

**TMI LIQUIDITY FUND PLC**

**Report and financial statements  
for the year ended 31 December 2016**

# TMI LIQUIDITY FUND PLC

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## TMI LIQUIDITY FUND PLC

### Directory for the year ended 31 December 2016

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<b>Incorporation Number:</b>	118180C
<b>Manager:</b>	Abacus Financial Services Limited 1st Floor, Sixty Circular Road Douglas, Isle of Man, IM1 1AE
<b>Investment Manager:</b>	Thomas Miller Investment (Isle of Man) Limited 2 <sup>nd</sup> Floor, Samuel Harris House 5-11 St. Georges Street Douglas, Isle of Man, IM1 1AJ
<b>Fiduciary Custodian:</b>	BNP Paribas Securities Services S.C.A, Jersey Branch Liberte House 19-23 La Motte Street St Helier Jersey JE2 4SY
<b>Investment Adviser and UK Facilities Agent:</b>	Thomas Miller Investment Limited 90 Fenchurch Street London, EC3M 4ST
<b>Auditors:</b>	Moore Stephens Chartered Accountants 26-28 Athol Street Douglas, Isle of Man, IM1 1JB
<b>Isle of Man Legal Advisers:</b>	Appleby 33 Athol Street Douglas, Isle of Man, IM1 1LB
<b>Channel Islands Securities Exchange Sponsor</b>	Mourant Ozannes Securities Limited 1 Le Marchant Street St Peter Port, Guernsey, GY1 4HP
<b>Directors</b>	Anthony Barber Robert Brockbanks Carolyn Gelling (resigned 15 November 2016) Paul Kneen Christopher Smith Hugh Titcomb (appointed 10 January 2017)
<b>Secretary</b>	Anthony Seeldrayers (resigned 29 January 2016) Stewart Fleming (appointed 29 January 2016)

## **TMI LIQUIDITY FUND PLC**

### **Directors' Report for the year ended 31 December 2016**

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This report contains the information required by the Authorised Collective Investment Schemes Regulations 2010.

#### **Review of business**

The statement of total return by currency is set out on page 14. The result for the year was £nil (2015: £nil). All distributions are reinvested.

#### **Dividends and transfers to reserves**

Disclosure of the dividends payable in the year has been detailed within the Managers' report on pages 4 to 6.

#### **Directors**

The Directors of the Company during the year and to date are as follows:

Anthony Barber  
Robert Brockbanks  
Carolyn Gelling (resigned 15 November 2016)  
Paul Kneen  
Christopher Smith  
Hugh Titcomb (appointed 10 January 2017)

#### **Secretary**

The Secretary who served during the year, and remained in office at 31 December 2016 was Stewart Fleming who was appointed to the role on 29 January 2016. He was preceded by Anthony Seeldrayers who resigned as secretary on 29 January 2016.

#### **Auditors**

Moore Stephens Chartered Accountants, the Company's Auditors, are willing to continue in office pursuant to section 12 (2) of the Companies Act 1982.

#### **Directors' responsibility statement**

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable Isle of Man law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards.

These financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

## **TMI LIQUIDITY FUND PLC**

### **Directors' Report (continued) for the year ended 31 December 2016**

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#### **Directors' responsibility statement (continued)**

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 1931 to 2004, the Principal Constitutional Documents and with the Authorised Collective Investment Schemes Regulations 2010. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed for and on behalf of the Board:

**Stewart Fleming**  
**Date: 19 April 2017**

## TMI LIQUIDITY FUND PLC

### Managers' Report for the year ended 31 December 2016

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#### Principal activity

TMI Liquidity Fund PLC ("the Company") is an open-ended investment company incorporated under the Isle of Man Companies Acts 1931 to 2004 and constituted as a "Type A Authorised Scheme" and an "umbrella" fund for the purposes of the Authorised Collective Investment Schemes Regulations 2010 (of the Isle of Man) (the "Regulations"). Accordingly, the Articles empower the Company to create one or more classes of shares with such investment objectives, policies and restrictions as they see fit and for the assets and liabilities relating to each class to be allocated to separately identifiable sub-funds. Each sub-fund is a "money market fund" for the purposes of the Regulations. The following sub-funds have been created:

- TMI Sterling Liquidity Sub-Fund
- TMI Dollar Liquidity Sub-Fund
- TMI Euro Liquidity Sub-Fund

The investment objective of the Sub-Funds is to maximise current income consistent with the preservation of principal and liquidity by investing in diversified portfolios of high quality Sterling, Dollar or Euro denominated short term debt and debt related instruments. The decisions relating to investments for each sub-fund are made by the Investment Manager, Thomas Miller Investment (Isle of Man) Limited, in accordance with the current investment strategy as described above. The Fiduciary Custodian of the Company is BNP Paribas Securities Services S.C.A, Jersey Branch.

Due to the prevailing economic climate and current market conditions, the Directors exercised their discretion under the Fund's Articles of Association ("Articles") and resolved to suspend the issue and redemption of Shares in the Euro Sub-Fund, such suspension being effective from 8 January 2013. The NAV of the Euro Sub-Fund is zero and all remaining shareholders in the Euro Sub-Fund redeemed their holdings in early January 2013. The Sub-Fund continues to be suspended at the date of signing these financial statements.

#### Net asset value and distributions payable

The net asset value as at 31 December and distributions payable were as follows:

Year	Consolidated NAV GBP	Euro Sub-Fund NAV EUR	Dollar Sub-Fund NAV USD	Sterling Sub-Fund NAV GBP
2016	54,274,266	-	35,829,100	25,239,339
2015	80,047,791	-	64,693,028	36,140,484
2014	105,711,048	-	84,523,659	51,463,145
2013	134,094,312	-	120,086,489	61,604,582
2012	205,094,113	23,141,471	167,443,791	83,199,051
2011	195,183,852	30,704,013	95,320,717	108,065,067
2010	228,700,306	15,744,865	119,929,396	148,762,556

## TMI LIQUIDITY FUND PLC

### Managers' Report (continued) for the year ended 31 December 2016

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Year	Consolidated Distributions GBP	Euro Sub-Fund Distributions EUR	Dollar Sub-Fund Distributions USD	Sterling Sub-Fund Distributions GBP
2016	187,869	-	132,252	89,551
2015	160,137	-	52,402	125,774
2014	254,103	-	101,573	192,393
2013	471,808	88	187,727	351,941
2012	1,366,144	100,399	448,054	998,039
2011	1,468,496	115,557	355,083	1,147,139
2010	2,147,098	116,400	857,758	1,493,180

#### Investment activities, dividends and transfers to reserves

The consolidated dividends proposed and paid for the year are detailed above. There have been no transfers to reserves in the year.

For a review of investment activities during the year, please refer to the Investment Managers report on pages 8 and 9.

#### Number of participating shares in existence

The number of participating shares in existence as at 31 December were as follows:

	2016	2015	2014	2013
Sterling Sub-fund	25,239,339	36,140,484	51,463,145	61,604,582
Dollar Sub-fund	35,829,100	64,693,028	84,523,659	120,086,489
Euro Sub-fund	-	-	-	-

#### Mid-market value per share

The mid-market value per share throughout the year was as follows:

	2016	2015	2014	2013
Sterling Sub-fund	£1.00	£1.00	£1.00	£1.00
Dollar Sub-fund	\$1.00	\$1.00	\$1.00	\$1.00
Euro Sub-fund	nil	nil	nil	nil

The share price of shares is always £1.00 / \$1.00 / nil dependent upon the sub-fund. Therefore it is not necessary to disclose the highest and lowest price during the financial year, as the price has remained constant.

The participants of the open-ended investment Company are not liable for the debts of the open-ended investment Company.

The individual sub-funds are not legal entities and if the assets attributable to any sub-fund were insufficient to meet liabilities attributable to it, the shortfall might have to be met out of the assets attributable to one of more other sub-funds of the open-ended investment company.

## **TMI LIQUIDITY FUND PLC**

### **Managers' Report (continued) for the year ended 31 December 2016**

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#### **Officers and advisors to the Company**

Officers and advisors to the Company are set out on page 1 of this report.

#### **Taxation**

The Company is resident in the Isle of Man for taxation purposes. By legislation, dividends are paid gross to all shareholders including those who are non-Isle of Man resident.

#### **Share capital**

Details of changes in share capital are set out in note 9 to the financial statements.

**Signed for and on behalf of Abacus Financial Services Limited:**

**Stewart Fleming**

**Date: 19 April 2017**

## **TMI LIQUIDITY FUND PLC**

### **Report of the Fiduciary Custodian for the year ended 31 December 2016**

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The duties of the Fiduciary Custodian under subparagraph 108 (4) of the Authorised Collective Investment Schemes Regulations 2010 (“the Regulations”) in respect of the safekeeping of the scheme property are summarised as follows:

- a) To ensure the scheme is managed by the Manager in accordance with the Regulations with regard to investment and borrowing powers, dealing, valuation and pricing, income, accounting, allocation and distribution and any provision of the documents constituting the scheme or offering document relating to any of the above.
- b) To take reasonable care to ensure that the Manager is adopting appropriate procedures to ensure that the price of a unit is calculated for each valuation point and has maintained sufficient records.
- c) To act solely in the interests of the participants.
- d) To take reasonable care to ensure that the Manager considers whether or not to exercise its power in relation to dilution and, if applicable, any dilution levy or dilution adjustment that is imposed.

For the period 1 January 2016 to 31 December 2016, we state that in our opinion, Abacus Financial Services Limited (the Manager) has managed in all material respects, TMI Liquidity Fund PLC in the above period:

- a) in relation to the issue, sale, redemption and cancellation, calculation of the price of the units and the application of the scheme’s income in accordance with the provisions of the Company’s Principal Constitutional Documents, the Scheme Particulars and the Regulations.
- b) in relation to any limitations imposed upon the investment and borrowing powers and any restrictions placed upon the Manager and ourselves as Fiduciary Custodian in accordance with the Company’s Principal Constitutional Documents, the Scheme Particulars and the Regulations.

**For and on behalf of BNP Paribas Securities Services S.C.A., Jersey Branch**

**Date: 19 April 2017**

## **TMI LIQUIDITY FUND PLC**

### **Report of the Investment Manager for the year ended 31 December 2016**

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2016 was largely dominated by political events, namely the EU Referendum in the UK (Brexit) during the middle of the year and then the US Elections in the second half of the year. Both results were not the expected outcomes. Despite the surprise results and after the initial shock, markets have actually performed reasonably well with the exception of UK Gilts and GBP which finished the year down 11% and 16% respectively. The commodity index in general had a strong year as Oil (WTI) posted gains of 45% and was the best performing asset in 2016. The UK and US equity markets both posted double digit returns for the year.

It was no surprise, given the political events that unfolded, that volatility returned to the markets in 2016 and the first month of the year proved to be highly volatile, with January posting the worst start to a year since 2008. Towards the mid-point of the year, the UK referendum dominated the economic scene with market participants unsure of which way the vote would go prior to the event.

The first quarter began poorly with global markets posting steep declines. China continued its run of poor performance, which weighted on global indices. Markets however, rallied towards late February and overall, the month brought some stability. Commodities had a generally mixed run during the period, with oil remaining relatively stable and precious metals posting poor results. Oil rallied strongly during March posting gains of nearly 14%. This in turn, led to a rebound for most risk assets.

April and May were moderately tentative months with relatively flat figures, as markets anticipated and prepared for the UK referendum vote due in June. Oil prices crept up and reached new highs in May but Gold prices fell dramatically to new lows. June proved to be the most volatile month of the year. With much of the data in the build up to the vote indicating that the 'Remain' campaign would likely be successful, the Pound rallied and markets reacted strongly. The surprise 'leave' result however, wiped more than \$3 trillion off equity markets over the following three days. The pound also reached its lowest value against other currencies since 1985. Precious metals reacted strongly to the news, as investors sought safe haven assets, with Gold and Silver posting positive returns. Markets however, rallied almost immediately, with many recouping the losses they had suffered in the aftermath. The FTSE and the NASDAQ Composite, amongst others, reached levels higher than those seen before the vote.

For the remainder of the year Sterling and Sterling denominated assets were volatile as the legality of triggering "article 50" was questioned and required approved first by parliament. Speculation around a hard or soft Brexit also caused market uncertainty and the Pound fell to another new low (since 1985).

Then it was the turn of the US Presidential elections to take centre stage, a Trump win was not the consensus outcome but markets rallied into the year end on anticipation of pro-growth and fiscal policies from the Trump administration.

## **TMI LIQUIDITY FUND PLC**

### **Report of the Investment Manager (continued) for the year ended 31 December 2016**

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The fund size(s) varied throughout the year with the Sterling Sub-fund initially starting the year on £35.3 million and peaking at £47.4 million in April. It then fell to £32.4 million by the end of June and finished the year lower at £25.2m. The USD Sub-Fund has slowly declined over the period, with investors redeeming gradually, reducing the total size from \$66.8 million in January to a figure of \$46.1 million by the end of June and then falling to \$35.8m by year end. With interest rates remaining low, there remains little appetite for cash investments and investors have been generally reducing cash holdings and adding to more risky asset classes such as equities and bonds. However, following the second rate increase in this cycle by the Fed in December and a possibility of three further increases during 2017, cash may well start to appear more appealing to investors, even if just on a temporary basis while they take stock of new, higher interest rates.

Despite the highly volatile period, the yield for both funds has remained relatively stable. The Sterling Sub-Fund has averaged a return of 0.18 percent over the year. The USD Sub-Fund benefited from two rate rises from the Fed, starting the year with a 0.11 percent yield, culminating in a figure of 0.33 percent by the end of the second quarter and finishing the year at 0.88 percent.

With the MPC in the UK consistently voting unanimously to keep interest rates at the same figure of 0.50 per cent, the WAM remained relatively constant throughout the first half of the year. It fell to 68 during January as investments ran down the maturity cycle, before increasing to 80-90 days. Following the Brexit result, the Bank of England reduced rates to a new record low of 0.25 percent in August and the longer WAM benefited the Fund as maturities were already locked in at older, higher yields. The WAM of the USD Sub-Fund followed the same pattern as the Sterling Sub-Fund regarding the maturity cycles. The Investment Manager targeted a figure of 60-70, believing that the possibility of a US rate rise was unlikely for the foreseeable future. This sentiment was further echoed following Brexit, with a rate rise seemingly more and more unlikely until the repercussions of the vote materialise and become clearer. Due to the falling AUM, the WAM has been managed lower to maintain liquidity, again this also worked in the funds favour as the Fed increased rates in December. The investment manager has started to gradually increase the WAM in line with new, higher yields on offer.

The total expense ratio ("TER") of the Fund remains a concern and so the Investment Manager continues to support the net yield of the Sterling Sub-Fund if and when necessary to maintain a reasonable rate of return for investors.

**Thomas Miller Investment (Isle of Man) Limited  
January 2017**

## **TMI LIQUIDITY FUND PLC**

### **Independent Auditors' Report to the Shareholders of TMI Liquidity Fund PLC for the year ended 31 December 2016**

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We have audited the financial statements of TMI Liquidity Fund PLC for the year ended 31 December 2016 which are set out on pages 12 to 37. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's shareholders, as a body, in accordance with Section 15 of the Isle of Man Companies Act 1982. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its results for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, the Investment Management Association Statement of Recommended Practice "Financial Statements of Authorised Funds", The Authorised Collective Investment Schemes Regulations 2010 and the company's principal constitutional documents; and
- have been prepared in accordance with the requirements of the Isle of Man Companies Act 1931 to 2004.

## **TMI LIQUIDITY FUND PLC**

### **Independent Auditors' Report to the Shareholders of TMI Liquidity Fund PLC for the year ended 31 December 2016**

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#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Isle of Man Companies Acts 1931 to 2004 requires us to report to you if, in our opinion:

- proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**MOORE STEPHENS**  
**Chartered Accountants**  
**Douglas**  
**Isle of Man**

2017

## TMI LIQUIDITY FUND PLC

### Statement of Total Return and Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 December 2016

	2016 GBP	2015 GBP
<b>Income</b>		
Interest income (note 5)	474,460	473,144
<b>Net investment income</b>	474,460	473,144
<b>Expenditure</b>		
Management fees (note 6)	(57,598)	(70,128)
Administration fees (note 6)	(69,215)	(87,673)
Fiduciary Custodian fee (note 6)	(55,262)	(55,115)
Auditors' fee (note 6)	(13,716)	(14,593)
Realised losses	(12,652)	(9,674)
Other operating expenses (note 6)	(68,834)	(60,594)
Operating expenses	(277,277)	(297,777)
<b>Net profit before taxation</b>	197,183	175,367
Taxation (note 2.11)	-	-
<b>Total return before distributions</b>	197,183	175,367
Distributions to holders of participating shares	(187,869)	(160,137)
<b>Investment and exchange differences</b>		
Unrealised losses	(9,314)	(15,230)
<b>Change in net assets attributable to shareholders from investment activities</b>	-	-
<b>Earnings per share</b>	0.002	0.001
	2016 GBP	2015 GBP
Opening net assets attributable to shareholders	80,047,791	105,711,048
Amounts receivable on issue of shares	66,869,946	83,104,340
Amounts payable on cancellation of shares	(101,162,100)	(111,886,096)
	45,755,637	76,929,292
Foreign exchange difference	8,518,629	3,118,499
Closing net assets attributable to shareholders	54,274,266	80,047,791

All comprehensive income/losses are attributable to holders of participating shares.  
The accompanying notes form an integral part of these financial statements.

## TMI LIQUIDITY FUND PLC

### Balance sheet as at 31 December 2016

	2016 GBP	2015 GBP
<b>Assets</b>		
<b>Current assets</b>		
Financial assets at fair value through profit or loss (note 2.5 and note 16)	39,651,446	62,295,720
Prepayments and other receivables	10,574	9,651
Interest receivable	98,289	127,269
Cash and cash equivalents (note 8)	14,555,106	17,661,217
<b>Total assets</b>	<u>54,315,415</u>	<u>80,093,857</u>
<b>Current liabilities</b>		
Accrued expenses	(41,149)	(46,066)
<b>Total liabilities</b>	<u>(41,149)</u>	<u>(46,066)</u>
<b>Net assets</b>	<u>54,274,266</u>	<u>80,047,791</u>
<b>Represented by:</b>		
Net assets attributable to holders of participating shares (note 11)	54,274,266	80,047,791
	<u>54,274,266</u>	<u>80,047,791</u>

The accompanying notes form an integral part of these financial statements.

Approved by the Board:

**Anthony Barber**  
Director

**Paul Kneen**  
Director

Date: 19 April 2017

**TMI LIQUIDITY FUND PLC**

**Statement of total return by currency  
for the year ended 31 December 2016**

	Euro Sub-Fund		Sterling Sub-Fund		Dollar Sub-Fund	
	EUR 2016	EUR 2015	GBP 2016	GBP 2015	USD 2016	USD 2015
<b>Income</b>						
Bank interest income	-	-	20,559	27,567	20,933	24,897
Other interest income	-	-	194,575	256,433	327,898	263,527
Realised gain	-	-	-	-	-	4,812
<b>Net investment income</b>	-	-	215,134	284,000	348,831	293,236
<b>Expenditure</b>						
Management fees	-	-	(22,619)	(39,997)	(47,052)	(45,947)
Administration fees	-	-	(34,236)	(40,565)	(47,052)	(71,833)
Fiduciary Custodian fees	-	-	(28,600)	(27,913)	(35,865)	(41,480)
Auditors' fees	-	-	(6,717)	(7,790)	(9,415)	(10,374)
Realised loss	-	-	(2,594)	(12,829)	(13,529)	(-)
Other operating expenses	-	-	(29,696)	(27,216)	(52,646)	(50,897)
<b>Operating expenses</b>	-	-	(124,462)	(156,310)	(205,559)	(220,531)
<b>Net profit before taxation</b>	-	-	90,672	127,690	143,272	72,705
Taxation	-	-	-	-	-	-
<b>Total return before distributions</b>	-	-	90,672	127,690	143,272	72,705
Distributions to holders of participating shares	-	-	(89,551)	(125,774)	(132,252)	(52,402)
<b>Investment and exchange differences</b>						
Unrealised loss	-	-	(1,121)	(1,916)	(11,020)	(20,303)
<b>Change in net assets attributable to shareholders from investment activities</b>	-	-	-	-	-	-

The accompanying notes form an integral part of these financial statements.

## TMI LIQUIDITY FUND PLC

### Balance sheet by currency as at 31 December 2016

	Euro Sub-Fund		Sterling Sub-Fund		Dollar Sub-Fund	
	EUR 2016	EUR 2015	GBP 2016	GBP 2015	USD 2016	USD 2015
<b>Assets</b>						
<b>Current assets</b>						
Financial assets at fair value (note 16)	-	-	15,987,297	30,164,634	29,201,562	47,341,943
Prepayments and other receivables	-	-	6,887	4,535	4,548	7,539
Interest receivable	-	-	55,227	67,403	53,138	88,206
Cash at bank	-	-	9,209,308	5,927,037	6,596,715	17,289,141
<b>Total assets</b>	-	-	25,258,719	36,163,609	35,855,963	64,726,829
<b>Current liabilities</b>						
Accrued expenses	-	-	(19,380)	(23,125)	(26,863)	(33,801)
<b>Total liabilities</b>	-	-	(19,380)	(23,125)	(26,863)	(33,801)
<b>Net assets</b>	-	-	25,239,339	36,140,484	35,829,100	64,693,028
<b>NAV per participating Share (note 2.8)</b>	-	-	1.00	1.00	1.00	1.00

The accompanying notes form an integral part of these financial statements.

## TMI LIQUIDITY FUND PLC

### Statement of cash flow for the year ended 31 December 2016

	<b>2016 GBP</b>	<b>2015 GBP</b>
<b>Cash flows from operating activities</b>		
Net sale of deposits	22,622,308	12,509,459
Interest received	503,440	503,947
Other income	13,391	17,431
Operating expenses paid	(282,338)	(310,950)
	<hr/>	<hr/>
<b>Net cash obtained from operating activities (note 14)</b>	22,856,801	12,719,887
	<hr/>	<hr/>
<b>Investing activities</b>		
Realised loss on disposal of investments	(12,652)	(9,674)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	(12,652)	(9,674)
	<hr/>	<hr/>
<b>Cash flow from financing activities</b>		
Distributions paid to holders of participating shares	(188,152)	(160,235)
Proceeds from participating shares	66,869,946	83,104,340
Redemptions of participating shares	(101,162,100)	(111,886,096)
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	(34,480,306)	(28,941,991)
	<hr/>	<hr/>
<b>Opening balance 1 January 2016</b>	17,661,217	24,510,020
Net decrease in cash and cash equivalents	(11,636,157)	(16,231,778)
Effect of exchange rate fluctuations on cash and cash equivalents	8,530,046	9,382,975
	<hr/>	<hr/>
<b>Cash and cash equivalents at 31 December 2016 (note 8)</b>	14,555,106	17,661,217
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The accompanying notes form an integral part of these financial statements.

## **TMI LIQUIDITY FUND PLC**

### **Notes to the financial statements for the year ended 31 December 2016**

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#### **1 General information**

TMI Liquidity Fund PLC ("the Company") is an open ended investment company and a "Type A Authorised Scheme" under the Regulations and complies with the requirements of the Collective Investment Schemes Act 2008 and the Regulations. The registered office is at 1<sup>st</sup> Floor, Sixty Circular Road, Douglas, Isle of Man, IM1 1AE.

The Fund is an "umbrella fund" for the purposes of the Regulations and in the year had three sub-funds, namely the TMI Sterling Liquidity Sub-Fund, TMI Dollar Liquidity Sub-Fund and the TMI Euro Liquidity Sub-Fund. Each of the three current sub-funds is a "money market fund" for the purposes of the Regulations.

Due to the prevailing economic climate and current market conditions, the Directors exercised their discretion under the Fund's Articles of Association ("Articles") and resolved to suspend the issue and redemption of Shares in the Euro Sub-Fund, such suspension being effective from 8 January 2013. The NAV of the Euro Sub-Fund is zero and all remaining shareholders in the Euro Sub-Fund redeemed their holdings in early January 2013. The Sub-Fund continues to be suspended at the date of signing these financial statements.

The Company aims to maximise current income, consistent with the preservation of principal and liquidity. The Company aims to deliver this objective by maintaining a portfolio of high quality short term money market instruments.

The Company's administration activities during the year were undertaken by Abacus Financial Services Limited (the "Manager"). The investment activities are delegated to Thomas Miller Investment (Isle of Man) Limited (the "Investment Manager"). Thomas Miller Investment Limited act as Investment Advisor to the Company.

These financial statements were authorised for issue by the board of directors as per page 13.

The figures in these financial statements represent the year to 31 December 2016.

#### **2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

##### **2.1 Statement of compliance**

The financial statements of TMI Liquidity Fund PLC have been prepared in accordance with International Financial Reporting Standards (IFRS).

## **TMI LIQUIDITY FUND PLC**

### **Notes to the financial statements for the year ended 31 December 2016**

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## **2 Summary of significant accounting policies (continued)**

### **2.2 Statement of Recommended Practice**

The financial statements of TMI Liquidity Fund PLC have been prepared in accordance with the Investment Management Association Statement of Recommended Practice “Financial Statements of Authorised Funds” dated May 2014.

However, the treatment of interest income from floating rate securities does not comply with recommended practice. Interest income from floating rate securities has been included in the financial statements on an accruals basis, by reference to the quarterly coupon rate. The statement of recommended practice states that interest income on floating rate notes should be calculated using the effective interest rate method. This calculation was re performed and the resulting difference is not considered to be a material departure from the recommended practice. The recommended treatment of interest income does not affect the other fixed rate investments, as interest is only paid once at the maturity of the investment.

The Statement of Recommended Practice also requires a table showing the distribution rate per share for each distribution relating to the period for every class of share. However, this requirement is not considered to be necessary as each share has a nominal amount of 1.

### **2.3 Basis of preparation**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit and loss.

The preparation of these financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the board of directors to exercise its judgement in the process of applying the Company’s accounting policies.

The following standards and interpretation are issued but not yet effective:

- IFRS 9: Financial instruments
- IAS 7: Statement of Cash Flows
- IAS 12: Income Taxes

**2 Summary of significant accounting policies (continued)**

**2.4 Foreign currency translation**

**(a) Functional and presentation currency**

The Company's investors can subscribe or redeem shares from any of the Sterling, US Dollar or Euro sub-funds (up to suspension of the Euro sub-fund on 8 January 2013). The primary activity of the individual sub-funds is to invest in high quality short term money market investments in the currency of the sub-fund. The performance of the individual sub-fund is measured and reported in the sub-fund currency. The board of directors considers that each sub-fund will have its own functional currency which most faithfully represents the economic effects of the underlying transactions, events and conditions.

The board of directors have decided that the presentational currency of the financial statements is Sterling, rounded to the nearest pound, due to the fund being domiciled in the Isle of Man. Foreign exchange differences arising as a result of translating from the functional currency in the preparation of the financial statements are taken to reserves.

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing on the date of the transaction. For the individual sub-funds foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of income. At the balance sheet date monetary items were translated into the functional currency at that date.

**2.5 Financial assets and financial liabilities at fair value through profit and loss**

**(a) Classification**

Financial assets designated at fair value through profit and loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is for the board of directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

**2 Summary of significant accounting policies (continued)**

**2.5 Financial assets and financial liabilities at fair value through profit and loss (continued)**

**(b) Recognition/De-recognition**

Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all of the risks and rewards of ownership.

**(c) Measurement**

Financial assets and financial liabilities at fair value through profit or loss are recognised at fair value. Transaction costs are expensed in the statement of comprehensive income. Gains and losses arising from changes in fair value of the “financial assets or financial liabilities at fair value through the profit or loss” category are presented in the statement of comprehensive income in the period in which they arise.

**(d) Fair value estimation**

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

**2.6 Cash and cash equivalents**

Cash and cash equivalents comprise of bank balances and demand deposits (note 8).

**2.7 Expenses**

All expenses, including Management fees and Fiduciary Custodian fees, are recognised in the statement of comprehensive income on an accruals basis.

Included in other operating expenses paid by the Company are Directors’ fees.

**2 Summary of significant accounting policies (continued)**

**2.8 Participating shares**

The Company issues participating shares, which are redeemable at the holders' option and are classified as financial liabilities. Participating shares can be put back to the Company at any time for cash equal to a proportionate share of the Company's net asset value. The redeemable preference share is carried at the redemption amount that is payable at the balance sheet date if the holder exercises the right to put the share back to the Company.

Transactions in Shares will be effected by the issue of new Shares (or the conversion of Nominal Shares) or by the redemption of Shares in accordance with the Companies Acts.

Nominal Shares are not offered to investors. They will only be issued at par to the Manager or its nominee for the purpose of providing funds for the redemption of the nominal value of Shares. For the rights of holders on a winding up, please refer to the General Information section of the Offering Document of the Company.

Participating shares are issued and redeemed at the holder's option at prices based on the Company's net asset value per share at the time of issue or redemption.

The Company's net asset value per share is calculated by dividing the net assets attributable to the holders of the participating shares with the total number of outstanding participating shares. In accordance with the provisions of the Company's Offering Document, investment positions are valued based on the last published price for the purpose of determining the net asset value per share for subscriptions and redemptions. The most recent Offer and Redemption Price will be available from the manager upon request.

**2.9 Interest income**

Interest income is recognised on an accruals basis.

**2.10 Distributions payable to holders of participating shares**

Proposed distributions to holders of participating shares are recognised in the statement of comprehensive income when they are ratified by the board of directors. The distribution relating to these participating shares is recognised in the statement of income as a finance cost.

**2.11 Taxation**

The Company is resident in the Isle of Man for taxation purposes. Profits are subject to Isle of Man Income Tax at a rate of 0%.

## TMI LIQUIDITY FUND PLC

### Notes to the financial statements for the year ended 31 December 2016

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#### 3 Financial risk management

##### 3.1 Risk exposure

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the predictability of investing in short-term money-market instruments.

##### 3.2 Market price risk

The Company invests in short-term money-market instruments. The Investment Manager moderates any risk of Capital loss by ensuring all investments have ratings in the highest short term debt rating category awarded by recognised rating organisations such as Standard & Poors or, if unrated, be deemed to be of comparable quality by the Investment Manager.

Notwithstanding the price stabilisation policy described in the Scheme Particulars, there is a risk that the value of Shares may go down as well as up and there can be no assurance that investors will receive back the amount originally invested. If the price of financial asset of the Company moved by 0.1% this could have a positive or negative impact of £39,651 (2015: £62,296) on total assets.

##### 3.3 Interest rate risk

All of the Company's financial assets are interest bearing. As a result, the Company is subject to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. As a money market fund, interest income is directly sensitive to interest rate movements.

The table below summarises the Company's exposure to liquidity rate risks:

	<b>Matures in less than 14 days GBP</b>	<b>Matures in more than 14 days GBP</b>	<b>Non- interest bearing GBP</b>	<b>Total GBP</b>
<b>As at 31 December 2016</b>				
Financial assets at fair value through profit or loss	3,819,858	35,831,588	-	39,651,446
Other receivables and prepayments	-	-	108,863	108,863
Cash at bank	14,555,106	-	-	14,555,106
<b>Total assets</b>	<b>18,374,964</b>	<b>35,831,588</b>	<b>108,863</b>	<b>54,315,415</b>

## TMI LIQUIDITY FUND PLC

### Notes to the financial statements for the year ended 31 December 2016

#### 3 Financial risk management (continued)

##### 3.3 Interest rate risk (continued)

As at 31 December 2015	Matures in less than 14 days GBP	Matures in more than 14 days GBP	Non- interest bearing GBP	Total GBP
Financial assets at fair value through profit or loss	2,356,809	59,938,911	-	62,295,720
Other receivables and prepayments	-	-	136,920	136,920
Cash at bank	17,661,217	-	-	17,661,217
<b>Total assets</b>	<b>20,018,026</b>	<b>59,938,911</b>	<b>136,920</b>	<b>80,093,857</b>

As at 31 December 2016		Floating rate	Fixed rate	Total
Sterling sub-fund	GBP	2,000,241	13,987,056	15,987,297
Dollar sub-fund	USD	12,429,302	16,772,260	29,201,562
Euro sub-fund	EUR	-	-	-
<b>As at 31 December 2015</b>				
Sterling sub-fund	GBP	9,189,484	20,975,151	30,164,635
Dollar sub-fund	USD	6,885,909	40,456,034	47,341,943
Euro sub-fund	EUR	-	-	-

##### 3.4 Capital management policies and procedures

The company's capital management objectives are to ensure its ability to continue as a going concern and to provide adequate return to shareholders by pricing commensurately with the level of risk, and maintaining an optimal capital structure to reduce cost of capital. The company monitors the level of debt, which includes trade and other payables less cash and cash equivalents, against total capital on an ongoing basis. In the opinion of the Directors the realisable value of any current assets is at least equal to their net book value.

**3 Financial risk management (continued)**

**3.5 Credit risk**

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

The Company's main credit risk concentration is spread between the short-term money-market instruments. Less than 12.51% (2015: 20.51%) of the asset value of money-market instruments are with a single issuer within the Sterling sub-fund, 17.12% (2015: 9.51%) for the Dollar sub-fund.

The Company invests in short-term money-market instruments, which have an investment grade rating, issued by a well-known rating agency.

The Company's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as of 31 December 2016 in relation to each class of recognised financial assets is the ongoing amount of these assets as indicated in the statement of financial position.

**3.6 Liquidity risk**

The Company is subject to daily requests for cash redemptions of participating shares. The Company invests in short-term money-market investments which have a maturity profile designed to ensure that the Company can meet future redemption requests as they arise.

In accordance with the Company's policy, the Investment Manager monitors the Company's liquidity position on a daily basis.

**3.7 Currency risk**

The Company only holds assets denominated in the functional currency of the sub-fund to which they apply. Each sub-fund is therefore not exposed to changes in exchange rates.

**3.8 Financial instrument risk**

The Company only holds financial assets which come within a low risk category as 100% are quoted in active markets. All investments held this year and last year end fall under level 1.

## TMI LIQUIDITY FUND PLC

### Notes to the financial statements for the year ended 31 December 2016

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#### 4 Critical accounting estimates and judgements

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates and assumptions to be made by the directors have no significant risk of requiring a material adjustment to the carrying amounts of assets and liabilities within the next financial year, due to the Company only investing in short-term money-market instruments and all expenses agreed in advance with third parties.

#### 5 Interest income

	<b>2016 GBP</b>	<b>2015 GBP</b>
On cash at bank	36,121	43,894
On floating rate notes and bonds	138,897	106,094
On fixed term deposits, commercial paper and certificates of deposit	299,442	323,156
	<hr/>	<hr/>
	474,460	473,144
	<hr/> <hr/>	<hr/> <hr/>

#### 6 Fees

##### 6.1 Management fees

###### *Annual management charge*

The Manager will be paid out of the assets attributable to each Sub-Fund an ongoing management charge up to a maximum rate of 0.10 per cent per annum of the Net Asset Value of each Sub-Fund, which shall accrue from day to day and be paid monthly in arrears. Subject to the aforementioned maximum fee of 0.10 per cent per annum, the Manager shall receive a minimum aggregate annual fee of £20,000 per Sub-Fund.

###### *Investment Management Fee*

The Investment Manager is paid out of the assets attributable to each Sub-Fund an ongoing investment management charge up to a current maximum rate of 0.10 per cent per annum of the Net Asset Value of each Sub-Fund (as agreed between the Investment Manager, the Manager and the Fund from time to time), which accrues from day to day and is paid monthly in arrears.

###### *Investment Advisory Fee*

The fees of the Investment Adviser in relation to its investment advisory functions are not borne by Shareholders; they will be paid by the Investment Manager. The Investment Adviser Agreement is intended to continue in force until terminated. Termination requires not less than three months' notice.

## TMI LIQUIDITY FUND PLC

### Notes to the financial statements for the year ended 31 December 2016

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#### 6 Fees (continued)

##### 6.2 Auditors' fees

The fees of the Auditors shall be determined by the Manager and approved by the Fiduciary Custodian. During the year an auditors' fee of £13,716 (2015: £14,593) was charged. Fees accrued at the year-end amounted to £15,303 (2015: £15,299).

##### 6.3 Fiduciary Custodian fees

The Fiduciary Custodian will be paid out of the assets attributable to each Sub-Fund an ongoing fee at a current and maximum rate of 0.0125 per cent per annum of such part of the aggregate Net Asset Value of all the Sub-Funds as does not exceed £500,000,000 and at a current and maximum rate of 0.0075 per cent per annum of such part of the aggregate Net Asset Value of all the Sub-Funds as does exceed £500,000,000. The Fiduciary Custodian's fees shall accrue from day to day and be paid quarterly in arrears. These fees of the Fiduciary Custodian may not be changed without the approval of a special resolution of the Shareholders. There is a minimum fee of £10,000 per quarter. During the year a Fiduciary Custodian fee of £55,262 (2015: £55,115) was charged and an amount of £13,525 (2015: £12,799) was outstanding at the year end.

##### 6.4 Other operating expenses

Other operating expenses include the annual publishing fee, Director and Secretary fees. In addition, payments were made of £34,684 (2015: £32,303) relating to payment of S&P fees attributable to the Fund's AAf credit rating.

#### 7 Distribution payable

The dividends payable in 2016 amounted to £187,869 (2015: £160,137). The amount declared but not paid at the year-end was £156 (2015: £439). The effective dividend during the year was £0.003 (2015: £0.002) per share.

#### 8 Cash and cash equivalents

	<b>2016</b>	<b>2015</b>
	<b>GBP</b>	<b>GBP</b>
Cash at bank	14,555,106	17,661,217

## TMI LIQUIDITY FUND PLC

### Notes to the financial statements for the year ended 31 December 2016

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#### 9 Share capital

	<b>2016</b>	<b>2015</b>
The authorised share capital of the company is:		
100 management shares of £1 each	£100	£100
1,000,000,000 Unclassified Shares of £0.0001 each	£100,000	£100,000
1,000,000,000 Unclassified Shares of \$0.0001 each	\$100,000	\$100,000
1,000,000,000 Unclassified Shares of €0.0001 each	€100,000	€100,000

The Management Shares in the Fund, are held by BCB Paragon Trust Limited (the "Trustee"), acting as trustee of The Horseshoe Purpose Trust (the "Trust"). The Trustee is a company organised and existing under the laws of Bermuda and is licensed to carry on trust business by the Bermuda Monetary Authority. The Trust was established on 7 January 2003 and is governed by the laws of Bermuda.

Under the terms of the Trust, the Trustee holds the trust property (which includes the shares in certain other companies and the Management Shares in the Fund as described above) for the purpose of supporting the activities of the relevant companies and exercising the rights attaching to such property in the interests of those companies.

The Management shares exist to comply with Isle of Man law which requires that the shares have a preference over another class of capital in order to be redeemable. Management shares, which carry no right to a dividend or to vote, can only be issued at par and are described in detail in the Offering Document, along with the rights attached to each type of share.

The issued share capital of the company is:

	<b>2016</b> <b>Number of</b> <b>shares</b>	<b>2016</b> <b>GBP</b>
Management shares of £1 each	100	100
	<b>2015</b> <b>Number of</b> <b>shares</b>	<b>2015</b> <b>GBP</b>
Management shares of £1 each	100	100

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**TMI LIQUIDITY FUND PLC**

**Notes to the financial statements  
for the year ended 31 December 2016**

**9 Share capital (continued)**

<b>Nominal Shares</b>	<b>Euro Sub-Fund</b>	<b>Sterling Sub-Fund</b>	<b>Dollar Sub-Fund</b>	<b>Consoli- dation</b>
Movement in number during the year ended 31 December 2016	-	206,843,367	129,389,569	336,232,936
Movement in value during the year ended 31 December 2016	-	£20,684	£10,485	£31,169
Movement in number during the year ended 31 December 2015	-	195,941,684	100,525,920	296,467,604
Movement in value during the year ended 31 December 2015	-	£19,594	£6,823	£26,417
<b>Participating shares</b>	<b>Euro Sub-Fund</b>	<b>Sterling Sub-Fund</b>	<b>Dollar Sub-Fund</b>	<b>Consoli- dation</b>
As at 1 January 2016	-	36,140,484	64,693,028	100,833,512
Issued during the year	-	34,024,406	40,531,973	74,556,379
Redeemed during the year	-	(44,925,551)	(69,395,901)	(114,321,452)
Shares in issue at 31 December 2016	-	25,239,339	35,829,100	61,068,439
	<b>Euro Sub-Fund EUR</b>	<b>Sterling Sub-Fund GBP</b>	<b>Dollar Sub-Fund USD</b>	<b>Consoli- dation GBP</b>
Value at 31 December 2016	-	2,524	3,583	5,427
Value at 31 December 2015	-	3,614	6,469	8,005

## TMI LIQUIDITY FUND PLC

### Notes to the financial statements for the year ended 31 December 2016

#### 9 Share capital (continued)

##### Summary

	2016 GBP	2015 GBP
Management shares	100	100
Nominal shares	31,169	26,417
Participating shares	5,427	8,005
	36,696	34,522
	36,696	34,522

The participating share capital is fully paid up. The management and nominal share capital is unpaid at the year end.

##### Earnings per share

	Euro Sub-Fund	Sterling Sub-Fund	Dollar Sub-Fund
Return before distributions	-	£89,551	\$132,252
Weighted average number of shares	-	35,369,838	46,478,141
	-	0.003	0.003
At 31 December 2016	-	0.003	0.003

#### 10 Share premium

	Euro Sub-Fund EUR	Sterling Sub-Fund GBP	Dollar Sub-Fund USD	Consoli- dation GBP
As at 1 January 2016	-	36,136,870	64,686,559	51,179,470
On shares issued during the year	-	34,021,003	40,527,919	64,149,660
On shares redeemed during the year	-	(44,921,058)	(69,388,961)	(96,505,931)
	-	25,236,815	35,825,517	18,823,199
At 31 December 2016	-	25,236,815	35,825,517	18,823,199

## TMI LIQUIDITY FUND PLC

### Notes to the financial statements for the year ended 31 December 2016

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#### 11 Net assets attributable to holders of participating shares

	<b>2016 GBP</b>	<b>2015 GBP</b>
Share capital (note 9)	5,427	8,005
Share premium (note 10)	18,823,199	51,179,470
Currency adjustment	35,445,640	28,860,316
	<hr/>	<hr/>
Net assets attributable to holders of participating shares	54,274,266	80,047,791
	<hr/> <hr/>	<hr/> <hr/>

The currency adjustment arises due to transactions being translated into Sterling at the average exchange rate, while assets and liabilities are translated at the exchange rate on the balance sheet date. The adjustment in Sterling terms, arising from the aggregation of the accounts, having no effect on the value of net assets of individual sub-funds.

#### 12 Commission

The average rate of dealing commission, including mark up and mark down added to the cost of investments purchased and deducted from the proceeds of investments sold, was 0% as no commissions were paid. The total amount of commissions paid during the period was £nil.

#### 13 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party regarding financial or operational decisions.

##### (a) Management fees

Until her resignation, as well as being a director of the Fund, Carolyn Gelling was also a director of the Investment Manager and Head of Collective Investment Funds for the wider TMI Group which includes the Investment Adviser, Thomas Miller Investment Limited. As well as being director of the Fund, Rob Brockbanks is an employee of a Thomas Miller Group company. The total fees paid to the Investment Manager in the year were £57,598 (2015: £70,128). Fees outstanding at the year end amounted to £5,560 (2015: £7,802).

As well as being a director of the Company, Christopher Smith is a director of the Investment Manager and the Investment Adviser. The fees of the Investment Adviser in relation to its investment advisory functions are not borne by shareholders; they will be paid by the Investment Manager.

As well as serving as a director of the Fund, Paul Kneen was also a former director of the Manager until 11 June 2015. The total fees paid to the Manager in the year were £69,215 (2015: £87,673). Fees outstanding at the year-end amounted to £3,350 (2015: £6,960).

## TMI LIQUIDITY FUND PLC

### Notes to the financial statements for the year ended 31 December 2016

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#### 13 Related party transactions (continued)

##### (b) Directors' fees

The Company paid Anthony Barber an annual directors' fee of £5,000, which accrues from day to day and is paid annually in advance. The Company also paid Abacus Financial Services Limited ("The Manager") a proportion of Paul Kneen's £5,000 annual directors fee up until the effective date of his resignation from the Manager (11 June 2015), the balance was paid to Paul Kneen; none of the other directors received any fees from the Company during the year. Prepayments as at 31 December 2016 in relation to directors' fees were £1,035 (2015: £1,476).

##### (c) Secretarial fee

The Company pays the Company Secretary an annual fee of £2,500. This fee accrues from day to day and is paid annually in advance. The total fees paid to the secretary relating to the year were £2,621 (2015: £2,557). Prepayments as at 31 December 2016 in relation to secretarial fees were £876 (2015: £843).

##### (d) Associates of the Manager and Fiduciary Custodian

The proportion of the aggregate value of transactions in the property of the fund done with or through associates of the Manager or Fiduciary Custodian, excluding foreign exchange transactions, were as follows:

	<b>Euro Sub-Fund</b>	<b>Dollar Sub-Fund</b>	<b>Sterling Sub-Fund</b>
Manager	0%	0%	0%
Fiduciary Custodian	0%	12.94%	2.95%

##### (e) Directors' interest

None of the Directors as at 31 December 2016 hold any participating shares in any of the Sub-Funds and none of the Directors subscribed for any shares during the year.

## TMI LIQUIDITY FUND PLC

### Notes to the financial statements for the year ended 31 December 2016

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#### 14 Reconciliation of cash obtained from operating activities to total return before distributions

	<b>2016 GBP</b>	<b>2015 GBP</b>
Net cash obtained from operating activities	22,856,801	12,719,887
Net sale of deposits	(22,622,308)	(12,509,459)
Realised loss	(12,652)	(9,674)
Movement in accrued expenses	4,322	5,417
Movement in accrued interest income	(28,980)	(30,804)
	<hr/>	<hr/>
Total return before distributions	197,183	175,367
	<hr/> <hr/>	<hr/> <hr/>

#### 15 Ultimate Controlling Party

At 31 December 2016, the BCB Paragon Trust Limited as Trustees of the Horseshoe Purpose Trust owned the issued management shares.

## TMI LIQUIDITY FUND PLC

### Notes to the financial statements for the year ended 31 December 2016

#### 16 Valuation of Financial Assets

##### Portfolio Statement as at 31 December 2016

Sterling Sub-fund	Nominal Amount	Capital Value GBP	% of class Value	% of Consolidated fund value
<b>Bonds and floating rate notes</b>				
EIB FRN 22/02/17	1,000,000	1,000,171	3.96%	1.84%
Lloyds F EMTN – 01/16/17 cpn 01/16/17	1,000,000	1,000,071	3.96%	1.84%
<b>Commercial paper, certificates of deposit and fixed term bank deposits</b>				
Abbey National Treasury CD 0.51% 17/05/2017	1,000,000	1,000,000	3.96%	1.84%
ABN Amro NV CD 01/03/2017 0.409998%	998,923	998,923	3.96%	1.84%
Banque Federal Credit Mutuel 11/01/2017 0.38%	999,064	999,064	3.96%	1.84%
Barclays Bank plc 0.36% 16/02/2017	1,000,000	1,000,000	3.96%	1.84%
Barclays Bank plc CD 0.93% 10/02/2017	1,000,000	1,000,000	3.96%	1.84%
BNP Paribas London 0.90% 16/03/2017	2,000,000	2,000,000	7.92%	3.68%
Commonwealth Bank of Australia 30/01/17	997,414	997,414	3.96%	1.84%
Dexia Credit Local 01/11/2017 0.60%	997,099	997,099	3.95%	1.84%
Dexia Credit Local CP 0.53% 03/17/2017	997,407	997,407	3.96%	1.84%
Lloyds Bank plc CD 0.860% 07/08/2017	1,000,000	1,000,000	3.96%	1.84%
Lloyds Bank plc CD 0.99% 26/04/2017	1,000,000	1,000,000	3.96%	1.84%
Nationwide CD 27/02/2017 0.95%	1,000,000	1,000,000	3.96%	1.84%
Standard Chartered Bank 01/09/17 0.60%	997,148	997,148	3.95%	1.84%
		<b>15,987,297</b>	<b>63.34%</b>	<b>29.46%</b>
<b>Bank account</b>		9,209,308	36.49%	16.96%
<b>Other net assets</b>		42,734	0.17%	0.08%
<b>Total net assets</b>		<b>25,239,339</b>	<b>100.00%</b>	<b>46.50%</b>

## TMI LIQUIDITY FUND PLC

### Notes to the financial statements for the year ended 31 December 2016

#### 16 Valuation of Financial Assets (continued)

##### Portfolio Statement as at 31 December 2015

Sterling Sub-fund	Nominal Amount	Capital Value GBP	% of class Value	% of Consolidated fund value
<b>Bonds and floating rate notes</b>				
BNP Paribas FRN 16/05/16 cpn 16/02/16	1,000,000	1,001,363	2.77%	1.25%
Credit Suisse London FRN 21/01/16 cpn 21/01/16	2,000,000	2,000,000	5.53%	2.50%
UK Treasury Bill 01/02/16	2,497,074	2,497,074	6.90%	3.12%
UK Treasury Bill 04/04/16	2,994,299	2,994,299	8.28%	3.74%
UK Treasury Bill 15/02/16	696,749	696,749	1.93%	0.87%
<b>Commercial paper, certificates of deposit and fixed term bank deposits</b>				
Abbey National Treasury CD 0.98% 07/10/2016	1,500,000	1,500,000	4.14%	1.87%
ABN Amro CD 18/03/2016 0.63%	1,496,874	1,496,874	4.14%	1.86%
Barclays Bank plc CD 0.744% 09/05/2016	1,000,000	1,000,000	2.77%	1.25%
Barclays Bank plc CD 0.978% 04/02/2016	1,500,000	1,500,000	4.14%	1.87%
BFCM 01/04/16 CD	1,495,580	1,495,580	4.14%	1.86%
BNP Paribas London 0.85% 16/03/2016	2,000,000	2,000,000	5.53%	2.50%
Dexia Credit Local 0.75% 05/01/2016	999,404	999,404	2.76%	1.25%
Dexia Credit Local 0.77% 30/03/2016	1,491,786	1,491,786	4.13%	1.86%
Lloyds Bank plc CD 0.99% 05/08/2016	1,000,000	1,000,000	2.77%	1.25%
Lloyds TSB Bank plc CD 1.02% 16/09/2016	1,000,000	1,000,000	2.77%	1.25%
Mizuho Corporate Bank Sydney CD 0.% 22/03/16	998,506	998,506	2.76%	1.25%
Nationwide CD 13/10/2016 0.90%	1,500,000	1,500,000	4.14%	1.87%
Nordea Bank AB CD 01/03/16 0.57%	1,497,545	1,497,545	4.14%	1.87%
Prudential CP 29/01/2016 0.61%	998,098	998,098	2.76%	1.25%
Svenska Handelsbank CD 10/02/2016 0.545%	1,000,027	1,000,027	2.77%	1.25%
Toyota Finance Australia 0.62% 16/02/16	1,497,329	1,497,329	4.14%	1.87%
		<b>30,164,634</b>	<b>83.41%</b>	<b>37.66%</b>
<b>Bank account</b>		5,927,037	16.39%	7.40%
<b>Other net assets</b>		48,813	0.20%	0.09%
<b>Total net assets</b>		<b>36,140,484</b>	<b>100.00%</b>	<b>45.15%</b>

## TMI LIQUIDITY FUND PLC

### Notes to the financial statements for the year ended 31 December 2016

#### 16 Valuation of Financial Assets (continued)

##### Portfolio Statement as at 31 December 2016

Dollar Sub-fund	Nominal Amount	Capital Value USD	% of class Value	% of Consolidated fund value
<b>Bonds and floating rate notes</b>				
Bank of America FRN 14/02/17	250,000	249,910	0.70%	0.37%
BFCM FRN 20/01/17	2,000,000	2,000,455	5.58%	2.99%
Dexia Credit Local SA NY 11/01/17	1,180,000	1,180,054	3.29%	1.76%
Dexia Credit Local SA NY 11/01/17	1,000,000	1,000,063	2.79%	1.49%
Korea Development Bank FRN 22/01/17	1,500,000	1,500,191	4.19%	2.24%
Swedish Export Credit FRN 23/01/17	1,500,000	1,500,365	4.19%	2.24%
Treasury Bill 0.386% 02/02/17	1,999,261	1,999,261	5.58%	2.99%
Treasury Bill 0.433% 19/01/17	2,999,003	2,999,003	8.38%	4.48%
<b>Commercial paper, certificates of deposit and fixed term bank deposits</b>				
BNP Paribas 0.65% 04/01/2017	1,300,742	1,300,742	3.63%	1.94%
Export Finance & Insurance Corp. CP 14/02/17 0.84%	1,497,414	1,497,414	4.18%	2.24%
Export Finance & Insurance Corp. CP 24/05/17 1.18%	994,232	994,232	2.77%	1.48%
Export Finance & Insurance Corp. CP 15/06/17 1.29%	993,899	993,899	2.77%	1.48%
Finland (Republic of) 0.625% 18/01/2017	1,498,335	1,498,335	4.18%	2.24%
Kreditanstalt Fur Wieder CP 17/01/2017 0.640005%	999,378	999,378	2.79%	1.49%
Kreditanstalt Fur Wieder CP 17/01/2017 0.700107%	999,436	999,436	2.79%	1.49%
Kreditanstalt Fur Wieder CP 17/01/2017 0.799994%	999,423	999,423	2.79%	1.49%
Lloyds Bank plc CD 1.02% 10/02/2017	2,000,000	2,000,000	5.58%	2.99%
Oesterreich Kontrollbank 0.8600001% 23/02/2017	2,494,637	2,494,637	6.96%	3.72%
OP Corporate Bank plc 17/01/2017 1.029999%	997,375	997,375	2.78%	1.49%
Renten 0 CP 13/02/2017 0.829998%	998,596	998,596	2.79%	1.49%
Republic of Finland 0.75% 18/01/2017	998,793	998,793	2.79%	1.49%
		<b>29,201,562</b>	<b>81.50%</b>	<b>43.60%</b>
<b>Bank account</b>		6,596,715	18.41%	9.85%
<b>Other net assets</b>		30,823	0.09%	0.04%
<b>Total net assets</b>		<b>35,829,100</b>	<b>100.00%</b>	<b>53.49%</b>

## TMI LIQUIDITY FUND PLC

### Notes to the financial statements for the year ended 31 December 2016

#### 16 Valuation of Financial Assets (continued)

##### Portfolio Statement as at 31 December 2015

Dollar Sub-fund	Nominal Amount	Capital Value USD	% of class Value	% of Consolidated fund value
<b>Bonds and floating rate notes</b>				
Bank of Nova Scotia 13/12/2016 cpn 14/03/2016	2,435,000	2,438,766	3.77%	1.96%
Commonwealth Bank of Aus FRN 27/07/16 CPN 27/01/16	1,440,000	1,440,507	2.22%	1.16%
Dexia Credit Local SA NY 07/11/16 cpn 08/02/16	3,000,000	3,006,636	4.65%	2.41%
<b>Commercial paper, certificates of deposit and fixed term bank deposits</b>				
Abbey National Treasury CD 13/10/16 0.82%	2,000,000	2,000,000	3.09%	1.60%
ABN Amro Bank NV CP 19/02/2016 0.52%	1,993,665	1,993,665	3.08%	1.60%
ABN Amro CP 19/02/2016 0.52%	1,495,313	1,495,313	2.31%	1.20%
Bank Nederlands Gemeent CP 20/01/2016 0.49%	2,497,834	2,497,834	3.86%	2.00%
Bank of Tokyo Mitsu - Sydney CD 29/01/16 - 0.34%	2,997,424	2,997,424	4.63%	2.40%
Barclays Bank plc CD 01/09/2016 0.88%	3,000,000	3,000,000	4.63%	2.41%
Barclays Bank plc CD 19/05/2016 0.67%	1,500,000	1,500,000	2.32%	1.20%
BNP Paribas London 0.76% 21/04/2016	2,000,000	2,000,000	3.09%	1.60%
Caisse Des Depots CP 10/02/2016 0.29%	1,998,101	1,998,101	3.09%	1.60%
Development Bank of Japan CP 19/02/16 0.45%	2,996,591	2,996,591	4.63%	2.40%
DND Bank ASA CP 17/02/16 0.42%	2,995,038	2,995,038	4.63%	2.40%
Korea Development Bank CD 0.44% 01/04/2016	2,993,524	2,993,524	4.62%	2.40%
Lloyds Bank plc CD 0.55% 07/01/2016	2,000,000	2,000,000	3.09%	1.60%
Lloyds Bank plc CD 0.81% 07/10/2016	2,000,000	2,000,000	3.09%	1.60%
Mizuho Corporate Bank Sydney CD 0.34% 21/01/2016	1,998,283	1,998,283	3.09%	1.60%
Pohjola Bank CP 18/02/2016 0.40%	1,997,980	1,997,980	3.09%	1.60%
Rabobank CP 10/02/16 0.41%	1,996,771	1,996,771	3.08%	1.60%
Svenska Handelsbanken CP 25/04/2016 0.45%	1,995,510	1,995,510	3.08%	1.60%
		<b>47,341,943</b>	<b>73.14%</b>	<b>37.94%</b>
<b>Bank account</b>		17,289,141	26.71%	13.85%
<b>Other net assets</b>		61,944	0.15%	0.08%
<b>Total net assets</b>		<b>64,693,028</b>	<b>100.00%</b>	<b>51.87%</b>

**TMI LIQUIDITY FUND PLC**

**Notes to the financial statements  
for the year ended 31 December 2016**

**17 Analysis of transaction costs**

**(a) Analysis of total purchase costs**

	Euro Sub-Fund		Sterling Sub-Fund		Dollar Sub-Fund	
	2016	2015	2016	2015	2016	2015
	EUR	EUR	GBP	GBP	USD	USD
<b>Purchases in the year</b>	-	-	111,411,397	221,747,408	328,436,277	169,019,424
<b>Commissions and other costs</b>	-	-	-	-	-	-
<b>Gross purchases including transaction costs</b>	-	-	<b>111,411,397</b>	<b>221,747,408</b>	<b>328,436,277</b>	<b>169,19,424</b>

**(b) Analysis of total sales costs**

	Euro Sub-Fund		Sterling Sub-Fund		Dollar Sub-Fund	
	2016	2015	2016	2015	2016	2015
	EUR	EUR	GBP	GBP	USD	USD
<b>Sales in the year</b>	-	-	125,585,020	234,232,192	346,552,109	181,528,883
<b>Commissions and other costs</b>	-	-	-	-	-	-
<b>Gross sales including transaction costs</b>	-	-	<b>125,585,020</b>	<b>234,232,192</b>	<b>346,552,109</b>	<b>181,528,883</b>