 8.50 13-20 01/08S	EUR	88,375.00	104,132.00	0.88
300,000.00	MONTE PASCHI SIENA 3.625 14-19 01/04A	EUR	292,350.00	289,335.00	2.45
200,000.00	NET INSURANCE SPA 7.00 16-26 30/09A	EUR	200,040.00	200,000.00	1.70
200,000.00	SNAI SPA REGS 6.375 16-21 07/11S	EUR	203,100.00	209,984.00	1.78
<i>United States of America</i>			<i>1,364,123.71</i>	<i>1,495,006.64</i>	<i>12.68</i>
200,000.00	CENTURY LINK 7.50 16-24 01/04S	USD	188,755.81	199,728.67	1.69
195,000.00	DELL COMPUTER 7.10 98-28 15/04S	USD	157,470.90	192,313.92	1.63
200,000.00	DPL INC 7.25 12-21 15/10S	USD	189,748.69	194,535.62	1.65
100,000.00	FRONTIER COMM 8.50 10-20 15/04S	USD	95,009.94	99,515.23	0.84
220,000.00	GENWORTH FINANCIAL 7.625 11-21 24/09S	USD	175,054.69	193,959.40	1.64
100,000.00	KCG HOLDINGS INC 6.875 15-20 15/03S	USD	81,470.77	94,986.24	0.81
100,000.00	NABORS INDUSTRIES INC 4.625 12-21 15/09S	USD	85,853.18	97,024.00	0.82
130,000.00	PPL ENERGY SUPPLY LLC 4.60 11-21 15/12S	USD	95,425.78	96,881.51	0.82
100,000.00	SPRINT 7.25 14-21 15/09S	USD	93,744.35	101,144.11	0.86
200,000.00	WESTERN DIGITAL REGS 10.50 16-24 01/04S	USD	201,589.60	224,917.94	1.92
<i>Luxembourg</i>			<i>897,247.41</i>	<i>953,730.89</i>	<i>8.09</i>
300,000.00	INTRALOT CAP LU 6.75 16-21 15/09S	EUR	304,080.00	305,115.00	2.59
200,000.00	STENA INTL REGS 5.75 14-24 01/03S	USD	152,417.19	165,754.67	1.41
200,000.00	TELECOM ITALIA CAPITAL 7.20 06-18 18/07S	USD	181,721.95	187,659.62	1.59
100,000.00	TI CAPITAL 7.721 08-38 04/06S	USD	93,626.02	98,360.69	0.83
200,000.00	WIND ACQUILFIN REGS 7.375 14-21 23/04S	USD	165,402.25	196,840.91	1.67
<i>United Kingdom</i>			<i>570,120.82</i>	<i>570,356.94</i>	<i>4.84</i>
130,000.00	AIR BERLIN 8.25 11-18 19/04Q	EUR	126,550.00	119,120.30	1.01
120,000.00	ENSCO PLC 4.70 11-21 15/03S	USD	97,197.61	109,910.26	0.93
200,000.00	INTL PERS FIN 5.75 14-21 07/04A	EUR	182,750.00	160,446.00	1.36
200,000.00	TULLOW OIL PLC REGS 6.00 13-20 01/11S	USD	163,623.21	180,880.38	1.54
<i>The Netherlands</i>			<i>449,713.89</i>	<i>507,092.47</i>	<i>4.30</i>
200,000.00	GTH FINANCE 7.25 16-23 26/04S	USD	176,113.89	203,817.47	1.73
200,000.00	PETROBRAS INTL FIN 5.875 11-22 07/03A	EUR	177,000.00	212,266.00	1.80
100,000.00	SELECTA GR REGS 6.50 14-20 15/06S	EUR	96,600.00	91,009.00	0.77
<i>Jersey Island</i>			<i>365,050.19</i>	<i>360,775.77</i>	<i>3.06</i>
300,000.00	ASTON MARTIN CAP REGS 9.25 11-18 15/07S	GBP	365,050.19	360,775.77	3.06
<i>Cayman Islands</i>			<i>285,291.72</i>	<i>305,518.45</i>	<i>2.59</i>
300,000.00	MARFRIG OVERSEAS 9.50 10-20 04/05S	USD	276,145.35	294,020.49	2.49
12,000.00	NOBLE HOLDING INTL 4.90 10-20 01/08S	USD	9,146.37	11,497.96	0.10
<i>Canada</i>			<i>190,874.17</i>	<i>210,094.96</i>	<i>1.78</i>
130,000.00	BOMBARDIER INC REGS 6.125 13-23 15/01S	USD	101,830.60	117,836.16	1.00
100,000.00	IAMGOLD CORP 6.75 12-20 01/10S	USD	89,043.57	92,258.80	0.78
<i>Bermuda</i>			<i>174,923.16</i>	<i>187,312.40</i>	<i>1.59</i>
200,000.00	GCX REGS 7.00 14-19 01/08S	USD	174,923.16	187,312.40	1.59
<i>France</i>			<i>95,000.00</i>	<i>102,073.00</i>	<i>0.87</i>
100,000.00	CMA CGM SA REGS 8.75 13-18 15/12S	EUR	95,000.00	102,073.00	0.87
Convertible bonds			187,675.00	198,456.00	1.68
<i>Italy</i>			<i>187,675.00</i>	<i>198,456.00</i>	<i>1.68</i>
200,000.00	ASTALDI CV 4.50 13-19 31/01S	EUR	187,675.00	198,456.00	1.68
Floating rate bonds			2,628,405.24	2,651,473.54	22.49
<i>Italy</i>			<i>2,272,905.24</i>	<i>2,276,053.54</i>	<i>19.30</i>
200,000.00	ASSICURAZ GENERALI FL.R 06-XX 16/06A	GBP	217,991.92	228,921.49	1.94
250,000.00	ASSICURAZIONI GEN. FL.R 07-XX 08/02A	GBP	312,593.47	297,110.42	2.52
200,000.00	BANCA POP MILANO SUB FL.R 08-XX 29/06A	EUR	207,150.00	200,358.00	1.70
50,000.00	BANCA POP VERONA NOV FL.R 07-XX 21/06A	EUR	46,375.00	47,002.50	0.40
150,000.00	BCA POP VERONA FL.R 07-XX 29/06A	EUR	144,000.00	138,001.50	1.17
200,000.00	ENEL 144A SUB FL.R 13-73 24/09S	USD	199,364.85	216,106.63	1.83
400,000.00	INTESA SANPAOLO SUB 7.00 16-XX 19/01S	EUR	384,500.00	396,396.00	3.36
100,000.00	SCHUMANN REGS FL.R 16-22 31/07Q	EUR	101,280.00	102,891.00	0.87
600,000.00	UNICREDIT FL.R 14-XX 10/09S	EUR	520,900.00	564,516.00	4.79
150,000.00	VENETO BANCA SCARL SUBFL.R 07-17 21/06Q	EUR	138,750.00	84,750.00	0.72

The accompanying notes form an integral part of these financial statements

NEW MILLENNIUM SIF - SICAV - Flexible Credit Opportunities December 2020

Securities portfolio as at 31 December 2016

Expressed in EUR

Quantity / Nominal	Description	Currency	Acquisition cost	Market value	% of net assets
	<i>Germany</i>		<i>169,500.00</i>	<i>190,592.00</i>	<i>1.62</i>
200,000.00	RWE SUB REGS FL.R 15-75 21/04A	EUR	169,500.00	190,592.00	1.62
	<i>Luxembourg</i>		<i>186,000.00</i>	<i>184,828.00</i>	<i>1.57</i>
400,000.00	BANK OF NEW YORK CV FL.R 09-50 15/12Q	EUR	186,000.00	184,828.00	1.57
Other transferable securities			404,202.32	437,936.62	3.71
Bonds			404,202.32	437,936.62	3.71
	<i>Ireland</i>		<i>226,184.02</i>	<i>243,890.52</i>	<i>2.06</i>
250,000.00	DME AIRPORT 5.875 16-21 11/11S	USD	226,184.02	243,890.52	2.06
	<i>France</i>		<i>178,018.30</i>	<i>194,046.10</i>	<i>1.65</i>
200,000.00	NUMERICABLE-SFR SA 7.375 16-26 01/05S	USD	178,018.30	194,046.10	1.65
Total securities portfolio			9,295,207.63	9,974,377.18	84.58
Cash at bank/(bank liabilities)				291,109.64	2.47
Other net assets				1,526,671.97	12.95
Total net assets				11,792,158.79	100.00

NEW MILLENNIUM SIF - SICAV - Flexible Credit Opportunities December 2020

Statement of operations and changes in net assets from 1 April 2016 to 31 December 2016

Expressed in EUR

Income		321,604.80
Net interest on bonds		321,218.42
Bank interest on cash account		340.19
Other income		46.19
Expenses		207,607.76
Amortisation of formation expenses	Note 2	1,098.89
Management fees	Note 3	54,516.34
Custodian fees		2,474.88
Subscription tax	Note 4	455.55
Central administration fees		2,501.89
Performance fees	Note 3	115,602.08
Domiciliation and Administrative Agent fees		5,000.00
Professional fees		6,000.00
Bank interest on overdrafts		6,262.37
Other charges	Note 5	13,695.76
Net income from investments		113,997.04
Net realised profit / (loss) on:		
- investments		75,247.36
- forward foreign exchange contracts		5,545.10
- futures contracts		14,704.50
- foreign exchange		(5,399.93)
Net realised profit		204,094.07
Change in net unrealised appreciation / (depreciation) on:		
- investments		679,169.55
- forward foreign exchange contracts		(230,892.20)
- futures contracts		(9,700.00)
Increase in net assets as a result of operations		642,671.42
Dividends paid	Note 8	(62,492.22)
Subscription distribution shares		11,264,947.36
Redemption distribution shares		(52,967.77)
Increase in net assets		11,792,158.79
Net assets at the beginning of the period		0.00
Net assets at the end of the period		11,792,158.79

NEW MILLENNIUM SIF - SICAV

Notes to the financial statements

NEW MILLENNIUM SIF - SICAV

Notes to the financial statements as at 31 December 2016

1. General Information

NEW MILLENNIUM SIF - SICAV (the “Fund”) has been created on 12 September 2007, as a specialised investment fund (“SIF”) under the Luxembourg Law of 13 February 2007 as amended relating to Specialised Investment Funds (the “SIF Law”) and has adopted the form of Société d’Investissement à Capital Variable (“SICAV”). The share capital of the Fund will be equal, at any time, to the total value of the net assets of the Fund.

NEW MILLENNIUM SIF - SICAV qualifies as an alternative investment fund under the Luxembourg law of 12 July 2013 (the “AIFM Law”) implementing the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers. To the extent NEW MILLENNIUM SIF - SICAV has chosen not to appoint an external alternative investment fund manager under the AIFM Law, NEW MILLENNIUM SIF - SICAV qualifies as an internally managed alternative investment fund manager. Considering its current volume of assets under management determined in compliance with Article 2 of the Commission Delegated Regulation (EU) n° 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU, NEW MILLENNIUM SIF - SICAV only requires to be registered with the CSSF under the registration regime provided for by Article 3 of the AIFM Law.

The investment objective of the sub-fund NEW MILLENNIUM SIF - SICAV - Total FlexFund is to achieve medium/long-term capital appreciation through a flexible allocation between the various asset classes.

A new sub-fund namely NEW MILLENNIUM SIF - SICAV - Flexible Credit Opportunities December 2020 has been launched on 1 April 2016. Its investment objective is to achieve capital appreciation through a flexible allocation among the various fixed income instruments with an average duration in line with the target date of the sub-fund (31 December 2020).

The initial share capital of the Fund is EUR 31,000.00 and has reached an amount of EUR 1,250,000.00.

The Fund has been created for an unlimited period of time and may be dissolved at any time by a resolution of the general meeting of Shareholders subject to the quorum and majority requirements set in the Articles of Incorporation of the Fund (the “Articles”). The Articles are published in the “Mémorial C, Recueil des Sociétés et Associations” (the “Mémorial”) of 12 October 2007 and have been filed with the Luxembourg Register of Commerce.

The Fund has been set up as a “multiple compartment investment company” and its Board of Directors (the “Board of Directors”) will have the possibility to create additional sub-funds, in accordance with the provisions of the Law and the Articles.

As of 31 December 2016, the following sub-funds are active: NEW MILLENNIUM SIF - SICAV - Total FlexFund and NEW MILLENNIUM SIF - SICAV - Flexible Credit Opportunities December 2020.

The Board of Directors has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein.

The registration of the Fund as a SIF does not require any Luxembourg authority to approve or disapprove either the adequacy or accuracy of the offering memorandum or the assets held in the Fund. Any representations to the contrary are unauthorised and unlawful.

The distribution of the offering memorandum and the offering of the shares of the Fund (the “shares”) may be restricted in certain jurisdictions. The offering memorandum does not constitute an offer or solicitation in a jurisdiction where to do so is unlawful or where the person making the offer or solicitation is not qualified to do so or where a person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person in possession of the offering memorandum and of any person wishing to apply for shares to inform himself of and to observe all applicable laws and regulations of relevant jurisdictions.

The shares have not been registered under the United States Securities Act of 1933 as amended nor has the Fund been registered under the Investment Fund Act of 1940, as amended.

Consequently, shares of the Fund may not be publicly offered or sold in the United States of America or in any of its territories subject to its jurisdiction and may not be offered to or for the benefit of, or purchased by, U.S. Persons (as defined in Article 10 of the Fund's Articles).

Applicants may be required to declare that they are not U.S. Persons and are not applying for shares on behalf of any U.S. Person.

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

1. General Information (continued)

The value of the shares may fall as well as rise and a Shareholder, upon redemption of shares may not get back the amount he initially invested. Income from the shares may fluctuate in money terms and changes in rates of exchange may cause the value of the shares to go up or down. The levels and basis of, and relief from, taxation may change. There can be no assurance that the investment objectives of the Fund will be achieved.

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences, foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to the subscription, purchase, holding, redemption, if applicable, or disposal of the shares of the Fund.

All references in the offering memorandum to “EUR” are to the legal currency of the European Monetary Union (reference currency of the Fund).

The offering memorandum will be updated in the event of creation of new sub-funds.

The Fund is self-managed and it does not exceed the threshold necessary to appoint a Manager, as per AIFM directive.

2 . Summary of main accounting principles

The annual report is prepared in accordance with Luxembourg legal and regulatory requirements relating to investment funds.

a) Valuation of investments in transferable securities

- investment securities, including zero-coupon bonds and money market instruments, quoted on an official stock exchange or on another regulated market are valued according to the last known price and, in the event of being quoted on several markets, according to the last known price of the principal market;
- valuation of investment securities, including zero-coupon bonds and money market instruments, not quoted on an official stock exchange or on another regulated market is fixed in a reasonable way on the basis of the sale prices anticipated cautiously, determined prudently and in good faith;
- gains or losses realised on investment securities are calculated on the basis of the average purchase price of the securities sold;
- shares or units in open-ended investment funds are valued at their last available calculated Net Asset Value.

b) Formation expenses

- the subfunds' formation expenses are written off over a period of 5 years.

c) Foreign exchange transactions

- the Fund's financial statements are expressed in EUR.
- the accounting records of the sub-funds are kept in the corresponding valuation currency. The “Statements of net assets” is established in the reference currency of the sub-funds. Bank balances, other net assets, as well as the valuation of securities in the portfolio expressed in any currency other than that of the sub-funds, are converted into the reference currency of the sub-funds at the exchange rate used on the valuation day. Income and expenses expressed in a currency other than the reference currency of the sub-funds are converted into the relevant reference currency on the basis of the exchange rate in use on the valuation day. Profits or losses, realised and unrealised on foreign exchange transactions are included in the “Statement of operations and changes in net assets”.

The exchange rates used as at 31 December 2016 were the following:

1 EUR = 1.05410 USD

1 EUR = 0.85618 GBP

d) Income

- dividends are due on stocks held at ex-date;
- the interests are accrued on a daily basis. The incomes are recorded net.

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

2 . Summary of main accounting principles (continued)

e) Valuation of forward foreign exchange contracts

- The profits or losses resulting from outstanding forward foreign exchange contracts are determined on the closing date on the basis of the exchange rate for the remaining term of the contract applicable at this date, and are recorded in the “Statement of operations and changes in net assets”.

f) Valuation of futures contracts

- Futures contracts are posted off-balance sheet and valued at the last settlement or close price on the stock exchanges or regulated markets. The profits or losses resulting from outstanding futures contracts are recorded in the “Statement of operations and changes in net assets”.

3 . Management and Performance fees

▪ Management fees:

Management fees are payable to the subfunds’ Co Managers and to the General Coordinator.

In order to put into practice the investment policy of the sub-funds, the Board of Directors can delegate part or all of the investment management process to another company, the “sub-fund Co-Manager”.

NEW MILLENNIUM SIF - SICAV - Total FlexFund:

- annual rate: 0.80% per year, payable monthly and based on the average net assets of the month.

Banca Finnat Euramerica S.p.A. renounced to the management fees from 3 February 2015.

NEW MILLENNIUM SIF - SICAV - Flexible Credit Opportunities December 2020:

- annual rate: 1.15% per year, payable quarterly and based on the average net assets of the month.

▪ Performance fees:

The reference period starts on 1 January of each year and ends the 31 December of the same year. More details are disclosed in the offering memorandum of the Fund.

NEW MILLENNIUM SIF - SICAV - Total FlexFund:

- paid to the sub-fund Co-Manager and representing 15% of the excess return over the 3 month Euribor + 200 b.p.s..
- No performance fees were payable as at 31 December 2016.

NEW MILLENNIUM SIF - SICAV - Flexible Credit Opportunities December 2020:

- paid to the sub-fund Co-Manager and representing 15% of the excess return over the yearly return of the benchmark (5 year BTP) with High Water Mark.

EUR 115,602.08 were payable as at 31 December 2016.

Other fees (Custodian, Paying Agent and the Administration fees, Registrar and Transfer Agent) are paid to CACEIS Bank Luxembourg.

4 . Subscription tax « taxe d’abonnement »

The Fund is liable in Luxembourg to a “taxe d’abonnement” of 0.01% per annum of its net assets, such tax being payable quarterly and calculated on the total Net Asset Value of each sub-fund at the end of the relevant quarter.

5 . Other charges

This account includes mainly general ongoing charges. The caption “Other charges” consists mainly of transaction and compliance fees.

NEW MILLENNIUM SIF - SICAV

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

6 . Forward foreign exchange contracts

As at 31 December 2016, the following sub-fund of the Fund is committed in the following forward foreign exchange contracts:

NEW MILLENNIUM SIF - SICAV - Flexible Credit Opportunities December 2020

Currency	Purchases	Currency	Sales	Maturity	Unrealised appreciation / (depreciation) (in EUR)
EUR	747,806.05	GBP	642,500.00	15.03.2017	-1,249.83
EUR	2,670,940.17	USD	3,000,000.00	30.01.2017	-171,162.14
GBP	200,000.00	EUR	228,193.28	15.03.2017	4,984.27
USD	100,000.00	EUR	89,015.49	30.01.2017	5,721.28
GBP	260,000.00	EUR	288,953.10	15.03.2017	14,191.83
EUR	336,228.64	GBP	300,000.00	15.03.2017	-13,548.80
EUR	1,279,740.95	USD	1,420,000.00	30.01.2017	-65,402.09
EUR	234,055.00	USD	250,000.00	30.01.2017	-2,765.96
USD	225,000.00	EUR	214,797.14	30.01.2017	-1,660.76
					<u>-230,892.20</u>

The counterparty of the forward foreign exchange contracts is Banca Finnat Roma.

7 . Futures contracts

As at 31 December 2016, the following sub-fund of the Fund is committed in the following futures contracts:

NEW MILLENNIUM SIF - SICAV - Flexible Credit Opportunities December 2020

Number	Denomination	Currency	Commitment (in EUR)	Unrealised appreciation / (depreciation) (in EUR)
Sale	5	BTP03YR 03/17	EUR	564,650.00
Sale	5	EURO BTP FUT 03/17	EUR	676,550.00
				<u>-600.00</u>
				<u>-9,100.00</u>
				<u>-9,700.00</u>

8. Dividends

The Board of Directors of the Fund has decided on 26 July 2016 the payment of a dividend with Ex-Date on 28 July 2016 and Payable Date on 2 August 2016 as per below details:

Sub-Fund	ISIN	Currency	Dividend Per share
NEW MILLENNIUM SIF - SICAV - Flexible Credit Opportunities December 2020	LU1350668775	EUR	1.02

9. Securities Financing Transactions and of Reuse Regulation ("SFTR")

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

NEW MILLENNIUM SIF - SICAV

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

10. Subsequent events

By Circular Resolution, the Board of Directors of the Fund has decided on 19 January 2017 the payment of a dividend with Ex-Date on 27 January 2017 and Payable Date on 1 February 2017 as per below details:

Sub-Fund	ISIN	Currency	Dividend Per share
NEW MILLENNIUM SIF - SICAV - Flexible Credit Opportunities December 2020	LU1350668775	EUR	2.19

As from 1 March 2017, NATAM Management Company S.A. has been appointed as Management Company of the Fund.