

Market Neutral Selector Fund

Market Neutral Selector Fund (in liquidation)

Liquidation report January 1, 2018 until December 31, 2018

Market Neutral Selector Fund

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Market Neutral Selector Fund

MANAGEMENT AND ADMINISTRATION

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Registered address	Market Neutral Selector Fund Euclideslaan 151 P.O. Box 2600 3500 GP Utrecht The Netherlands
Manager	Finles N.V. Wittevrouwensingel 1 3581 GA Utrecht The Netherlands www.finles.nl
Administrator	AssetCare B.V. Strawinskylaan 1425 1077 XX Amsterdam The Netherlands www.assetcare.nl
Trustee	AssetCare Bewaarder Services B.V. Strawinskylaan 1425 1077 XX Amsterdam The Netherlands www.assetcare.nl
Auditors	Crowe Foederer B.V. Paasheuvelweg 16 1105 BH Amsterdam The Netherlands
Custodian	Citco Global Custody N.V. Telestone 8 - Teleport Naritaweg 165 1043 BW Amsterdam The Netherlands

Market Neutral Selector Fund

FINANCIAL HIGHLIGHTS

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(All amounts in thousands of €o, except for the amounts marked with *)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Net asset Value</u>					
Capital	133	173	456	1.191	1.294
Total net asset value	133	173	456	1.191	1.294
Number of participations (rounded to whole nr's)*	189.898	189.898	189.898	189.898	189.898
Net asset value per participation*	0,70	0,91	2,40	6,27	6,82
<u>Net result for the period per participation</u>					
	Jan. 1, 2018	Jan. 1, 2017	Jan. 1, 2016	Jan. 1, 2015	Jan. 1, 2014
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Net result for the period total participations	(40)	(283)	(235)	(100)	10
Net result for the period per participation*	(0,21)	(1,49)	(1,24)	(0,53)	0,05
Total expenses per participation*	0,26	0,17	0,20	0,27	0,31
Change net asset value per participation*	(70,89%)	(62,13%)	(61,72%)	(08,06%)	(44,22%)
<u>Turnover</u>					
Issuance of participations	-	-	-	-	-
Repurchase of participations	-	-	-	-	-
Purchase of trading securities	-	-	-	-	-
Sale of trading securities	-	98	290	169	344
Total turnover	-	98	290	169	344

Market Neutral Selector Fund

MANAGEMENT REPORT

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Special Events

The fund manager went to court on February 12, 2018 and asked for "surseance van betaling". On February 15, 2018 on request of the manager by order of the court, the manager went into bankruptcy. The court appointed as liquidator mr. W.J.A Lansing from company Bruggink & Van der Velden Lawyers and tax advisers, based in Utrecht.

Because of this the Authority Financial Markets (AFM) have terminated the license of the manager as described in article 2.65 of the Wft. (Wet op het Financieel Toezicht) on March 20, 2018. As a consequence thereof, the manager had to terminate all activities according to the instructions of the AFM.

Personnel

Remuneration Fund Manager - Description remuneration policy

The remuneration policy of the Fund Manager is set by the Board in consultation with the Supervisory Board. The remuneration policy of the Fund Manager oversees the controlled, responsible and competitive compensation of the employees of the Fund Manager. The system has a fixed salary for all employees. In addition, the ability to distribute an additional benefit in the form of capped profit sharing exists, the reward policy with respect to the DGA is as follows: Every year, the management fee established by the DGA and is included in the budget for the coming year. The budget is approved by the members of the Supervisory Board. The members of the Supervisory Board assess thereby the appropriateness of the management fee in relation to the actual and expected returns, liquidity and solvency of the company. A detailed description of the remuneration policy is available on the website of the Fund Manager (www.finlescapitalmanagement.nl).

The Fund Manager of Market Neutral Selector Fund paid a total human recourse fee in the year 2018 of EUR 71.712 (2017: EUR 833.028).

The Fund Manager has agreed with the staff regarding the fee for the month of January 2018. The personnel were dismissed on 30 March 2018. The period up to the dismissal date will be reimbursed by the UWV as this is covered by the warranty of the guarantee.

This fee is divided in a fixed fee of EUR 49.712 (2017: EUR 563.464) and a variable fee of EUR 22.000 (2017: 269.564). The Fund Manager had in this year 8 employees, of which there were 2 staff members. These staff member obtain the internal functions of CIO, and combined COO and CFO. No claim can be made on behalf of a carried interest.

Of the total human recourse fee, as mentioned above, is EUR 33.500 (2017: EUR 385.351) paid to staff members, divided in EUR 11.500 (2017: EUR 115.787) fixed fee and EUR 22.000 (2017: EUR 269.564) in variable fee. The difference was paid to the other employees of the Fund Manager.

The employees that are fully or partially assigned to the Market Neutral Selector Fund can be estimated to 8 (0,3 FTE). This amount is calculated with an allocation of the estimated activities of the employees of the Fund Manager. The total reward for these employees can be estimated on EUR 2.264 (2017: EUR 26.446). This amount consists a fixed fee of EUR 1.824 (2017: 21.055) and a variable fee of EUR 440 (2017: EUR 5.391). From the amount of EUR 2.264 there is an amount of EUR 1.015 (2017: EUR 11.181) for the Directors (fixed EUR 575 (2017: EUR 5.789) and variable EUR 440 (2017: EUR 5.391)) and the other employees EUR 1.249 (2017: EUR 15.266) fixed. This reward is not charged to MNSF and doesn't form part of the accounting fee that is reported in this annual report.

Cash distribution

Since the start of the liquidation in 2011, the Fund has paid out a total amount of € 4.552.000. The total amount distributed per participation is € 23,97

Liquidation

The manager has sold all the underlying investments.. The cost of liquidating the Fund has been charge to the Fund, in accordance with the prospectus of the Fund

Prior to the final cash distribution, a liquidation report with a liquidation balance sheet and a liquidation profit and loss account has to be made. The report will be audited by the external accountant.

Market Neutral Selector Fund

MANAGEMENT REPORT

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The final cash distribution is based on the liquidation value of the fund and the number of participations. The amount of money involved is € 132,666 which means € 0,70 per participation. The administrator will inform you further of the payment details.

This report is also available on the website of the manager: www.finlescapitalmanagement.nl;

Utrecht, January 22, 2019

**The manager
Finles N.V.**

Market Neutral Selector Fund

BALANCE SHEET (before allocation of net result)

As at December 31

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(All amounts in €o)

	Note	<u>2018</u>	<u>2017</u>
Investments			
Trading securities	1	-	-
		<u>-</u>	<u>-</u>
Total Investments		<u>-</u>	<u>-</u>
Other assets			
Cash and cash equivalents	2	141.900	97.546
Receivable for investment sold	3	-	82.561
		<u>-</u>	<u>82.561</u>
Total current assets		<u>141.900</u>	<u>180.107</u>
		<u>141.900</u>	<u>180.107</u>
Total assets		<u><u>141.900</u></u>	<u><u>180.107</u></u>
Current liabilities			
Accounts payable and accrued liabilities	4	9.234	7.533
		<u>9.234</u>	<u>7.533</u>
Total current liabilities		<u>9.234</u>	<u>7.533</u>
		<u>9.234</u>	<u>7.533</u>
Total of current assets minus current liabilities		<u>132.666</u>	<u>172.574</u>
		<u>132.666</u>	<u>172.574</u>
Net assets		<u><u>132.666</u></u>	<u><u>172.574</u></u>
		<u>132.666</u>	<u>172.574</u>
Number of participations outstanding	5	189.898	189.898
Net asset value per participation	5	0,70	0,91

The accompanying notes form an integral part of this statement of net assets.

Market Neutral Selector Fund

PROFIT AND LOSS ACCOUNT

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(All amounts in €o)

	Note	2018 (Jan - Dec)	2017 (Jan - Dec)
Income		230	-
Net realized result on trading securities		543	(4.175)
Net unrealized result on trading securities		<u>-</u>	<u>(240.659)</u>
Total investment income / loss		<u>773</u>	<u>(244.834)</u>
Expenses			
Management fees	6a	2.483	5.175
Administration fees	6b	22.197	20.490
Legal and professional fees	6c	16.698	-
Custody fees	6d	6.718	5.188
Miscellaneous expenses	6e	2.177	2.234
Regulator fee	6f	-	-
		<u>50.273</u>	<u>33.087</u>
Total expenses		<u>50.273</u>	<u>33.087</u>
Foreign currency exchange gains /(losses)	7	9.592	(5.253)
		<u>(39.908)</u>	<u>(283.174)</u>
Result from activities before tax		<u>(39.908)</u>	<u>(283.174)</u>
Tax expense	8	-	-
		<u>-</u>	<u>-</u>
Net result for the period		<u><u>(39.908)</u></u>	<u><u>(283.174)</u></u>
Result per participation		(0,21)	(1,49)

The accompanying notes form an integral part of this profit and loss account.

Market Neutral Selector Fund

STATEMENT OF CHANGES IN NET ASSETS

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(All amounts in €)

	2018 (Jan - Dec)	2017 (Jan - Dec)
Balance start period	172.574	455.748
Repayment of capital	-	-
Net result for the period	(39.908)	(283.174)
Balance December 31	<u><u>132.666</u></u>	<u><u>172.574</u></u>

The accompanying notes form an integral part of this statement of changes in net assets.

Market Neutral Selector Fund

CASH FLOW STATEMENT

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(All amounts in €o)

	2018 (Jan - Dec)	2017 (Jan - Dec)
Operating activities		
Proceeds from sales of trading securities	87.689	59.382
Income securities	230	-
Management fees paid	(2.898)	(5.658)
Administration fees paid	(20.490)	(20.490)
Legal and professional fees paid	(16.698)	-
Custody fees paid	(6.343)	(4.193)
Monitoring fees and Bank Interest/costs paid	(2.177)	(2.234)
Net cash used in operating activities	39.312	26.807
Financing activities		
Payments for the repayment of capital	-	-
Net cash From financing activities	-	-
Net cash flow	39.312	26.807
Foreign currency exchange gains/ (losses)	5.042	(2.505)
Net increase in cash and cash equivalents	44.354	24.302

The accompanying notes form an integral part of this cash flow statement.

Market Neutral Selector Fund

ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

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(All amounts in €o)

	2018 (Jan - Dec)	2017 (Jan - Dec)
Cash and cash equivalents beginning of period	97.546	73.244
Net cash flow	39.312	26.807
Foreign currency exchange gain / (loss)	5.042	(2.505)
Cash and cash equivalents end of period	<u>141.900</u>	<u>97.546</u>
Analysis of balances:		
Cash at banks and brokers	141.900	97.546
Cash and cash equivalents	<u><u>141.900</u></u>	<u><u>97.546</u></u>

The accompanying notes form an integral part of this analysis of changes in cash and cash equivalents

Market Neutral Selector Fund

NOTES TO FINANCIAL STATEMENTS

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(All amounts in €o)

General

Market Neutral Selector Fund (“the Fund”), located in Utrecht, at offices of the Fund’s Manager was formed as an open ended mutual investment fund. On April 18, 2002 the Fund obtained a license in compliance with art. 5 sub 1 of the Act on the Supervision of Investment Institutions. The Fund has the fiscal status of a closed investment fund.

Pursuant to a private information memorandum dated April 2002 an offer was made to potential investors to subscribe in the Fund’s participations on a semi-continuous basis. The Fund commenced trading on May 29, 2002. Under circumstances as stated in the information memorandum the management may decide to postpone subscriptions and redemptions to the Fund.

The investment objective of the Fund is to achieve short- and medium-term capital appreciation by investing its assets primarily in other investment funds with an average volatility, which is lower than stock markets and almost equal to bond markets.

Suspension of subscriptions and redemptions

On December 23, 2008, the manager has decided to temporarily suspend all subscriptions and redemptions of the Fund, due to adverse market conditions and related illiquidity of the investments of the Fund.

Liquidation of the Fund

On December 17, 2010, the manager has decided to liquidate the fund as per December 31, 2010, and to repay the amounts to the participants. As a result of this decision, the accounting principles of the Fund are changed to liquidation basis. The effect of the anticipated liquidation on the net asset value per December 31, 2010 and on the result for the period then ended has not been material.

Effective June 30, 2012, the management of the Fund was transferred to Finles N.V. (“Finles” or “the manager”) in order to liquidate the remaining positions of the Fund and distribute the proceeds, net of expenses, to the participants of the Fund.

Liquidation report 2018 and comparative figures 2017

The current report covers the period from January 1, 2018 until December 31, 2018.

The manager has prepared the liquidation annual report 2018 in accordance with the relevant requirements as stated in Part 9 of Book 2 of the Dutch Civil Code and the Act on the Financial Supervision (AFS) (“Wet op het financieel toezicht”).

This report is compiled in accordance to Directive 615 of the Dutch Accounting Standards Board

Market Neutral Selector Fund

NOTES TO FINANCIAL STATEMENTS (continued)

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(All amounts in €o)

Accounting principles

The accounting principles of the Fund are summarized below. These accounting principles have all been applied consistently throughout the period and the preceding period:

a) Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the fair valuation of available-for-sale securities, financial assets and financial liabilities held for trading and all derivative financial instruments.

Because it has not been possible and efficient to account for the development of the historical costs of the investment securities and the amounts receivable in the period from January 1, 2011 until December 31, 2012, the manager has decided to consider the historical cost of investment securities and amounts receivable equal to their fair value as at December 31, 2012. This has not resulted in any effect on the capital of the Fund per December 31, 2012.

b) Measurement currency

The financial statements are prepared in €o in accordance with the fact that the participations of the Fund are denominated in €o.

c) Investments

i) Recognition and basis of measurement

Taking into account the matter described under a) basis of accounting, all investment securities are initially recognized at cost, which is the fair value of the consideration given including transaction costs.

ii) Gains and losses

Gains and losses are treated as realized for financial statement purposes on the trade date of the transaction closing or offsetting the open position. Transaction costs are deducted from the proceeds of the sale of the investment. Unrealized gains and losses are the difference between the value initially recognized and cost of open positions, taking into account the matter described under a) basis of accounting. All gains and losses are recognized in the profit and loss account.

Market Neutral Selector Fund

NOTES TO FINANCIAL STATEMENTS (continued)

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(All amounts in €o)

d) Derivative financial instruments

Derivative financial instruments including foreign exchange contracts, stock market indexes and interest rate futures, forward rate agreements, currency and interest rate swaps, currency and interest rate options (both written and purchased) and other derivative financial instruments are initially recognized in the balance sheet at cost and subsequently are remeasured at their fair value, taking into account the matter described under a) basis of accounting. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. All derivative financial instruments are carried in assets when amounts are receivable by the Fund and in liabilities when amounts are payable by the Fund. Changes in fair values of derivatives are included in the profit and loss account, taking into account the matter described under a) basis of accounting.

e) Translation of foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into €o at the rates of exchange prevailing at year-end. Transactions in foreign currencies are translated at the rates of exchange prevailing at the date of the transaction. Realized and unrealized gains and losses on foreign currency transactions are charged or credited to the profit and loss account as foreign currency gains and losses

Market Neutral Selector Fund

NOTES TO FINANCIAL STATEMENTS (continued)

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(All amounts in €o)

except where they relate to investments where such amounts are included within realized and unrealized gains and losses on investments, taking into account the matter described under a) basis of accounting.

f) Brokerage / expenses

Commissions payable on opening and closing positions are recognized when the trade is entered into. Expenses are recorded in the period in which they originate. Transaction costs are included in the initial measurement of securities. Expenses on disposal of investments are deducted from the proceeds of disposal.

g) Cash and cash equivalents

For the purpose of presentation in the balance sheet and the cash flow statement, cash and cash equivalents is defined as cash at banks and brokers. The cash flow statement is prepared by using the direct method.

1 Trading securities

	2018 (Jan – Dec)	2017 (Jan - Dec)
Movement of investment securities		
The movement in investment securities can be specified as follows		
Investment securities	Trading Securities	Trading Securities
As per start period	-	366.882
Purchases	-	-
Sales	-	(98.028)
Net result	-	(268.854)
As per end period	-	-

Market Neutral Selector Fund

NOTES TO FINANCIAL STATEMENTS (continued)

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(All amounts in €o)

Specification trading securities

There are no trading securities as at December 31, 2018.

2 Cash and cash equivalents

	2018	2017
Citco USD account	6.226	35.025
Citco €o account	1.935	578
ABN €o account	115	41
ABN USD account	24	2
ABN Saving account	<u>133.600</u>	<u>61.900</u>
	<u>141.900</u>	<u>97.546</u>

3 Receivable for investments sold

	2018	2017
Fundname		
Combined Sale rest Funds	<u>-</u>	<u>82.561</u>
Total receivable for investments sold	<u>-</u>	<u>82.561</u>

4 Accounts payable and accrued liabilities

	2018	2017
Management fees due	587	1.002
Administration fee due	3.415	1.708
Custody fee due	<u>5.232</u>	<u>4.823</u>
Total accounts payable and accrued liabilities	<u>9.234</u>	<u>7.533</u>

Market Neutral Selector Fund

NOTES TO FINANCIAL STATEMENTS (continued)

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(All amounts in €o)

5 Net assets

The movement in number of participations is as follows:

	2018	2017	2016
Number of participations beginning of period	189.898	189.898	189.898
Issuance of participations	-	-	-
Repurchase of participations	-	-	-
Number of participations end of period	189.898	189.898	189.898

Net asset value overview:

	2018	2017	2016
Net asset value	132.666	172.574	455.748
Number of participations outstanding	189.898	189.898	189.898
Net asset value per participation	0,70	0,91	2,40

6 Expenses

Related parties are organizationally and/or financially linked to the Fund, either directly or indirectly. The following material contracts are in place:

a) Management fees

The Fund pays management fee to Finles N.V. ("the manager"). The manager receives a management fee of up to 1.75% per annum, calculated on the monthly net assets under management.

b) Administration fees

The Fund pays a fixed administration and trustee fee to AssetCare B.V. on a monthly base.

- Administration fee 800 (excluding VAT)
- Trust fee 908 (including VAT)

c) Custody fees

For holding securities in custody, Citco Global Custody N.V. charges the Fund a quarterly fee at a rate of 0.05% of the value of the Fund assets per annum held by them for the account of the Fund.

d) Legal and professional fees

This is the audit fee (Crowe Foederer BV) relating to the liquidation report 2018.

Market Neutral Selector Fund

NOTES TO FINANCIAL STATEMENTS (continued)

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(All amounts in €o)

e) Miscellaneous fees

Depository fee of USD 350 per transaction, bank charges by Citco Global Custody N.V and ABN Amro Bank and monitoring fee charged by Finles N.V.

7 Foreign currency exchange gain/loss

Gain or loss results from changes in exchange rates between the basis currency and the local currency in which the transaction is denominated.

8 Tax expenses

The Fund has the fiscal status of a closed investment fund with fiscal transparency and, therefore, benefits from an income tax exemption.

Ongoing Charge Factor (OCF) and turnover ratio

	2018		2017	
	Expenses	OCF	Expenses	OCF
Management fees	2.483	1,72%	5.175	1,69%
Administration fees	22.198	15,41%	20.490	6,68%
Legal and professional fees	16.698	11,59%	-	0,00%
Custody fees	6.718	4,66%	5.188	1,69%
Monitoring fees and banking interest/costs	2.177	1,51%	2.234	0,73%
Total expenses and OCF	50.274	34,89%	33.087	10,79%

The Ongoing Charge Factor (OCF) is calculated by dividing the expenses by the average net asset value during the period. Miscellaneous expenses relate to banking, audit and administrative expenses. The Fund invests in other investment funds, which bear their own expenses, such as management fees, performance fees and other expenses. These expenses form part of the net asset values of these funds, and are not separately charged to the Fund. Lacking sufficient and reliable information about these expenses, the manager of The Fund is not in a position to calculate the Ongoing Charge Factor of these investments as required under the provisions of Section 123 1.1 of the Decree on the Financial Supervision ("Bgf") is presented.

A comparison with the costs out of the prospect and the reel costs would not give an accurate view due to the age of the prospect.

Market Neutral Selector Fund

NOTES TO FINANCIAL STATEMENTS (continued)

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	2018	2017
Issuance of participations (A)	-	-
Repurchase of participations (B)	-	-
Purchase of trading securities (transferred from ACF) (C)	-	-
Sale of trading securities (D)	-	98.822
Total Turnover (F) = [(C)+(D)-(A)-(B)]	-	98.822
Average net asset value (E)	144.073	306.519
Turnover ratio % (F)/(E)*100	0,00	32,24

The average net asset value (used for both the expense and turnover rate) is the average of each month-end net asset value of the Fund for 2018. When the total turnover is negative, the turnover ratio is considered to be nil.

Market Neutral Selector Fund

NOTES TO FINANCIAL STATEMENTS (continued)

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Use of financial instruments

In the normal course of its business, the Fund purchases and sells (derivative) financial instruments, which are exposed to a variety of financial risks, including among others, market risk, credit risk, liquidity risk, currency risk and interest-rate risk.

a) Market risk

Market risk is the possibility that future changes in market prices may make a financial instrument less valuable or more onerous. The Fund's market risk is managed through diversification of the investment portfolio. For the overall on-balance sheet market exposure we refer to the investment securities disclosure. (note 1).

b) Credit risk

The principal credit risk is counterparty default (i.e., failure by the counterparty to perform as specified in the contract) due to financial impairment or for other reasons. Credit risk is generally higher when a non-exchange-traded or foreign exchange-traded financial instrument is involved. Credit risk is reduced by dealing with reputable counterparties. The Fund manages credit risk by monitoring its aggregate exposure to counterparties.

c) Liquidity risk

Per the date of the balance sheet all investments in portfolio can be considered as illiquid.

d) Interest rate risk

The Fund is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The general risk of changes in fair value of financial instruments as a result of changes in interest rates is considered to be included in the term market risk as described above.

The table below summarizes the Fund's exposure to interest rate risks. Included in the table are the Fund's assets and liabilities at fair values categorized by the earlier of contractual reprising and maturity dates. The fair values of derivative financial instruments are included in other assets and other liabilities under the heading non-interest bearing. The off-balance sheet gap represents the net notional amounts of all interest sensitive financial instruments.

Market Neutral Selector Fund

NOTES TO FINANCIAL STATEMENTS (continued)

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(All amounts in €o)

As at December 31, 2018

	Up to 1 year	Non-interest Bearing	Total
Assets			
Trading securities	-	-	-
Equities	-	-	-
Cash and cash equivalents	141.900	-	141.900
Receivable	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	141.900	-	141.900
Liabilities			
Other liabilities	-	9.234	9.234
	<hr/>	<hr/>	<hr/>
Total liabilities	-	9.234	9.234
Interest sensitivity gap for on balance sheet items	141.900		

e) Currency risk

The Fund has significant currency risk. The currency risk is managed through the geographically diversified portfolio including cash and cash equivalents. The currency exposure of the fund's net assets is as follows:

	2018 Fair value	2017 Fair value
United States Dollars	1.167	135.375
	<hr/>	<hr/>
Total currency exposure	1.167	135.375
Currency exposure hedged	-	-
	<hr/>	<hr/>
Remaining currency exposure	1.167	135.375

The above schedule shows assets netted with liabilities of the Fund denominated in an other currency than €o.

Market Neutral Selector Fund

NOTES TO FINANCIAL STATEMENTS (continued)

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Personnel

Remuneration Fund Manager - Description remuneration policy

The remuneration policy of the Fund Manager is set by the Board in consultation with the Supervisory Board. The remuneration policy of the Fund Manager oversees the controlled, responsible and competitive compensation of the employees of the Fund Manager. The system has a fixed salary for all employees. In addition, the ability to distribute an additional benefit in the form of capped profit sharing exists, the reward policy with respect to the DGA is as follows: Every year, the management fee established by the DGA and is included in the budget for the coming year. The budget is approved by the members of the Supervisory Board. The members of the Supervisory Board assess thereby the appropriateness of the management fee in relation to the actual and expected returns, liquidity and solvency of the company. A detailed description of the remuneration policy is available on the website of the Fund Manager (www.finlescapitalmanagement.nl).

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The employees that are fully or partially assigned to the Market Neutral Selector Fund can be estimated to 8 (0,3 FTE). This amount is calculated with an allocation of the estimated activities of the employees of the Fund Manager. The total reward for these employees can be estimated on EUR 2.264 (2017: EUR 26.446). This amount consists a fixed fee of EUR 1.824 (2017: 21.055) and a variable fee of EUR 440 (2017: EUR 5.391). From the amount of EUR 2.264 there is an amount of EUR 1.015 (2017: EUR 11.181) for the Directors (fixed EUR 575 (2017: EUR 5.789) and variable EUR 440 (2017: EUR 5.391)) and the other employees EUR 1.249 (2017: EUR 15.266) fixed. This reward is not charged to MNSF and doesn't form part of the accounting fee that is reported in this annual report.

Voting rights

The Fund has not actively used any applicable voting rights.

Large investor

The Fund has no so-called large investors per date of the balance sheet.

Subsequent events

No events

Market Neutral Selector Fund

OTHER INFORMATION

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Interests

Members of the Management Board had the following interests per December 31, 2018:

No interests in the Fund (December 31, 2017: no interests).

Dutch Corporate Governance Code

For complying to the Dutch Corporate Governance Code we refer to the "Principes van Fondsbestuur bij Finles Capital Management" on the website of Finles; www.finlescapitalmanagement.nl.

Finles N.V.

Utrecht, January 22, 2019

Market Neutral Selector Fund

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT

To: the participants of Market Neutral Selector Fund

Report on the audit of the annual report 2018 included in the liquidation report

Our opinion

We have audited the liquidation report 2018 of Market Neutral Selector Fund, based in Utrecht.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Market Neutral Selector Fund as at 31 December 2018, and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code, RJ 615 and the Wft.

The financial statements contain:

- 1 the balance sheet as at 31 December 2018;
- 2 the profit and loss account for 2018; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Market Neutral Selector Fund in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Unaudited corresponding figures

We have not audited the financial statements. Consequently, we have not audited the corresponding figures included in the profit and loss account, and in the related notes.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the liquidation report contains other information that consists of:

- The manager report;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code, RJ 615 and the Wft.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements;
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code, RJ 615 and the Wft.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The fund manager is responsible for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities of the fund manager for the financial statements

The fund manager is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the fund manager is responsible for such internal control as the fund manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the fund manager is responsible for assessing the fund's ability to continue as a going concern. Based on the financial reporting framework mentioned, the fund manager should prepare the financial statements using the going concern basis of accounting unless the fund manager either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

The fund manager should disclose events and circumstances that may cast significant doubt on the fund's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit 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 fund's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the fund manager;

- concluding on the appropriateness of the fund manager's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a fund to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Basis for financial reporting and restriction on distribution and use

We draw attention to the notes of the liquidation report in which the basis for the financial reporting is explained. The basis for the financial reporting concerns the accounting principles as stated in the notes of the liquidation report. Our opinion is not qualified in respect of this matter.

Therefore, our auditor's report is intended solely for the fund manager, the custodian, the administrator and the participants of the fund and should not be distributed to or used by other parties.

Amsterdam, 22 January 2019

Crowe Foederer B.V.

Originally signed by H.J. Verhaar RA