

TreeTop Portfolio SICAV

Investment Company with Variable Capital

with multiple Sub-Funds governed by Luxembourg Law

Audited Annual Report

as at December 31st, 2016

R.C.S. Luxembourg B 125.731

The subscriptions can only be accepted on the basis of the current prospectus including the identification sheets of each sub-fund. The last annual report as well as any subsequent semi-annual report are available on the registered office of the SICAV and of the Management Company.

TreeTop Portfolio SICAV

Table of contents

Organization.....	2
General Information of the Fund.....	3
Board of Directors' Report.....	4
Report of the Réviseur d'Entreprises agréée.....	22
Statement of Net Assets as at December 31 st , 2016	26
Statement of Operations and Changes in Net Assets from January 1 st , 2016 to December 31 st , 2016.....	27
Schedule of Investments as at December 31 st , 2016.....	28
Geographic Allocation as at December 31 st , 2016.....	30
Economic Allocation as at December 31 st , 2016.....	31
Allocation by Currency as at December 31 st , 2016.....	32
Changes in the Number of Shares	33
Changes in Capital, Total Net Assets and Net Asset Value per Share.....	34
Notes to the Financial Statements as at December 31 st , 2016.....	35
Other Information (Unaudited).....	39

TreeTop Portfolio SICAV

Organization

Registered Office :

12, rue Eugène Ruppert, L-2453 Luxembourg

Date of Constitution:

March 26th, 2007

Board of Directors:

Chairman :

- Mr Jacques Berghmans, Chairman of the Board of Directors and Manager, TreeTop Asset Management S.A., Luxembourg

Members :

- Mr François Maissin, Head of Risk and Operations, TreeTop Asset Management S.A., Luxembourg
- Mr Hubert d'Ansembourg, Administrator, TreeTop Asset Management S.A., Luxembourg
- Mr John Pauly, Member of the Board of Directors - Director, Banque Degroof Petercam Luxembourg S.A., Luxembourg (*)
- Mr André Birget, Chief Investment Officer, Groupe Foyer, Luxembourg

Alternative Investment Fund Manager :

TreeTop Asset Management S.A.
12, Rue Eugène Ruppert, L-2453 Luxembourg

Custodian Bank, Domiciliation and Administrative Agent, Paying and Transfer

Agent

Banque Degroof Petercam Luxembourg S.A. (*)
12, rue Eugène Ruppert, L-2453 Luxembourg

Auditor :

PricewaterhouseCoopers, Société coopérative
2, rue Gerhard Mercator, BP 1443, L-1014 Luxembourg

Only the French version of the present Annual Report has been reviewed by the auditors. Consequently, the auditor's report only refers to the French version of the Annual Report; other versions result from a conscientious translation made under the responsibility of the Board of Directors. In case of differences between the French version and the translation, the French version should be retained.

(*) Cf note 11

TreeTop Portfolio SICAV

General Information of the Fund

TreeTop Portfolio SICAV was established as an investment company with variable capital ("SICAV") in accordance with Luxembourg law on March 26th, 2007, for an indefinite period under the denomination of "Camfunds Concentrated Equity SICAV". This denomination was replaced by "TreeTop Portfolio SICAV" by the Extraordinary General Meeting of Shareholders. It is governed by Part II of the Law of December 17th, 2010, as amended.

The articles of association of TreeTop Portfolio SICAV are deposited at the Company's registered office and the Registry of the District Court of and in Luxembourg, where they may be consulted or a copy obtained by any interested person.

The SICAV is an Alternative Investment Fund ("AIF") within the meaning of the Luxembourg law of July 12th, 2013 on alternative investment fund managers. The SICAV is managed by TreeTop Asset Management S.A. acting as its alternative investment fund manager, authorized in Luxembourg. Semi-annual, annual reports, issue and redemption price and any other information intended for shareholders are available from the offices of the custodian bank of the SICAV.

TreeTop Portfolio SICAV established under Luxembourg law, as an umbrella fund. The SICAV offers two Sub-Funds at the date of this report :

- TreeTop Patrimoine International;
- TreeTop Patrimoine Conservative.

Each Sub-Fund offers two classes of shares differentiated by their entry costs and their minimum initial investment amounts :

- Class A : Capitalisation in EUR;
- Class P : Capitalisation in EUR.

The net asset value of each Sub-Fund of the SICAV is determined on each banking day in Luxembourg or on the banking day which follows a public holiday in Luxembourg.

The SICAV publishes an annual report closed on the last day of the financial year, certified by auditors, as well as a non-certified, semi-annual report closed on the last day of the sixth month of the financial year.

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Board of Directors' Report

Management philosophy of the Funds

The investment process of the TreeTop Patrimoine International and TreeTop Patrimoine Conservative funds aims to diversify the sources of yield among different asset classes, different regions, different economic sectors and different global fund managers.

The portfolio of each of the two funds consists of two components: an “equities” component exposed to international equities (shares, other instruments equivalent to shares, warrants and stock options, etc.) and a “fixed-rate instruments” component consisting of bonds, money market instruments and bank deposits.

- The “equities” component is distributed among various funds that have designated TreeTop Asset Management S.A. as Management Company. Each of these funds’ investment policy is focused on global equities, and the portfolio of each fund is managed by a different management team, applying its own global asset management approach.
- The “fixed-rate instruments” component is managed conservatively: in the management of this component of the portfolio, priority is given to the protection of capital over performance. Investments are primarily made in sovereign bonds, bonds issued by quality companies or financial institutions, or bank deposits. Most investments are made in securities denominated in euros.

The two funds offer investors a different potential risk/return profile:

- TreeTop Patrimoine International: risk monitoring aims to ensure that the “equity” risk of the overall portfolio risk does not exceed 60% of the value of the fund’s net assets;
- TreeTop Patrimoine Conservative: risk monitoring aims to ensure that the “equity” risk of the overall portfolio risk does not exceed one-third of the value of the fund’s net assets.

We believe that betting on foreign currencies is a risky choice that, over the long term, generally destroys value for shareholders and causes volatility. Investments are therefore primarily made in securities denominated in euros and, with regard to fund shares, both funds should favour, where they exist, share classes denominated in euros hedged against currency risk.

Economic and market environment

After a very rough start, the 2016 stock market year ended on a positive note, due in part to the depreciation of the euro, especially in the United States and Japan. And this, in spite of the many uncertainties and above all certain completely unexpected political and economic events (the Brexit, the election of Donald Trump, the Italian referendum, the rising power of Vladimir Putin ridiculing the UN on the international scene...) whose impact has finally turned out to be neutral or even positive, contrary to all expectations... To think that the markets are no longer afraid of “black swans” (statistically highly unlikely events)! However it’s not the first time that stock markets, which generally abhor uncertainty, have reacted better than expected to what seems à priori to be bad news...

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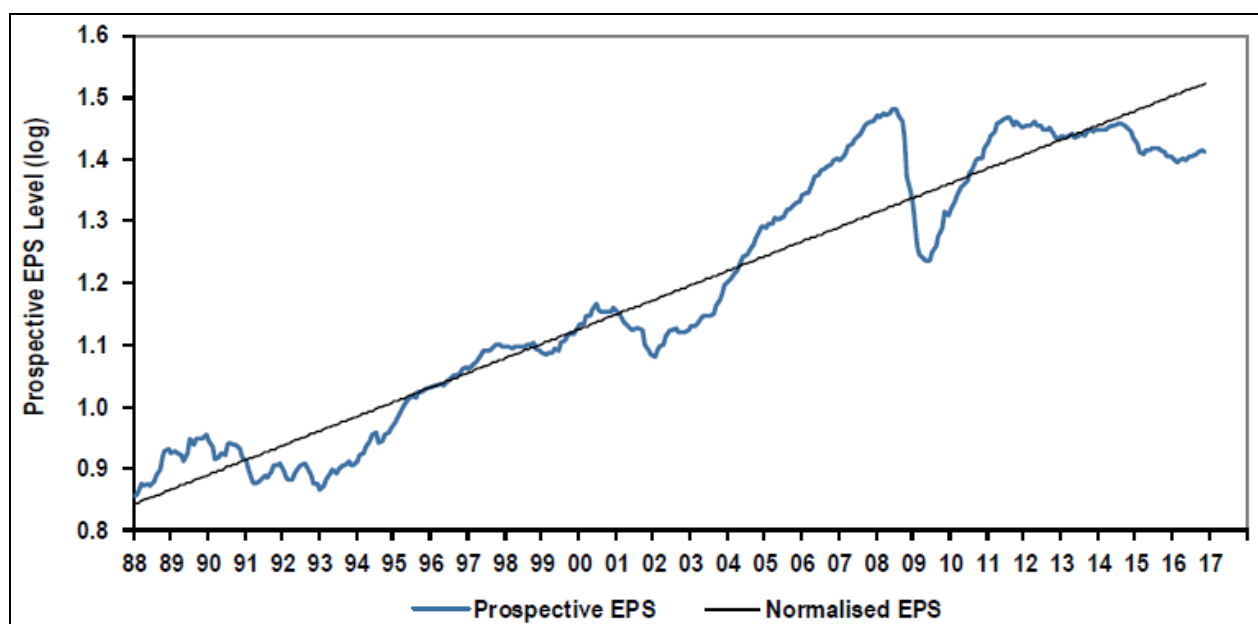
Board of Directors' Report

In short, investors' usual benchmarks are sorely lacking, especially given that the geopolitical concerns are far from over, and generating further concern.

In such an atmosphere, we believe that the best strategy is **not to be overcautious, but rather clear and resolute**, based on past experience and common sense. Investors too often forget that “remaining static” or “doing nothing” (faced with savings currently registering a negative real return) is also a risk...

- Economic events (and corporate earnings in particular) have a more significant impact on the medium-term direction of equities than political events. The latter while presently particularly opaque, are yet another reason to abstain, like Warren Buffett, from constructing pointless scenarios that are more dangerous than useful in terms of decision making... And on the economic and financial front, we are quite reassured: **the global recovery of corporate profits continues**, after five years of decline.

EVOLUTION OF EARNINGS PER SHARE WORLDWIDE



Source: BofA Merrill Lynch Global Quantitative Strategy, MSCI, IBES

- After a two-years **healthy pause in global stock markets**, the current recovery can be sustained by “dry powder”: **liquid assets maintained by fund managers** that are at the highest level in 15 years...

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PERCENTAGE OF CASH HELD BY FUND MANAGERS



Source: Bank of America Monthly Survey

- It has been proven that **equities offer the best long-term performance**, and are thus the “best protection” against the loss of purchasing power of invested capital, in contrast to bonds, which are deemed less “risky”. Recall that the latter lost two-thirds of their real value (after inflation) between 1945 and 1980, by presenting **the illusion of security** and a stable return (eroded by inflation, devaluations and bankruptcies...). The glory days of bonds (from 1980 to the present) were only due to the unprecedented drop in interest rates (from 16% to 1.4% for 10-year rates in USD) accompanied by a period of disinflation. The bond bubble will eventually burst, either suddenly with a rapid rate hike, or more gradually and insidiously by rising inflation and subsequently, for the duration of the current period, the amplification of negative real interest rates. The latter is in fact the only outcome (apart from restructuring or a very strong resumption of growth...) that can resolve the debt problem of Western countries, of which few seem to be concerned...

RATE OF GOVERNMENT BONDS AT 10 YEARS IN USD (1962-2016)



Source: Bloomberg

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- But the fundamental rule in equity markets, is to diversify risk geographically and by sector, which does not preclude a certain concentration wagered on strong convictions, as long as the major geographical areas and key sectors (about ten in total) are represented...
- Stock market history clearly demonstrates the importance of investing globally. A few illustrative examples of sustained periods of under- or outperformance of a geographical area follow:

1. Highly negative contributions

- **Japan (1989-2016):** After peaking in 1989, Japan has still not recovered today from its stock market slump (declining 50% over 27 years, and even reaching 81% in 2003...).

NIKKEI 225 INDEX (1970-2016)



Source: Bloomberg

The reasons are fairly simple: before its summit in 1989, the Japanese stock market experienced a spectacular frenzy (the “Japanese miracle”, an economic vengeance after the humiliating defeat of 1945), its value multiplying by 20 between 1970 and 1989. This was the era when the average price-earnings ratio was around 100, market capitalisation of the Tokyo Stock Exchange briefly exceeded that of the New York Stock Exchange, and the Tokyo Imperial Palace and its grounds were valued by some experts to be equivalent to all the real estate in California... One doesn’t have to be a genius to recognise that it was both a financial and real estate bubble. In this regard, we recall the humour of the late financial columnist Alfred Sluse: “whether a financial bubble is pierced with a cannon or with a pin, the end result for investors is the same...”

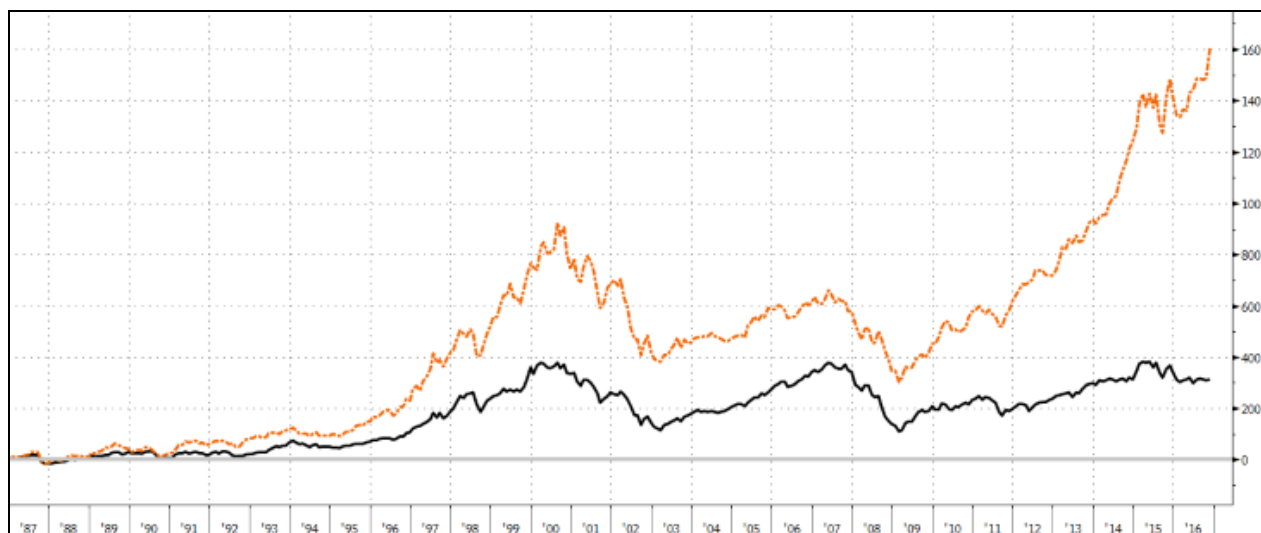
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Afterwards, Japanese authorities tried to restart the economy through a series of fiscal and monetary policies, but they made one error after another, propelling the public debt to 229% of the GDP in 2015 (fuelled by a budget deficit that was still 6.7% last year). And yet they failed to increase (except slightly, and only very recently) corporate return on equity, the real crux of the problem, due to the obsolete structure of the *keiretsu*, gigantic conglomerates with little transparency, cross-shareholding and frequent conflicts of interest with minority shareholders.

- **Europe (1990-2016):** Despite also experiencing an economic miracle in the aftermath of World War II, Europe's institutional rigidity, excessive regulation and resistance to change increasingly handicap it. The European index (excluding Great Britain) has clearly underperformed US stock indices for 25 years, with an average annual return of 5.03% against 10.00%...

EUROSTOXX 600 vs. SPX 500 INDICES (DIVIDENDS INCLUDED) IN EUR (1987-2016)



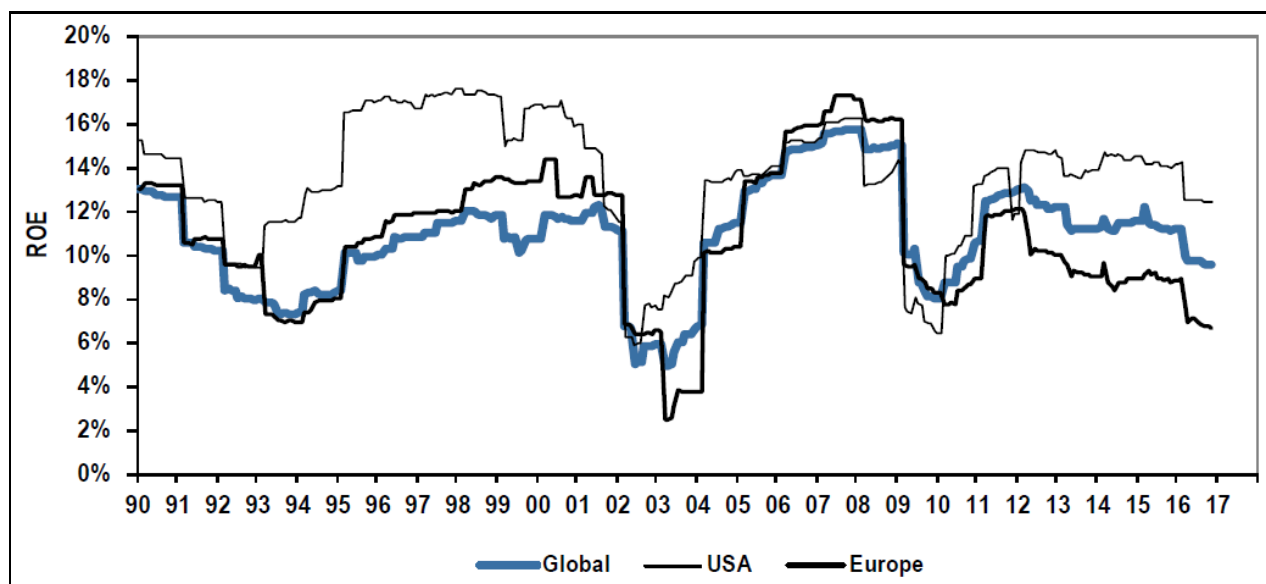
Source: Bloomberg

Disparities in economic growth and above all the growth of corporate profits between Europe and the United States explain this difference in performance, with the direct consequence of a sharp decline in the return on equity (ROE) of European companies.

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Board of Directors' Report

RETURN ON EQUITY (ROE): USA AND EUROPE VS. GLOBAL



Source: BofA Merrill Lynch Global Quant Strategy, MSCI, World Scope

This phenomenon is disturbing and some are even suggesting a scenario in Europe similar to that of Japan. Fortunately the current dividend yield (4% gross, more than indexed in practice) makes European companies very attractive compared to bonds and savings accounts (which literally offer around 0%, or a negative return after inflation!), provided that growth returns...

- **Belgium (1900-2015):** Belgian investors and professional managers, especially in the past, have always tended to overweight the domestic markets in their portfolios, thinking "it is better to invest in what is close to home and in what we know well"... this was a terrible strategy: the Belgian stock market recorded, from 1900 to 2015 one of the worst performances of all the markets analysed by Crédit Suisse, in collaboration with economists from London and Cambridge (*Credit Suisse Global Investment Returns Yearbook 2016*). It only multiplied by 24 (after inflation) in 115 years, while the world average was a multiple of 300. The Brussels stock exchange remains a small market, highly sensitive to the enormous weighting of certain sectors (financial, catastrophic in 2007/2008) or value (InBev alone represents more than 40 % of the BEL20 index, so it is difficult to talk about diversification).

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- **The technology sector (2000-2002):** despite the global success of Microsoft, Apple, Google, Amazon and Facebook, ranking in just a few years among the 20 largest companies worldwide, the US NASDAQ index, essentially representative of high-tech growth stocks (information technology, telecommunications, biotechnology...) also experienced a bubble in 2000, culminating in 5000 points with an average price-earnings ratio exceeding 100. The chute was 78% in 2.5 years and this index only returned to its former peak in 2015...

NASDAQ INDEX (1990-2016)



Source: Bloomberg

The problem? Completely unrealistic valuations in 2000 meant that the drop by 5 or 6 (from more than 100 to 25 or 20...) in price-earnings ratios was only compensated very late by the increase in profits, even in the case of solid companies that continued to accrue sustained growth in earnings. Not to mention the number of companies that went bankrupt, further impacting the subsequent performance of the index. Indeed it is interesting to note that the lifespan of companies (whether ending in bankruptcies or redemptions) has shrunk considerably over the last 50 years, going from 60 to 20 years in the case of the S&P 500 for example, making “prudence” a thing of the past...

2. Highly positive contributions

- **The United States:** Champions of capitalism (we will come back to this often ambiguous term...) and free enterprise, American companies have almost always been one step ahead of the rest of the world in terms of innovation, return on equity and the ability to adapt to change. As the graph above demonstrates the average ROE in the USA has always been high (around 15). The long-term performance (1900-2015) of the American stock market is also well above average, according to the Crédit Suisse study.

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REAL CUMULATIVE PERFORMANCE (AFTER INFLATION) OF SEVERAL STOCK MARKETS (1900-2015)

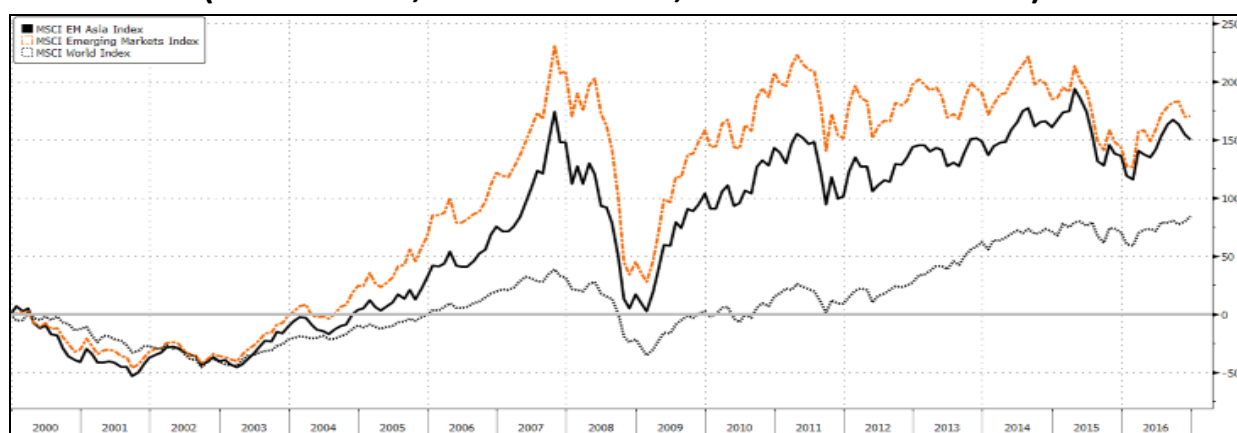
	Factor of Multiplication	Real Annual Return
South Africa	3547	7.3%
Australia	1948	6.7%
USA	1271	6.4%
Great Bretagne	445	5.4%
Europe	124	4.2%
Japan	118	4.2%
Belgium	24	2.8%
Austria	2	0.7%
World	300	5.0%

Source: Elroy Dimson, Paul Marsh and Mike Staunton,

Credit Suisse Global Investment Returns Yearbook 2016

- **Emerging countries:** Though catastrophic during certain previous periods (Russia and China during the communist nationalisations, hyperinflation in Latin America), the theme of emerging markets has become an unavoidable subject for two main reasons. First, their average growth is higher than that of developed countries and secondly, **their middle classes are expanding** (from 1 to 4 billion people between 1995 and 2040, according to Goldman Sachs) and as in the West between the 1950s and the 1970s, this has driven and continues to fuel a boom in consumer durables, real estate, financial services (banks and insurance), recreation and healthcare... A sharp acceleration in growth began in 1978, largely under the leadership of China when it changed its economic system. The outperformance of emerging markets relative to the rest of the world began in the 1990s, but was shattered by the announcement of default on the debt of certain countries (Mexico, Russia...) and above all by the Asian financial crisis (1997/98). Emerging markets resumed a marked outperformance from 2003 to 2011.

MSCI EMERGING MARKETS (GLOBAL AND ASIA) vs. MSCI WORLD (2000-2016) INDICES (ALL COUNTRIES, LOCAL CURRENCIES, NET DIVIDEND REINVESTED)



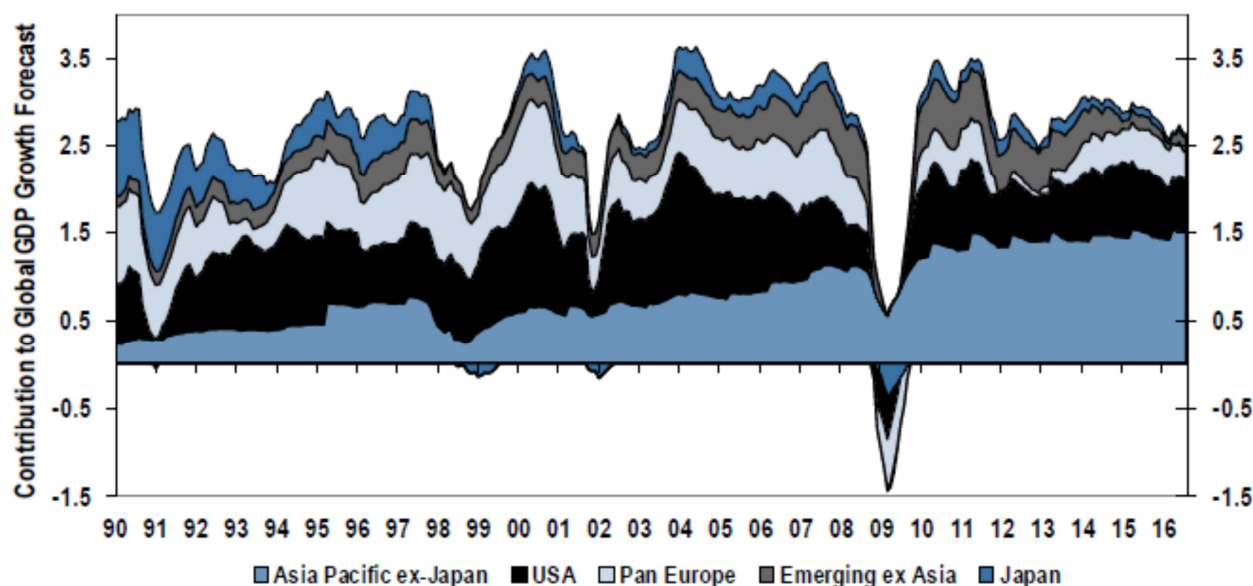
Source: Bloomberg

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Board of Directors' Report

After a period of transition, necessary to correct (in a less than ideal manner) certain imbalances (overcapacities, banks' bad debts, insufficient regulation for good governance...), we now believe that things are in place for a new period of outperformance, particularly in the sectors (noted above) valued by the middle class in China and India. The share of Asian emerging countries in the growth rate of the world GDP has consistently increased since 1990, while that of other emerging countries (much more focused on the cyclical nature of raw materials) is highly erratic.

CONTRIBUTION OF DIFFERENT REGIONS TO THE GROWTH OF GLOBAL GDP



Source: BofA Merrill Lynch Asia Pacific Quant Strategy, Consensus Economics

In conclusion, by learning from historical experience, we continue to be fiercely in favour of a **global and sectoral distribution of the SICAV portfolios** especially given the current uncertainties. There are a lot of pessimists who consider that the liberal capitalism is without exit and that only a radical revolution of our society, turning the back on the progress, can save the planet. We cannot evade this question, and consider useful to extend our reflection on this particularly current stake.

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Board of Directors' Report

Capitalism in the face of current ecological and geopolitical challenges

It is not our ambition to write a long thesis on this rather hot topic. Furthermore, it is not the direct role of the portfolio managers whose primary purpose is to best manage the savings entrusted to the Investment Funds that they manage, in accordance with the objectives and risks set forth in the articles of association.

Nevertheless, it is incumbent upon them to try to develop a long-term view, in which the present major ecological and geopolitical challenges, which are of particular concern to investors, are of course pertinent...

Our philosophy on this matter is actually quite simple: it is always useful to go back to the key definitions...

Capitalism: is, according to *Larousse*, “a system of production whose foundations are private enterprise and the free market. It is an ensemble of interrelated elements whose relationships permit the production, distribution and consumption of wealth indispensable to the life of a human collectivity”. It is not therefore, as many people mistakenly believe, an ideology, but rather a **system of production** that can be malleable and perfectible over time. It is undeniable, however, that the practical characteristics of capitalism, observed from its very origins in the 15th century (at the time of Jacques Cœur, the brilliant paymaster of King Charles VII), and especially from the 18th century and the industrial revolution are the following:

- Respect for private property
- The division of capital and labour in the means of production
- Free competition and the free markets
- The pursuit of profit and the accumulation of capital (*horresco referens...*)

As a means of production (the market also being a means and not an end in itself, as Tocqueville wisely noted), **capitalism does not have to be moral, but effective in the optimal allocation of resources (capital and labour)**, which are fundamentally complementary. However, it is the capitalists and business leaders (we should also add trade unions, as representatives of the workers...) who must be ethical (a term we prefer to “moral”) and responsible.

The economists who followed Adam Smith quickly turned out to be more realistic, wary of the principle of “the invisible hand”, which would ideally self-regulate the market. Hobbes had already declared in the 16th century that man is a wolf to man... the role of the regulator was thus logically attributed to the state, which must ensure, without too much managerial interference or the multiplication of counter-productive regulations, that the fundamental rules of the free market are respected.

Capitalism, like any system, has experienced deviations, especially in the early 2000's when a form of extreme financial capitalism developed. Aimed at rapid enrichment at the expense of ethics (social, fiscal, environmental...), it was far removed from entrepreneurial capitalism, which is a contributor to progress for all, if it is practised in a responsible and citizen-like manner. The considerable leverage that finance offers can indeed be the best or the worst of things... Yet again, it is not capitalism that is in question, but rather the improper use of it, particularly when there are authorities in charge of preventing such abuses. Unfortunately they often fail in this mission of prevention and control, as was seen during the subprime crisis in 2007/2008. There they were busy putting out fires, to the detriment

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Board of Directors' Report

of their public debt and taxpayers first of all, and secondly by introducing excessive and hair-splitting regulations, that today considerably hinder the spirit of enterprise, the only true creator of employment and progress.

But it is time to focus on the practical implications that these considerations have on the long-term management of a portfolio...

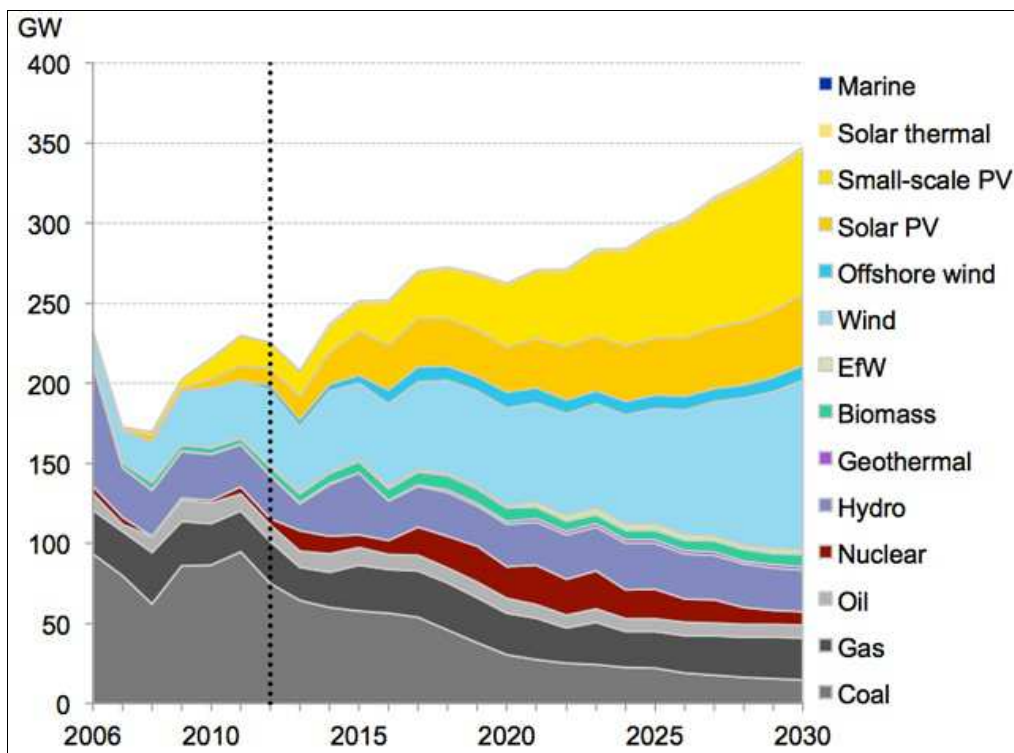
Perfectly aware of the deviations that capitalism can experience, to which we prefer the broader notion of a liberal economy (deviations that can also be encountered in the governing of corrupt states or those rendered inefficient by an asphyxiating excess of regulations), we are confident in the capacity of the liberal system to adapt, evolve, and innovate. Citizens' movements, which develop at an astonishing rate today thanks to the Internet, seem promising to us even in their excesses because they develop our awareness of the stakes involved. Numerous, non-exhaustive examples:

- **The positive spirit and responsible citizenship** of the concrete achievements shown in the magnificent film "Demain" by Cyril Dion and Mélanie Laurent.
- The success of the partial recovery of the **ozone layer** at the South Pole, more quickly than expected, thanks to the ban on CFC gases in aerosols since 1987 (the Montréal protocol), just two years after the evidence of a link between the observed "hole" and the use of these gases.
- The heroic performance of Bertrand Picard and André Borschberg during their aerial world tour aboard the **Solar Impulse**, in technical partnership with a socially responsible Belgian multinational corporation, Solvay... who attest that this project enabled the creation of 13 products used in 6000 parts and 25 applications.
- The share of **alternative renewable and non-polluting energy** in total production continues to grow and will reach 70% by 2030.

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Board of Directors' Report

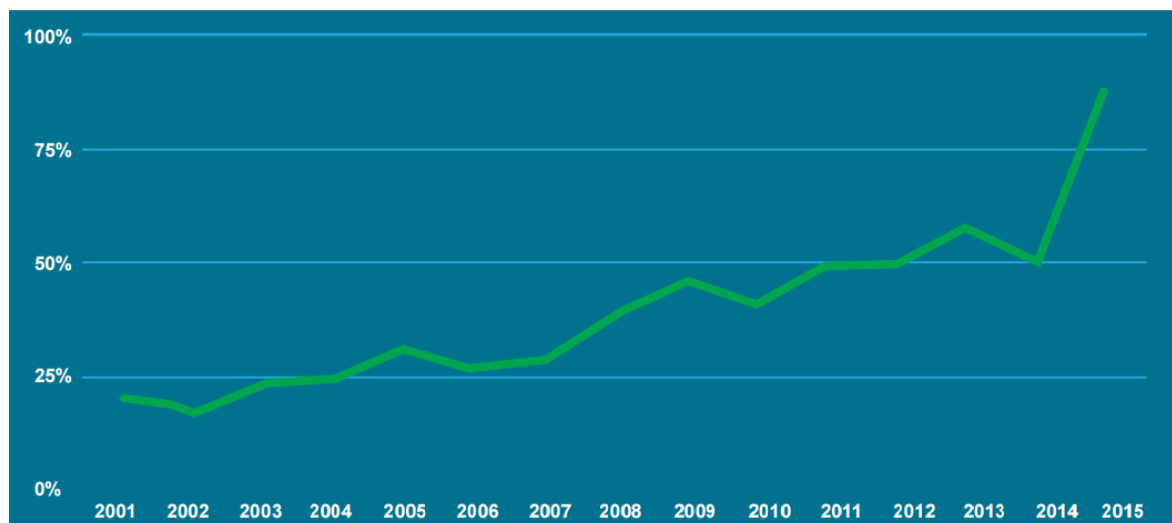
SHARE OF DIFFERENT SOURCES ENERGY IN GLOBAL PRODUCTION



Source: Bloomberg New Energy Research

As of now, the World Wildlife Fund estimates in its September 2016 report “15 Signals: Evidence the Energy Transition is Underway”, curiously under-reported in the press, that this process has become irreversible: the share of renewable energy in new electricity generation in 2015 approached 90%, in contrast to 25% only 15 years ago.

ANNUAL GROWTH OF THE SHARE OF RENEWABLE ENERGY IN NEW ELECTRICITY GENERATION



Source: WWF, Irena

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Board of Directors' Report

It is interesting to note in this regard, that the International Energy Agency (IEA), in its recent report (*Medium-Term Renewable Energy Market Report*), states: “China remains the undisputed global leader of renewable energy expansion, representing close to 40% of growth [in this sector]”.

- The proactive orientation towards zero tolerance of **international tax evasion** should free-up significant resources, provided that states are less bureaucratic and more efficient in the activities (infrastructure, education, social security, justice etc.) and controls that are their jurisdiction.
- Last but not least, capitalism’s detractors expect a great deal from the welfare state (currently heavily indebted in developed countries and forced to restrict its social budgets to the detriment of the more vulnerable underclasses, healthcare, culture and education...), but they are not necessarily conscious of the **considerable amounts allocated by wealthy philanthropists**. It is not just about charity, but community and solidarity projects initiated by entrepreneurs, who are generally more efficient than states in the allocation of resources. A few examples from *Forbes* ranking of the greatest philanthropists:
 - George Soros (the “villain” speculator...), one of the best fund managers of all times, has contributed a total of \$12.1 billion (49% of his fortune) over his lifetime. He announced in 2016 an offer of \$500 million to organisations assisting migrants in Europe.
 - The Bill and Melinda Gates Foundation: \$4.2 billion in 2015 for healthcare, education, fighting poverty, especially in Africa. Nearly 50% of their fortune has been devoted to philanthropic projects.
 - In 2010, Warren Buffett created of *The Giving Pledge*, prompting billionaires around the world to donate at least half of their fortune to philanthropic causes during their lifetimes or upon death. 129 billionaires have enlisted, including Michael Bloomberg. Warren Buffett gave \$2 billion to the Gates Foundation in 2013.
 - Liliane Bettencourt did not only sponsor François-Marie Banier: according to *les Echos*, she gave a total of €760 million to charities, especially in the field of healthcare.
 - Fondation Louis Vuitton (Bernard Arnault) donated more than €100 million to patron the arts (including the magnificent museum built next to the Jardin d’Acclimatation, in the Bois de Boulogne).
 - Michael Bloomberg: \$462 million in 2014 for various projects (healthcare, education, environment) and a substantial donation to three NGOs working to protect the seabed.
 - Etc.

All these initiatives are complementary to the social, environmental and cultural activities of the states, which must also be **efficient, ethical and responsible**...

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Board of Directors' Report

We conclude by emphasising that, like democracy in the political domain, capitalism (provided it is truly liberal and sufficiently regulated) is the lesser evil of economic systems. It does not have to be ideological, but rather pragmatic- to ensure the best possible allocation of resources in an imperfect world filled with all kinds of inequities. In spite of numerous excesses and aberrations, it has proven its effectiveness, through **innovation and Schumpeter's famous creative destruction**; especially during crises like the one we are presently experiencing. It is of course, like every human enterprise, subject to the pendulum of history, and in particular to the distribution of the fruits of growth between capital and labour, which undergoes vast lengthy oscillations, but which, like a good pendulum, performs the opposite movement when it has gone too far in one direction. However, one must beware of easy slogans: while it is true that the gap between the rich and the poor has grown sharply over the past twenty years, the pie has continued to grow and the average income per capita on the planet has almost never ceased to progress, reaching a historic high today. This growth is not only quantitative, but above all qualitative: as Angus Deaton, winner of the Nobel Prize for Economics in 2015, writes in his book *The Great Escape – Health, Wealth, and the Origins of Inequality*, **“Life is better today than it has ever been in all of history”**: education (dramatic decline in illiteracy), life expectation and standard of living, healthcare, a decline in violence and wars (not felt by the population due to the intense media-coverage of violence).

Although it is not our responsibility, but rather that of sociologists and psychologists, we cannot ignore the multiple frustrations apparent in our society, despite this generally positive assessment. They are undoubtedly of a different order, a need to supplement the soul, the lack of spirituality in a material world. The notion of **civic interiority**, developed by Thomas d'Ansembourg, particularly in the book that he recently co-wrote with David Van Reybrouck: *“La paix ça s'apprend !” (Peace is Learned!)* seems especially interesting, because it adds a spiritual dimension (independent of any religion) to ethics and responsibility. Furthermore it is paradoxical that the Universal Declaration of Human Rights adopted by the UN in 1948 speaks extensively of rights, but very little, and rather vaguely, of **civic duties** (articles 1 and 29)... We prefer the term **responsibilities** (of citizens, companies, states...). Today in particular, there is an **aspiration to move towards “well-being” rather than “having more”**.

This does not seem to be incompatible with liberal capitalism, which, thanks to its capacity for adaptation, must be transformed from within to face the many current challenges. Those calling for a revolution focusing on degrowth thus seem misguided.

Again we quote Bertrand Piccard, a champion of optimism, who believes we must not turn our backs on progress, but on the contrary, invest heavily in technological innovation in order to find solutions to the major social, economic and ecological challenges of our era (rather than endlessly and gloomily sorting through the litany of problems).

Our management philosophy, and choice of stock market values, is thus resolutely oriented towards a **liberal and entrepreneurial capitalism, which is ethical, responsible and reasonably regulated by the controlling authorities, they themselves being ethical and efficient**. In these conditions it can truly be a source of economic and social progress, through its flexible and innovative nature.

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Board of Directors' Report

Management of the Funds

TreeTop Patrimoine International

Because we are not supporters of market timing, we maintained relatively constant exposure to the equity market during 2016 at between 55% and 60% of the fund's net asset value.

As at 31 December 2016, the "equity" component accounted for 56.8% of the fund's net assets. The three main positions were as follows:

Fund held	Share class	Weight in net assets	Performance in 2016
– TreeTop Sequoia Equity	A - EUR	28.7%	-3.5%
– TreeTop Global Opportunities	A - EUR	14.1%	-1.4%
– TreeTop Global Conviction	A - EUR	14.0%	-5.4%

The "fixed-rate instruments" component of the fund's portfolio accounted for 43.2% as at 31 December 2016. In an environment of extremely low interest rates, we have maintained a cautious approach on this component of the portfolio, whose main objective is to serve as a safety cushion. With this in mind, 32.2% of the fund's net assets consisted of demand and term bank deposits and 11.0% of bonds. The bonds held included two Italian sovereign bonds (3.7% of net assets), maturing in May 2017 and November 2022 respectively, and a perpetual bond issued by BNP Paribas Fortis SA (7.3% of net assets). The performance of the Italian securities in 2016 was +0.12% and +1.79% respectively, in the wake of the widespread decline in European rates. The BNP Paribas Fortis perpetual bond offers a variable rate indexed to the Euribor 3-month plus 2% per year. Therefore, at its rate on 31 December 2016 (74.7%), the current yield on this bond is approximately 2.3% (indexed to the Euribor, in case of rate increases), which is attractive for a debtor of this quality.

Deposits are distributed across high-quality Luxembourg banks: BGL BNP Paribas, ING Luxembourg SA and Banque Degroof Petercam Luxembourg.

TreeTop Portfolio SICAV

Board of Directors' Report

TreeTop Patrimoine Conservative

Because we are not supporters of market timing, we maintained relatively constant exposure to the equity market during 2016 at between 25% and 30% of the fund's net asset value.

As at 31 December 2016, the "equity" component accounted for 28.3% of the fund's net assets. The three main positions were as follows:

Fund held	Share class	Weight in net assets	Performance in 2016
– TreeTop Sequoia Equity	A - EUR	14.3%	-3.5%
– TreeTop Global Opportunities	A - EUR	7.0%	-1.4%
– TreeTop Global Conviction	A - EUR	7.0%	-5.4%

The "fixed-rate instruments" component of the fund's portfolio accounted for 71.7% as at 31 December 2016. In an environment of extremely low interest rates, we have maintained a cautious approach on this component of the portfolio, whose main objective is to serve as a safety cushion. With this in mind, 49.2% of the fund's net assets consisted of demand and term bank deposits and 22.5% of bonds. The bonds held included two Italian sovereign bonds (11.6% of net assets), maturing in May 2017 and November 2022 respectively, and a perpetual bond issued by BNP Paribas Fortis SA (10.9% of net assets). The performance of the Italian securities in 2016 was +0.12% and +1.79% respectively, in the wake of the widespread decline in European rates. The BNP Paribas Fortis perpetual bond offers a variable rate indexed to the Euribor 3-month plus 2% per year. Therefore, at its rate on 31 December 2016 (74.7%), the current yield on this bond is approximately 2.3% (indexed to the Euribor, in case of rate increases), which is attractive for a debtor of this quality.

Deposits are distributed across high-quality Luxembourg banks: BGL BNP Paribas, ING Luxembourg SA, Banque et Caisse d'Epargne de l'Etat and Banque Degroof Petercam Luxembourg.

TreeTop Portfolio SICAV

Board of Directors' Report

Performance of the Funds

Summary of the performance of the various asset classes in 2016			
Asset classes	Benchmarks	In local currencies	In euros
Global Equities	MSCI All Countries World Net Dividend	9.0%	11.1%
Sovereign bonds in euros	Bloomberg Eurozone Sovereign Bond Index 1 to 5 yrs	0.9%	0.9%
Quality corporate bonds in euros	Bloomberg EUR Investment Grade European Corporate Bond Index 1 to 5 yrs	2.3%	2.3%

As evidenced by the spread between the performance of the MSCI AC World index in euros and the MSCI AC World index in local currencies, changes in exchange rates still played a role in the performance of equity markets in 2016. For example, the S&P 500 index in USD grew by 11.9% in 2016, whereas its growth in euros amounted to 15.3% over the year.

Given that the strategy of the asset funds is to minimise the impact of changes in exchange rates, the funds did not benefit from the rise of the dollar against the euro in 2016. This impact is lower than in 2015 but remains significant.

The weak performance of the sub-funds in 2016 is, however, mainly due to the poor performance of the “equities” component of the portfolios: the performance gap between the three equity funds held and the MSCI AC World index is important.

Various factors explain this difference. The management report of these three funds are available on the website www.treetopam.com and provide a detailed explanation of their performance during 2016. Explanatory factors common to the three management teams are the underexposure to the US market and to the financial and energy sectors compared to international indices. The choice of sectoral and geographical allocation is the result of the search for growth values, which is a theme shared by the three management teams.

TreeTop Portfolio SICAV

Board of Directors' Report

In this context, the funds' performance levels were admittedly disappointing but consistent with their investment policy.

Performance summary as of 31/12/2016				
Annualized returns	TreeTop Patri. Intl A EUR	TreeTop Patri. Intl P EUR	TreeTop Patri. Conserv. A EUR	TreeTop Patri. Conserv. P EUR
1 year	-2.8%	-2.8%	-2.2%	-2.2%
3 years	+0.2%	+0.2%	-0.3%	-0.3%
5 years	+5.8%	+5.8%	+2.8%	+2.8%
Since inception*	+4.4%	+5.7%	+2.9%	+2.9%

* TreeTop Patrimoine International : the A share class was launched on 15 October 2009, the P share class on 14 October 2011. TreeTop Patrimoine Conservative : the A and P share classes were launched on 14 October 2011.

Note: Past performance is no guarantee of future performance.



Audit report

Aux Actionnaires de

TreeTop Portfolio SICAV

We have audited the accompanying financial statements of TreeTop Portfolio SICAV ("the SICAV") and of each of its Sub-Funds, which comprise the statement of net assets and the schedule of investments as at December 31st, 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.

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*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518*



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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of TreeTop Portfolio SICAV and of each of its Sub-Funds as of December 31st, 2016, and of the results of their operations and changes in the net asset 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

Luxembourg, March 24th, 2017

Represented by

Antoine Geoffrey

TreeTop Portfolio SICAV

Combined Statement of Net Assets as at December 31st, 2016

	Notes	Combined (in EUR)
ASSETS		
Investments in Securities	1a	52.374.613,42
Cash at Banks		29.552.633,71
Interest Receivable on Bonds		38.289,39
Total ASSETS		81.965.536,52
LIABILITIES		
Taxes and Expenses Payable	3	103.680,72
Overdraft at Banks		229,17
Overdraft Interest Payable		3.713,09
Amounts Payable on Redemptions		70.203,00
Total LIABILITIES		177.825,98
NET ASSETS		81.787.710,54

The accompanying notes form an integral part of these Financial Statements.

TreeTop Portfolio SICAV

Combined Statement of Operations and Changes in Net Assets from January 1st, 2016 to December 31st, 2016

	Notes	Combined (in EUR)
INCOME		
Interest on Bonds, net of taxes	1g	371.563,58
Interest on Cash Accounts	1g	486,19
Other Income		530.711,60
Total		902.761,37
EXPENSES		
Management Fees	4	493.319,07
Distribution Fees	8	299.965,83
Custodian Fees	7	12.411,79
Subscription Tax	5	20.944,65
Administration Fees	6	57.695,06
Miscellaneous Fees		33.189,34
Intérêts débiteurs		22.742,91
Total		940.268,65
NET PROFIT		-37.507,28
Net Realised Appreciation - on investments	1b	536.784,29
Net Realised Depreciation - on investments	1b	-449.768,79
NET REALISED PROFIT / (LOS)		49.508,22
Change in Net Unrealised Appreciation - on investments	1e	-1.766.758,41
Change in Net Unrealised Depreciation - on investments	1e	-1.343.226,96
RESULT OF OPERATIONS		-3.060.477,15
- Subscriptions		892.215,25
- Redemptions		-15.574.213,69
Net Result of Operations		-17.742.475,59
Net Assets at the beginning of the Financial Year		99.530.186,13
Net Assets at the end of the Financial Year		81.787.710,54

The accompanying notes form an integral part of these Financial Statements.

TreeTop Portfolio SICAV

Statement of Net Assets as at December 31st, 2016

	Notes	TreeTop Patrimoine International (in EUR)	TreeTop Patrimoine Conservative (in EUR)
ASSETS			
Investments in Securities	1a	43.082.504,57	9.292.108,85
Cash at Banks		20.549.337,87	9.003.295,84
Interest Receivable on Bonds		20.856,00	17.433,39
Total ASSETS		63.652.698,44	18.312.838,08
LIABILITIES			
Taxes and Expenses Payable	3	79.911,74	23.768,98
Overdraft at Banks		223,72	5,45
Overdraft Interest Payable		2.979,68	733,41
Amounts Payable on Redemptions		70.203,00	0,00
Total LIABILITIES		153.318,14	24.507,84
NET ASSETS		63.499.380,30	18.288.330,24
Number of Shares Outstanding (at the end of the Financial Year)			
- Class A EUR Capitalisation		133.501,622	15.153,799
- Class P EUR Capitalisation		339.134,231	142.099,831
Net Asset Value per Share (at the end of the Financial Year)			
- Class A EUR Capitalisation		136,44	116,28
- Class P EUR Capitalisation		133,53	116,30

The accompanying notes form an integral part of these Financial Statements.

TreeTop Portfolio SICAV

Statement of Operations and Changes in Net Assets from January 1st, 2016 to December 31st, 2016

	Notes	TreeTop Patrimoine International (in EUR)	TreeTop Patrimoine Conservatif (in EUR)
INCOME			
Interest on Bonds, net of taxes	1g	222.015,30	149.548,28
Interest on Cash Accounts	1g	17,80	468,39
Other Income		464.979,99	65.731,61
Total		687.013,09	215.748,28
EXPENSES			
Management Fees	4	429.898,32	63.420,75
Distribution Fees	8	248.540,14	51.425,69
Custodian Fees	7	10.231,32	2.180,47
Subscription Tax	5	14.245,16	6.699,49
Administration Fees	6	33.961,75	23.733,31
Miscellaneous Fees		24.583,85	8.605,49
Intérêts débiteurs		18.253,22	4.489,69
Total		779.713,76	160.554,89
NET PROFIT		-92.700,67	55.193,39
Net Realised Appreciation - on investments	1b	486.312,58	50.471,71
Net Realised Depreciation - on investments	1b	-342.220,65	-107.548,14
NET REALISED PROFIT / (LOS)		51.391,26	-1.883,04
Change in Net Unrealised Appreciation - on investments	1e	-1.630.290,18	-136.468,23
Change in Net Unrealised Depreciation - on investments	1e	-986.591,81	-356.635,15
RESULT OF OPERATIONS		-2.565.490,73	-494.986,42
- Subscriptions		299.999,99	592.215,26
- Redemptions		-12.407.005,38	-3.167.208,31
Net Result of Operations		-14.672.496,12	-3.069.979,47
Net Assets at the beginning of the Financial Year		78.171.876,42	21.358.309,71
Net Assets at the end of the Financial Year		63.499.380,30	18.288.330,24

The accompanying notes form an integral part of these Financial Statements.

TreeTop Portfolio SICAV

Schedule of Investments as at December 31st, 2016

TreeTop Patrimoine International

Description	Nominal / Quantity	Ccy	Acquisition Cost (in EUR)	Market Value (in EUR)	% Net Assets
Transferable securities admitted to an official stock exchange or dealt in on another regulated market					
Bonds					
FORTIS BANK FRN 07-PERPETUAL	7.000.000	EUR	5.158.750,00	4.647.685,00	7,32
ITALY BTP 4,75 12-010517	1.075.000	EUR	1.055.905,00	1.093.194,37	1,72
ITALY BTP 5,50 12-011122	980.000	EUR	1.021.029,00	1.232.693,00	1,94
Total Bonds			7.235.684,00	6.973.572,37	10,98
Other Transferable Securities					
TREETOP GLOBAL CONVICTION -A- EUR -CAP-	78.155	EUR	7.905.686,31	8.869.029,40	13,97
TREETOP GLOBAL OPPORTUNITIES -A- EUR -CAP-	63.969	EUR	7.824.063,20	8.978.099,68	14,14
TREETOP SEQUOIA EQUITY -A- EUR -CAP-	131.634	EUR	18.946.195,96	18.239.207,04	28,71
Total EURO			34.675.945,47	36.086.336,12	56,82
STAR INTERNATIONAL FUND -A-	157	USD	22.802,94	22.596,08	0,04
Total US DOLLAR			22.802,94	22.596,08	0,04
Total Other Transferable Securities			34.698.748,41	36.108.932,20	56,86
Total Portfolio			41.934.432,41	43.082.504,57	67,84

The accompanying notes form an integral part of these Financial Statements.

TreeTop Portfolio SICAV

Schedule of Investments as at December 31st, 2016

TreeTop Patrimoine Conservative

Description	Nominal / Quantity	Ccy	Acquisition Cost (in EUR)	Market Value (in EUR)	% Net Assets
Transferable securities admitted to an official stock exchange or dealt in on another regulated market					
Bonds					
FORTIS BANK FRN 07-PERPETUAL	3.000.000	EUR	2.303.750,00	1.991.865,00	10,89
ITALY BTP 4,75 12-010517	1.375.000	EUR	1.350.300,00	1.398.271,88	7,65
ITALY BTP 5,50 12-011122	570.000	EUR	593.826,00	716.974,50	3,92
Total Bonds			4.247.876,00	4.107.111,38	22,46
Other Transferable Securities					
TREETOP GLOBAL CONVICTION -A- EUR -CAP-	11.235	EUR	1.198.623,37	1.274.928,74	6,97
TREETOP GLOBAL OPPORTUNITIES -A- EUR -CAP-	9.192	EUR	1.117.210,19	1.290.037,69	7,05
TREETOP SEQUOIA EQUITY -A- EUR -CAP-	18.909	EUR	2.732.229,91	2.620.031,04	14,32
Total Other Transferable Securities			5.048.063,47	5.184.997,47	28,34
Total Portfolio			9.295.939,47	9.292.108,85	50,80

The accompanying notes form an integral part of these Financial Statements.

TreeTop Portfolio SICAV

Geographic Allocation as at December 31st, 2016

TreeTop Patrimoine International	% Total Net Assets
LUXEMBOURG	56,86
BELGIUM	7,32
ITALY	3,66
Total Portfolio	67,84

TreeTop Patrimoine Conservative	% Total Net Assets
LUXEMBOURG	28,34
ITALY	11,57
BELGIUM	10,89
Total Portfolio	50,80

These allocations of assets were established on basis of data (gross) used by the Central Administration and do not reflect inevitably the geographic analysis which directed the assets selection.

TreeTop Portfolio SICAV

Economic Allocation as at December 31st, 2016

TreeTop Patrimoine International	% Total Net Assets
UNIT TRUSTS, UCITS	56,86
BANKS	7,32
STATE	3,66
Total Portfolio	67,84

TreeTop Patrimoine Conservative	% Total Net Assets
UNIT TRUSTS, UCITS	28,34
STATE	11,57
BANKS	10,89
Total Portfolio	50,80

These allocations of assets were established on basis of data (gross) used by the Central Administration and do not reflect inevitably the economic analysis which directed the assets selection.

TreeTop Portfolio SICAV

Allocation by currency as at December 31st, 2016

TreeTop Patrimoine International	% Total Net Assets
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EURO	67,80
US DOLLAR	0,04
Total Portfolio	67,84

TreeTop Patrimoine Conservative	% Total Net Assets
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EURO	50,80
Total Portfolio	50,80

These allocations of assets were established on basis of data (gross) used by the Central Administration and do not reflect inevitably the currency analysis which directed the assets selection.

TreeTop Portfolio SICAV

Changes in the Number of Shares

	TreeTop Patrimoine International	TreeTop Patrimoine Conservative
Shares outstanding at beginning of the financial year		
Class A EUR Capitalisation	138.518,549	19.948,799
Class P EUR Capitalisation	427.251,684	159.621,553
Shares issued during the financial year		
Class A EUR Capitalisation	0,000	0,000
Class P EUR Capitalisation	2.330,097	5.157,748
Shares redeemed during the financial year		
Class A EUR Capitalisation	5.016,927	4.795,000
Class P EUR Capitalisation	90.447,550	22.679,470
Shares outstanding at end of the financial year		
Class A EUR Capitalisation	133.501,622	15.153,799
Class P EUR Capitalisation	339.134,231	142.099,831

TreeTop Portfolio SICAV

Changes in Capital, Total Net Assets and Net Asset Value per Share

Sub-Fund	Valuation Date	Shares outstanding		Total Net Assets	Share Price	
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TreeTop Patrimoine International	31/12/2014	169.138,944	Cl. A EUR Cap	89.524.021,79	139,12	Cl. A EUR Cap
		484.694,748	Cl. P EUR Cap		136,15	Cl. P EUR Cap
	31/12/2015	138.518,549	Cl. A EUR Cap	78.171.876,42	140,43	Cl. A EUR Cap
		427.251,684	Cl. P EUR Cap		137,44	Cl. P EUR Cap
	31/12/2016	133.501,622	Cl. A EUR Cap	63.499.380,30	136,44	Cl. A EUR Cap
		339.134,231	Cl. P EUR Cap		133,53	Cl. P EUR Cap

TreeTop Patrimoine Conservative	31/12/2014	62.563,057	Cl. A EUR Cap	35.436.491,18	119,30	Cl. A EUR Cap
		234.427,960	Cl. P EUR Cap		119,32	Cl. P EUR Cap
	31/12/2015	19.948,799	Cl. A EUR Cap	21.358.309,71	118,92	Cl. A EUR Cap
		159.621,553	Cl. P EUR Cap		118,94	Cl. P EUR Cap
	31/12/2016	15.153,799	Cl. A EUR Cap	18.288.330,24	116,28	Cl. A EUR Cap
		142.099,831	Cl. P EUR Cap		116,30	Cl. P EUR Cap

TreeTop Portfolio SICAV

Notes to the Financial Statements as at December 31st, 2016

Note 1 - Accounting principles and methods

The financial statements of the SICAV are prepared in accordance with the relevant regulations governing UCITS.

a) Valuation of investments

Securities listed on an official stock exchange are valued on the basis of the closing price at December 31st, 2016 and, if there is more than one market, at the price of the relevant security's main market.

Securities listed on other regulated markets are valued on the basis of the closing price and, if there is more than one market, at the price of the relevant security's main market.

Shares/units of an undertaking for collective investment are evaluated based on their last available official net asset value on the valuation day (i.e. the quotation price, if the undertaking for collective investments is listed, or the net asset value announced by the administrative agent of the UCI), or unofficial this is more recent (based in this case on a likely net asset value estimated prudently and in good faith by the Board of Directors, or based on other sources, such as information provided by the manager of the same UCI).

Securities not listed on a stock exchange or whose price is not representative are valued at their last known trading value or, in the absence of a trading value, at the probable realisation value in accordance with the valuation criteria deemed relevant by the Board of Directors.

b) Net realised profit or loss on sale of investments

The net realised profit or loss on sale of investments is determined on the basis of the average cost of investments sold.

c) Conversion of foreign currencies

All assets expressed in currencies other than the Sub-Fund's currency are converted into the Sub-Fund's currency at the exchange rate prevailing in Luxembourg as at December 31st, 2016 (note 2).

The value of the SICAV's net assets equals the sum of the net asset values of its Sub-Funds converted into EURO at the exchange rate prevailing in Luxembourg at the closing date of the financial statements. (December 31st, 2016)

d) Acquisition cost of investments

The acquisition cost of investments expressed in currencies other than the SICAV's currency is converted into the Sub-Fund's currency at the exchange rate prevailing at the purchase date.

e) Unrealised profit or loss

In accordance with current regulation, unrealised profits or losses at the end of the period are accounted in the Statement of Operations. This is in line with the rules in force.

f) Purchases and sales of investments

The details of purchases and sales of investments may be obtained freely at the registered office of the SICAV.

g) Income

Interest on bonds and fixed-term deposits is calculated on a daily basis..

TreeTop Portfolio SICAV

Notes to the Financial Statements as at December 31st, 2016 (continued)

Note 2 - Exchange rates as at December 31st, 2016

1 EUR = 1,05475 USD

Note 3 - Taxes and expenses payable

Management and Distribution Fees (notes 4,8)	63.261,86	EUR
Transfer Agent Fees (note 6)	11.532,23	EUR
Custodian Fees (note 7)	3.298,16	EUR
Subscription tax (note 5)	5.062,00	EUR
Other Fees	20.526,47	EUR
Total	103.680,72	EUR

Note 4 – Management Fees

A management fee amounted, per annum, to 1% and 0,50% for classes A and P of TreeTop Patrimoine International Sub-Fund; 0,60% and 0,30% for classes A and P of TreeTop Patrimoine Conservative Sub-Fund, payable quarterly, will be taken by the Management Company of the SICAV on the average net assets of the concerned classes of the Sub-Fund.

When the Sub-Fund's assets consist of units of UCI managed by the Management Company, the management fees received by the Management Company shall be calculated so as to ensure that the overall management fee charged by the Management Company at the level for the Sub-Fund and at the level of the UCI held by the Sub-Fund does not exceed, for each of the classes, the levels indicated above.

Note 5 - Subscription tax

The SICAV is subject to Luxembourg tax laws.

Under current laws and regulations, the SICAV is subject in Luxembourg to the subscription tax at an annual rate of 0,05%, such tax being payable quarterly and calculated on the basis of the net assets at the end of the relevant quarter.

The SICAV is not liable for subscription tax on the part of its assets invested in UCIs that are already subject to this tax.

TreeTop Portfolio SICAV

Notes to the Financial Statements as at December 31st, 2016 (continued)

Note 6 - Domiciliation, administrative and transfer agent Fees

In consideration of its services as Domiciliation Agent of the SICAV, Banque Degroof Petercam Luxembourg S.A. (*) receives a lump sum domiciliation fee of EUR 2.500 per year and per Sub-Fund.

In consideration of its services as Administrative and Transfer Agent of the SICAV, Banque Degroof Petercam Luxembourg S.A. (*) receives an annual commission of 0,04% calculated on the basis of the net average assets of the concerned Sub-Fund with a minimum of EUR 20.000 per annum and per Sub-Fund.

Note 7 - Custodian Fees

In consideration of its services as Custodian Bank of the SICAV, Banque Degroof Petercam Luxembourg S.A. (*) receives an annual commission of 0,02% calculated on the basis of the average net assets of the Sub-Funds and paid quarterly.

The Custodian Bank's commissions are subject to VAT at the current rate of 14% solely for the portion of these commissions relative to the Custodian Bank's control and supervisory services.

Note 8 - Distribution Fees

For class P shares of TreeTop Patrimoine International, a distribution commission amounting to 0,5% per annum payable quarterly and calculated on the basis of the average class P net assets during the quarter under review.

For class P shares of TreeTop Patrimoine Conservative, a distribution commission amounting to 0,3% per annum payable quarterly and calculated on the basis of the average class P net assets during the quarter under review.

When the Sub-Fund's assets consist of units of UCI managed by the Management Company, the distribution commissions received by the Management Company shall be calculated so as to ensure that the overall distribution commission charged at the level of the Sub-Fund and at the level of the UCI held by the Sub-Fund does not exceed the level indicated above.

(*) Cf note 11

TreeTop Portfolio SICAV

Notes to the Financial Statements as at December 31st, 2016 (continued)

Note 9 - Risk Management

Global exposure is a measure designed to limit the leverage generated by each Sub-Fund through the use of financial derivative instruments. In order to calculate global exposure, each Sub-Fund will use the commitment approach. This method consist to convert all derivatives positions to the market value of the equivalent position of underlying asset and to aggregate these.

Note 10 - Retrocessions

The retrocessions received by TreeTop Patrimoine International and TreeTop Patrimoine Conservative are refunds of management fees received by the Manager, calculated on the assets of the SICAV invested in other funds advised by this manager.

Note 11 - Events

As at April 1st, 2016, the denomination of Banque Degroof Luxembourg S.A. has been changed to Banque Degroof Petercam Luxembourg S.A..

Note 12 - Transaction Fees

No transaction fees were recorded for this exercise

TreeTop Portfolio SICAV

Other Information (Unaudited) (continued)

AIFM INFORMATION

Management of the open-ended investment fund's (SICAV) liquidity

Neither of the SICAV's two sub-funds holds assets subject to special treatment because of their illiquidity.

The sub-funds TreeTop Patrimoine International and TreeTop Patrimoine Conservative invest some of their assets in the following sub-funds (hereinafter the "target funds"):

- TreeTop Global Sequoia Equities (class A), which is part of the TreeTop Global SICAV ;
- TreeTop Global Opportunities (class A), which is part of the TreeTop Global SICAV ;
- TreeTop Global Conviction (class A), which is part of the TreeTop Global SICAV.

The Manager ensures that, for the part of the portfolio not invested in target funds, the sub-funds invest most of their assets in highly liquid securities, i.e. high quality shortand medium-term bonds and notice bank deposits.

TreeTop Global SICAV is a Luxembourg undertaking for collective investment in transferable securities, approved in accordance with Directive 2009/65/EC with a view to the marketing of their shares through public share issues in some European Union Member States. This SICAV shareholders may resell their shares on any business day in Luxembourg. In order to manage the liquidity of the TreeTop Patrimoine International and TreeTop Patrimoine Conservative sub-funds, the Manager ensures that the target funds' portfolios are liquid enough to meet redemption requests in normal market conditions estimated based on the history of the redemptions carried out and more extreme situations involving up to 10% of the net asset value. In assessing the liquidity risk at Company sub-fund level, the Manager also factors in the respective size of these subfunds compared with the target funds. Investors should note that, in accordance with the terms of the Company's prospectus, its Board of Directors is authorised to temporarily suspend the calculation of the net asset value of one or more of the Company's sub-funds, as well as share issues, redemptions and conversions in certain cases, and particularly if the net asset value of the target funds cannot be determined.

The liquidity risk is a risk inherent in investments in the Company's shares, particularly during periods of political instability and during economic and monetary crises (especially credit crunches). Investors should note that, in accordance with the terms of the Company's prospectus, if large redemption requests are made that represent more than 10% of the net assets of a given sub-fund, the Company reserves the right to only buy back the shares at the redemption price as determined after it has been able to sell the necessary assets as quickly as possible while taking the interests of all of the sub-fund's shareholders into account, and after it has received the proceeds of these sales. In such a case, a single price will be calculated for all of the redemption, subscription and conversion requests presented at the same time for this sub-fund.

Investors are invited to consult the Company's Articles of Association and most recent prospectus for further information about share issue and redemption procedures and the conditions for the suspension of the net asset value's calculation and the issuing, redemption and conversion of the Company's shares.

TreeTop Portfolio SICAV

Other Information (Unaudited) (continued)

AIFM INFORMATION (continued)

Risk management

The Company has two sub-funds, whose risk profile is summarised below:

TreeTop Patrimoine International

The sub-fund's assets are subject to fluctuations in the markets and to the risks inherent in any investment in financial assets. In particular, the sub-fund will be exposed, through the various UCIs that it holds, to equities, other securities equivalent to equities, bonds convertible into equities and equity or equity index derivatives. The risks associated with such investments include sometimes significant fluctuations in prices. This volatility will be mitigated by the portfolio's bond component.

Investors may not get back their initial investment.

TreeTop Patrimoine Conservative

The sub-fund's assets are subject to fluctuations in the markets and to the risks inherent in any investment in financial assets. In particular, up to a third of the subfund's assets will be exposed, directly or through the various UCIs that it holds, to equities, other securities equivalent to equities and equity or equity index derivatives. The risks associated with such investments include sometimes significant fluctuations in prices.

This volatility will be mitigated, however, by the portfolio's main component, which will consist of bonds and bank deposits. These instruments are less volatile than equities but are exposed to the risk of interest rate fluctuations and of an issuer or counterparty default. To limit the default risk, this part of the portfolio will mainly be invested in investment grade debtors.

Investors may not get back their initial investment.

Each of the Company's sub-funds may be characterised by a risk rating defined on a 7- point scale from 0 to 6. The lowest risk rating is 0 and is assigned to investments such as bank deposits, while a rating of 6 is assigned to high-risk investments such as a portfolio of emerging market equities or equities representing highly cyclical economic sectors. A sub-fund's risk rating is based on the average volatility observed in the prices of the equities that it holds. The risk rating assigned to a sub-fund is therefore indicative and is liable to change. A sub-fund's risk rating may become higher than the level given in the Company's prospectus if the stock markets' volatility increases.

TreeTop Portfolio SICAV

Other Information (Unaudited) (continued)

AIFM INFORMATION (continued)

As at December 31st, 2016, the Sub-Funds had the following risk ratings:

	TreeTop Patrimoine International	TreeTop Patrimoine Conservative
Risk rating observed	3	2
Risk rating estimated in the prospectus	3	3

The higher the risk rating, the longer the investor's investment horizon should be and the more they should be willing to accept the risk of losing a significant proportion of the capital invested. A sub-fund with a high risk rating should not usually represent a substantial share of the investor's wealth, unless the investor has a high net worth and is willing to accept the risk of a large capital loss.

Investors should note that, as the risk ratings assigned above are based on the average of past observations, they do not reflect the possible effects of unusual market conditions or serious, unforeseeable events, which may raise these ratings.

The Company's sub-funds are also exposed to certain risks that may not be fully factored into the risk ratings, and particularly the liquidity risk or the risk of default of an issuer of a security held by the Company or one of the Company's counterparties, and legal and tax risks.

The Manager has adopted a risk management system to monitor and manage the various risks to which the Company's sub-funds are exposed. For instance, it has a Risk Management unit independent of the people responsible for the effective management of the Company's portfolios. This unit is tasked with monitoring the risks to which the Company's sub-funds are exposed, particularly including:

- the credit risk
- the market risk
- the interest rate risk
- the liquidity risk

Investors should note that the risk management system adopted by the Manager is not designed to minimise risks in absolute terms, as risk-taking is inherent in the process of portfolio management and the pursuit of a return on investment. The risk management system is intended to identify the potential risks to which the Company's sub-funds are exposed, assess them, measure them and check that, as far as possible, these risks are within tolerance limits that are consistent with the investment objective and the investment policy of the Company's sub-funds.

TreeTop Portfolio SICAV

Other Information (Unaudited) (continued)

AIFM INFORMATION (continued)

The Commission Delegated Regulation no. 231/2013 of 19 December 2012 supplementing the Manager directive with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (hereinafter the "CDR") defines two methods for calculating leverage: the "gross" method, as indicated in article 7 of the CDR, and the "commitment" method, as indicated in article 8 of the CDR.

The difference between the two methods is mainly that the gross method allows the calculation of the Company's overall exposure (the sum of the absolute values of all of the positions), while the commitment method provides information about the hedging and netting techniques used by the Manager at Company level. Investors are invited to consult the CDR for further information about these calculation methods.

The Company's sub-funds are not leveraged, which means that, under normal market conditions, the sub-funds' exposure, as calculated using the commitment calculation method, should usually not exceed 100%. This percentage may be temporarily exceeded following redemptions by shareholders. The Manager may use derivative instruments for the efficient management of the portfolio or for hedging purposes, however. As a result, the sub-funds' exposure under normal market conditions, calculated using the gross method, could be a maximum of 300%.

As at December 31st, 2016, the leverage calculated using these two methods was:

	TreeTop Patrimoine International	TreeTop Patrimoine Conservative
"Gross" method	60.56%	40.00%
"Commitment" method	92.71%	89.00%

The following indicators provide an assessment of the sub-funds' theoretical sensitivity to the most important risks:

- The "Delta" measures the sensitivity of the NAV per share of one of the Company's sub-funds to a change in the market price of the equities held;
- The Net CS01 measures the sensitivity of the NAV to a change in the credit rating of the bonds held;
- The "Rho" measures the sensitivity of the NAV per share of one of the Company's sub-funds to a change in risk-free interest rates.

TreeTop Portfolio SICAV

Other Information (Unaudited) (continued)

AIFM INFORMATION (continued)

As at December 31st, 2016, the value of these indicators was:

	TreeTop Patrimoine International (1)	TreeTop Patrimoine Conservative (1)
Delta (a 1bp change in the price of the underlying equities results in a change in the NAV per share of:)	+0.005562%	+0.002775%
Net CS01 (a 1% change in issuers' credit spreads results in a change in the NAV per share of:)	-0.063393%	-0.095305%
Rho (a 1bp change in risk-free interest rates results in a change in the NAV per share of:)	+0.006267%	+0.008624%

(1) For the TreeTop Patrimoine International and TreeTop Patrimoine Conservative subfunds, the indicators given above are arrived at based on the risk indicators calculated for the target funds weighted by their weight within the two sub-funds, combined with the risk characteristics of the bond component specific to each sub-fund.

In order to cover any professional liability risks to which it may be exposed in carrying out its activities as a Manager of alternative investment funds, the Manager ensures that it has additional own funds in an amount sufficient to cover any risks as regards possible liability for professional negligence. These own funds, including the additional own funds referred to above, are invested in liquid assets or assets easily convertible into cash in the short term and do not include any speculative positions.

The Manager has put in place a remuneration policy, the purpose of which is to constitute a framework for remuneration practices as regards its personnel so as to ensure that they are compatible with sound and effective risk management. In particular, the remuneration policy aims not to encourage risk taking that is incompatible with the risk profile of the sub-funds of the SICAV, its prospectus and its documents of incorporation. The objective pursued is not to minimise risk in absolute terms, which is an integral component of the SICAV's portfolio management. As part of the management of its business, the Manager's remuneration policy also aims to prevent the taking of risks that would surpass the tolerance thresholds set by its Board of Directors, and to reward employees who take part in and contribute to the attainment of the Manager's long-term objectives in accordance with its values and complying with applicable laws and regulations.

TreeTop Portfolio SICAV

Other Information (Unaudited) (continued)

AIFM INFORMATION (continued)

The Manager's remuneration policy has been established in accordance with the laws and regulations applicable to Managers of alternative investment funds in Luxembourg and taking account on the one hand of the company's size, the services which it provides and the private nature of its shareholding, and on the other, of market standards.

The Manager considers that all the persons it employs are in the categories referred to by Article 12 of the Law of 2013, so that its remuneration policy applies to all its employees.

The Board of Directors of the Manager is ultimately responsible for establishing and implementing the remuneration policy. This remuneration policy is reviewed once a year by the Board of Directors and by the internal audit function, which is performed by an independent company.

The general principles of the Manager's remuneration policy are as follows: the level of remuneration of each employee is set taking account of the level of responsibility and experience and market standards in Luxembourg. The remuneration of the Manager's personnel consists of a fixed component and, where applicable, a variable component.

Where a member of the Manager's personnel is entitled to variable remuneration, the fixed component will always be sufficient to allow for the possibility of not paying any variable remuneration. The variable component, if there is one, is established on the basis of financial and non-financial criteria. It never constitutes the major part of total remuneration. The relative importance of the criteria used and the variable component depend on the nature of the function performed. For example for personnel employed in the control functions, the level of variable remuneration may not in principle exceed two months' salary, and the evaluation criteria applied are essentially non-financial. This variable remuneration is paid during the current year or the following one, and always in cash. The remuneration of members of general management currently consists only of fixed remuneration; members of general management have a stake in the long-term development of the company in their capacity as shareholders of the Manager. The Manager does not offer guaranteed bonuses or indemnities for early termination other than those legally established and warranted by the experience and years of service of the personnel and market standards in Luxembourg.

As at December 31st, 2016 the Manager employed eleven persons. Four of these eleven persons form part of the general management and /or may be considered as risk takers in the meaning of Article 12 of the Law of 2013.

With the exception of the fund Managers, none of the persons employed by the Manager is any longer specifically assigned - whether full-time or part-time - to a particular UCI. The activity of members of general management, the control functions and the other functions relates to all the funds managed by the Manager. The remuneration paid by the Manager to these employees is thus not directly related to the SICAV.

TreeTop Portfolio SICAV

Other Information (Unaudited) (continued)

AIFM INFORMATION (continued)

The investment strategies established by the fund Managers are implemented across several funds. In order to identify the portion of the remuneration received by the Manager's personnel in relation to the SICAV, the following method is applied:

- For fund Managers the remuneration is allocated to the SICAV in proportion to the average assets managed in accordance with the investment strategy or strategies defined by these persons;
- For persons employed in general management, control or other functions, remuneration is allocated to the SICAV in proportion to the average assets under management of all the funds managed by the Manager;
- When a fund Manager is also a member of the general management of the Manager, his remuneration is allocated to the SICAV in proportion to the average assets under management of all the funds managed by the Manager.

For the year ended December 31st, 2016, total remuneration paid by the Manager to its personnel in connection with the SICAV amounted to EUR 85.856. The fixed component of this remuneration amounted to EUR 80.731 and the variable component to EUR 5.126. The portion of total remuneration paid to members of general management and risk takers amounted to EUR 52.447 and was composed exclusively of fixed remuneration.

For the period ended December 31st, 2016, the Manager confirms that it:

- has not made any changes to its risk management system having an impact on the Company and its investors.
- has not made any significant changes to the information specified in article 21 of the Law of 2013.
- has no knowledge of any sources of conflicts of interests with regard to the shareholders.

Information on transparency of securities financing and reuse

As of December 31st, 2016, the SICAV does not use any "securities financing transaction and/or will not invest in a total return swap", such as these terms are defined by EU Regulation 2015/2365 of the European Parliament and the Council on November 25th, 2015 on transparency of securities financing transactions and of re-use.