

**MATRIX STRUCTURED PRODUCTS LIMITED**

**ANNUAL REPORT AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2012**

# MATRIX STRUCTURED PRODUCTS LIMITED

## TABLE OF CONTENTS

Directory	2
Directors' Report	4
Corporate Governance Statement	5
Investment Managers' Reports	7
Independent Auditors' Report	19
Schedule of Investments	
- Ascension Closed End	21
- Matrix Asset Based 2 Closed End	21
- Matrix New Horizon Closed End*	22
- Matrix Event Driven Closed End*	22
- Matrix Utopia Closed End*	23
Schedule of Portfolio Changes	
- Ascension Closed End	25
- Matrix Asset Based 2 Closed End	25
- Matrix New Horizon Closed End	25
- Matrix Event Driven Closed End	25
- Matrix Utopia Closed End	25
Statement of Net Assets Attributable to Redeemable Participating Shareholders	26
Statement of Operations	28
Statement of Changes in Net Assets Attributable to Redeemable Participating Shareholders	30
Statement of Cashflows	32
Notes to the Financial Statements	34

\* Fund terminated during 2012.

**MATRIX STRUCTURED PRODUCTS LIMITED  
DIRECTORY**

**DIRECTORS**

Jennifer Parker (*resigned 27 August 2012*)  
Luke Reeves (*appointed 25 September 2012*)  
Mike Kirby\*  
James Keyes\*  
\* Independent Directors  
All Directors are non-executive

**REGISTERED OFFICE**

*(from 01 January 2013)*

5 Reid Street  
Hamilton HM11  
Bermuda

*(up to 31 December 2012)*

Hemisphere House  
9 Church Street  
Hamilton HM11  
Bermuda

**MANAGER**

Matrix (Bermuda) Limited  
c/o Citi Hedge Fund Services Limited  
5 Reid Street  
Hamilton HM11  
Bermuda

**ADMINISTRATOR**

CACEIS Ireland Limited  
One Custom House Plaza  
International Financial Services Centre  
Dublin 1  
Ireland

**CUSTODIAN**

CACEIS Bank Luxembourg - Dublin Branch  
One Custom House Plaza  
International Financial Services Centre  
Dublin 1  
Ireland

**LEGAL ADVISORS**

As to Bermuda law  
Appleby  
Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers  
Chartered Accountants & Registered Auditors  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

**LISTING SPONSOR**

Whitmill Trust Company Limited  
17 The Esplanade  
St Helier  
Jersey JE1 1WT  
Channel Islands

**SEGREGATED ACCOUNTS REPRESENTATIVE**

Appleby Management (Bermuda) Limited  
Argyle House  
41 A Cedar Avenue  
Hamilton, HM 12  
Bermuda

**CORPORATE SECRETARY**

Citibank Europe plc  
One North Wall Quay  
Dublin 1  
Ireland

**MATRIX STRUCTURED PRODUCTS LIMITED**

**DIRECTORY (CONTINUED)**

**COMPANY SECRETARY**

*(from 10 December 2012)*

Citi Fund Services (Bermuda) Ltd\*\*

5 Reid Street

Hamilton HM11

Bermuda

*(to 9 December 2012)*

Sharon Suess

c/o Citi Hedge Fund Services Limited

Hemisphere House

9 Church Street

Hamilton HM11

Bermuda

**INVESTMENT MANAGER TO MASTER FUND\***

**For Ascension Closed End**

Winton Capital Management

1-5 St Mary's Abbot's Place

London W8 6LS

UK

**DISTRIBUTOR**

*(from 29 November 2012)*

LGBR Capital LLC

8 Angel Court

London EC2R 7HJ

UK

*(to 28 November 2012)*

Matrix Money Management Limited

One Vine Street

London W1J 0AH

UK

**INVESTMENT ADVISOR TO MASTER FUND\***

**For Matrix Asset Based 2 Closed End**

Stillwater Capital Partners Inc

29<sup>th</sup> Floor

41 Madison Avenue

New York 10010

USD

**INVESTMENT MANAGER TO MASTER FUND\***

**For Matrix Event Driven Closed End, Matrix New**

**Horizon Closed End and Matrix Utopia Closed End**

Matrix Money Management Limited

One Vine Street

London W1J 0AH

UK

\* Underlying Investee Fund

\*\* formerly Citi Hedge Fund Services, Limited

# MATRIX STRUCTURED PRODUCTS LIMITED

## DIRECTORS' REPORT

The Directors present their annual report together with the audited financial statements of Matrix Structured Products Limited (the "Company") for the year ended 31 December 2012.

### Activities, Business Review and Future Prospects

The Company was incorporated with limited liability in Bermuda on 20 April 2004 as a closed-ended investment company under the Companies Act 1981 (as amended) and is registered as a segregated accounts company under The Segregated Accounts Companies Act 2000, with registered number EC#35209. A detailed review of the activities of the Company is set out in this report.

### Results and Dividends

The results for the year are shown in the Statement of Operations on pages 28 to 29. The Directors declared no dividends during the year.

### Directors

The Directors of the Company are set out on page 2.

### Important Events During the Year

Matrix New Horizon Closed End ceased trading on 31 October 2012; Matrix Event Driven Closed Fund ceased trading on 30 November 2012; and Matrix Utopia Closed End Fund ceased trading on 30 November 2012. Accordingly, the financial statements for these 3 funds have been prepared on a termination basis of accounting.

On 27 August 2012, Jennifer Parker resigned from her position as a Director of the Company. On 25 September 2012, Luke Reeves was appointed as a Director of the Company.

### Subsequent Events

Details of subsequent events are included in note 15 to the financial statements.

### Statement of Directors' Responsibilities

The Directors are responsible for the preparation of the financial statements. In preparing those financial statements, the Directors:

- Ensure that the financial statements comply with the Bye-Laws and International Financial Reporting Standards, as published by the International Accounting Standards Board;
- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; 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 accounting records and for managing the Company in accordance with the Prospectus and the Bye-Laws. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

On behalf of the Directors



Director

25 July 2013

Director

# MATRIX STRUCTURED PRODUCTS LIMITED

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On behalf of the Directors

Director  
25 July 2013



Director

## **MATRIX STRUCTURED PRODUCTS LIMITED**

### **Corporate Governance Statement for the year ended 31 December 2012**

#### **Combined Code on Corporate Governance**

The policy of the Board of Directors (the “Board”) is to manage the affairs of the Company to the highest standards of corporate governance and in accordance with the principles of good governance and the code of best practice as set out in the Combined Code on Corporate Governance (“Combined Code”) issued by the Financial Reporting Council in June 2008. The Board adopted the Combined Code on 6 October 2008 and considers that it has complied throughout the year with the provisions for companies set out in the Combined Code.

#### **Compliance with the Provisions of the Combined Code**

##### **Directors**

The Company is led and controlled by a Board consisting of three Non-Executive Directors; James Keyes, Mike Kirby and Luke Reeves. James Keyes and Mike Kirby also act as independent directors. Jennifer Parker resigned as a Director on 27 August 2012 and Luke Reeves was appointed as a Director on 25 September 2012. Sharon Suess resigned as Secretary on 9 December 2012. Citi Hedge Fund Services, Ltd. resigned as Assistant Secretary on 9 December 2012. Citi Fund Services (Bermuda), Ltd. (formerly Citi Hedge Fund Services, Limited) was appointed Secretary on 10 December 2012.

Provision A2.2 of the Combined Code requires that the Chairman should meet independence criteria on appointment. James Keyes was re-appointed as Chairman on 14 December 2012 and meets the criteria.

Provision A.3.2 of the Combined Code requires a small company to have at least two independent Non-Executive Directors. The Company has fully met this requirement.

The Board meets regularly with meeting dates agreed for each year in advance. There is a formal agenda circulated to the Board before meetings and matters arising are circulated thereafter. There is frequent contact between the Directors and each Director is supplied on a timely basis with financial and operational information sufficient for the Board to discharge its duties. All Directors have access, as required, to independent professional advice.

During the year ended 31 December 2012 there were nine board meetings, one of which was held in person on 14 May in Dublin. The attendance of individual Directors at board meetings were: Mike Kirby (8), James Keyes (7), Jennifer Parker (6) and Luke Reeves (2).

##### **Committees**

As appropriate, the Board has delegated certain responsibilities to board committees, which operate within a defined Terms of Reference.

##### **Nominations & Remuneration Committee**

The Nominations & Remuneration Committee comprises of James Keyes and Mike Kirby and has written terms of reference. The Nominations & Remuneration Committee considers the balance of skills, knowledge and experience on the Board when defining the role and capabilities of new appointments. In accordance with the bye laws, at each Annual General Meeting each Director must retire from office but is eligible for re-election.

## **MATRIX STRUCTURED PRODUCTS LIMITED**

### **Corporate Governance Statement for the year ended 31 December 2012 (continued)**

#### **Audit Committee**

The Audit Committee comprises of James Keyes and Mike Kirby. Provision C.3.1 of the Combined Code requires the audit committee of a small company to have at least two members, both of whom should be independent Non-Executive Directors. The Board considers this requirement to have been met.

The Company considers that both members of the Audit Committee possess recent and relevant financial experience. The Audit Committee has written terms of reference. It monitors the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them. It reviews the Company's internal financial controls and the internal control and risk management systems. It makes recommendations to the Board, for it to put to shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the auditors, and approves the remuneration and terms of engagement of the auditors.

The Audit Committee reviews and monitors the auditors independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements. At the Company's invitation, the auditors, administrator and investment advisers may attend meetings of the Audit Committee and/or Company.



## MATRIX STRUCTURED PRODUCTS LIMITED

### INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2012 ASCENSION CLOSED END

Ascension Closed End aims to achieve long term capital appreciation through compound growth. Ascension Closed End invests its assets into the Class D sterling shares of the Winton Futures Fund.

The Institutional Shares of Ascension Closed End returned -3.52% to the end of December 2012.

Ascension Closed End aims to replicate as closely as possible the performance of Winton's Diversified Program, which employs a computer-based system to engage in the speculative trading of approximately 120 international futures, options and forwards markets, government securities such as bonds, as well as certain over the counter ("OTC") instruments, such as FX and interest rate forward contracts and swaps.

Founded in October 1997, Winton is now one of the largest Commodity Trading Advisors in the world, with over \$25.4bn AUM (28 March 2013).

The founding principle of Winton is the belief that robust statistical research provides the richest and most reliable source of information on market behaviour. Consistent with this belief, Winton has invested heavily in research in an on going effort to refine, improve and further develop its statistical and mathematical models and trading procedures and methods.

At the end of December 2012, Winton had approximately 230 members of staff spread across four locations, approximately 100 of which were dedicated to research.

#### Ascension Closed End Performance: Institutional Shares

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	0.61	-0.83	-0.68	0.11	-0.24	-3.10	4.34	-1.20	-2.13	-2.53	0.96	1.32	-3.52

The Fund's losses through the period were attributable to the currency and commodity sectors with slight offsetting gains from equity indices and fixed income markets. Whilst it is unpleasant for Winton to have now twice experienced a calendar year of negative performance in their fifteen year track record, it is well within the bounds of what should be expected from an investment into the Fund.

**Winton Capital Management Limited**  
**April 2013**

## MATRIX STRUCTURED PRODUCTS LIMITED

### INVESTMENT MANAGER'S REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2012 MATRIX NEW HORIZON CLOSED END

Matrix New Horizon Closed End aims to achieve consistently high annual returns with low volatility and low correlation to broad equity indices over a market cycle. Matrix New Horizon Fund Closed End invests in the sterling class shares of the Matrix Horizon Fund and the sterling class shares of the Matrix New Horizon Fund (the "Master Funds"). The investment objective of both of the Master Funds is to achieve consistently high annual returns in sterling terms with low volatility.

In July 2009, shareholders who wanted to redeem from Matrix New Horizon Closed End were given the opportunity to elect to switch their holding into Redemption Class Shares which were created on 1 August. Full redemptions were placed on all positions held by these Redemption Class Shares and all monies received were paid out to Shareholders. By October 2012, the Redemption Share Class had liquidated all underlying positions. As such, the share class calculated its final NAV as at 31 October 2012 before closing.

In line with the majority of shareholders' requests for liquidity, the Directors took the decision to wind up Matrix New Horizon Closed End and return cash to Shareholders. On 1 October 2012 Matrix New Horizon Closed End placed a full redemption into the Master Funds and all cash proceeds were received during the month. Therefore, Matrix New Horizon Closed End's final NAV was calculated as at 31 October 2012. Matrix New Horizon Closed End was then closed and cash returned to Shareholders.

#### Review of Performance – Continuation Class

The Continuing Share Class of the Matrix New Horizon Closed End returned **-3.21%** for the period 1 January 2012 – 31 October 2012. Over the same period, the FTSE All Share returned +9.29%, the HRFX Global Hedge Fund Index returned +2.18% and the HRFI FOF Composite Index returned +3.21%.

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	0.18	-1.13	-1.47	0.04	-0.11	0.08	0.46	-0.42	-0.36	-0.51			-3.21

#### Master Fund Review

##### Matrix New Horizon Fund Performance

The Institutional Sterling Shares of the Matrix New Horizon Fund (the "NH Fund") returned +1.19% for the period 1 January 2012 – 31 October 2012.

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	0.35	0.35	-0.29	0.13	-0.25	0.12	0.56	-0.05	0.41	-0.14			1.19

## MATRIX STRUCTURED PRODUCTS LIMITED

### INVESTMENT MANAGER'S REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2012 MATRIX NEW HORIZON CLOSED END

#### Funds Added

- BlackRock Fixed Income GlobalAlpha Fund
- Finisterre Equity Fund
- Finisterre Sovereign Debt Fund
- Koppenberg Macro Fund
- LMR Fund Ltd
- MLIS QFS Currency UCITS Fund
- OCCO Eastern Fund
- OVS Capital Fund
- Saba Offshore Fund

#### Funds Removed

- Aslan Capital Offshore Fund
- Bennelong Asia Pacific Multi-Strategy Equity Fund
- Blackrock Fixed Income Global Alpha Fund
- Cantab Quant UCITS Fund
- Capula Global Relative Value Fund
- Finisterre Sovereign Debt Fund
- Graham Proprietary Matrix Portfolio 10V
- Hard Assets 2x Fund
- Havens Enhanced Fund
- King Street Capital Fund
- Koppenberg Macro Fund
- Lynx Fund
- Matrix Lazard Opportunity UCITS Fund
- MLIS AQR Global Relative Value UCITS Fund
- Saba Offshore Fund
- Sancus Capital Select Fund
- The Clive Fund
- Vicis Capital Fund

#### Strategy Review

##### Macro / Directional

Discretionary commodities holdings were profitable, particularly short Natural Gas positions. Bullish views on WTI Crude (the US Benchmark for crude oil) capitalised as the US continued to benefit from a domestic boom in energy production. We have reduced our exposure to systematic strategies, particularly in the commodities space, as we see the opportunity for trend following models diminishing in these directionless and choppy markets. The exception to this is our view on foreign exchange – a strategy we added in the period – which, whilst having a rocky start to the year due to long positions in the Australia Dollar, began to redeem itself in July. Its short positions in the Euro and US Dollar capitalised on poor fiscal and monetary fundamentals in the US and Europe, and we believe in the idea generation capabilities of the models. We prematurely added to our fundamental equity long/short strategy, which was not positioned correctly to take advantage of the huge rally at the end of June as it mistimed a recovery in global economic momentum.

## **MATRIX STRUCTURED PRODUCTS LIMITED**

### **INVESTMENT MANAGER'S REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2012 MATRIX NEW HORIZON CLOSED END**

#### **Market Neutral**

Relative Value ("RV") funds performed well over the year, benefiting in months of high volatility and making gains when credit tightened and spreads narrowed. Fixed Income RV funds provided consistent returns on the half, taking performance in trades around rates in European and US government bonds. Convertible bond arbitrage benefited from both tightening credit spreads and volatility in the equity markets, however we reduced our exposure to the strategy due to our view of the opportunity set within the market. Trading around index credit default swaps (CDS) positions boosted credit relative value returns. We have since reduced our exposure to Commodity RV strategies, which found it difficult to cope the surprises in volatility and were positioned on the wrong part of the agricultural curve, resulting in pronounced losses in corn and soybeans on the back of the ongoing drought in the US.

#### **Event Driven**

Despite corporate credit and M&A deal spreads tightening in January, the merger arbitrage strategy had a strong start to the year. Distressed and activist strategies were also good performers as were strategies focusing on bankruptcies. Credit focused strategies benefited from trading credit default swaps related to Greece's debt issues in Q1 however trading around events in Greece began to detract from returns in Q2. Losses were taken in May by merger arbitrage funds when several deals were broken.

#### **Credit**

Credit spreads tightened in the first quarter of the year, reversing this trend and widening out in April/May before tightening again in June. Emerging market (EM) credit strategies had a bumpy ride, taking profits corresponding to widening in their credit arbitrage books with the opposite occurring upon tightening. Increasing volatility provided an optimal environment for Credit Relative Value strategies, however this was offset by the failure of EM holdings to capitalise on the volatility and cross country spread movements. Single name positions in EM, particularly Latin America and Eastern Europe detracted from performance.

#### **Matrix Horizon Fund Performance**

The Institutional Sterling Shares of the Matrix Horizon Fund returned **-65.93%** for the period 1 Jan – 31 Oct 2012.

#### **Fund Closure**

The Matrix Horizon Fund invested proceeds exclusively into the Collingham Investment Fund ("CIF"), managed by Collingham Capital Management. The CIF is in liquidation and this process is being managed by Bee Asset Management ("BAM"). The remaining investments in the Matrix Horizon Fund are sidepockets of the CIF. The Matrix Horizon Fund was in the process of liquidating assets as fast as possible, the timing of which was difficult to predict and is subject to change.

By October 2012, all the underlying sidepocket investments held by CIF had been sold in the secondary markets at a discount to NAV and cash proceeds received by the Matrix Horizon Fund. A final NAV was then calculated for the Matrix Horizon Fund as at 31 October 2012. The Fund was then closed and cash returned to shareholders.

**MATRIX STRUCTURED PRODUCTS LIMITED**

**INVESTMENT MANAGER'S REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2012  
MATRIX NEW HORIZON CLOSED END**

The following table shows the underlying funds that were sold and returned cash over the period.

Horizon Holdings	% Allocation
HIGHLAND CREDIT STRATEGIES	36.74%
GOLDMAN SACHS	21.93%
HARBINGER	18.22%
GLG EMERGING MARKETS	11.96%
THAMES RIVER HILLSIDE	3.99%
CANYON VALUE REALIZATION FUND	2.53%
BENNELONG ASIA	2.17%
BLUEBAY MULTI-STRATEGY FUND	1.85%
PLAINFIELD 2008 LIQUIDATING	0.60%

**Review of Performance – Redemption Class**

The Redemption Share Class of Matrix New Horizon Closed End returned **-54.46%** for the period 1 Jan – 31 Oct 2012.

The Redemption Class has been liquidating assets and returning cash to shareholders. It was 100% invested in the Matrix Horizon Fund (commentary above). By October 2012, the Redeeming Share Class' position in the Matrix Horizon Fund was liquidated and cash received. Therefore, the Redeeming Share Class' final NAV was calculated as at 31 Oct 2012. The share class was then closed and cash returned to shareholders.

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	-1.23	-20.94	-22.66	-0.68	4.93	-0.17	-0.26	-8.07	-16.46	-5.38			<b>-54.46</b>

**Matrix Money Management Limited  
November 2012**

## MATRIX STRUCTURED PRODUCTS LIMITED

### INVESTMENT MANAGER'S REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2012 MATRIX EVENT DRIVEN CLOSED FUND

#### MATRIX EVENT DRIVEN CLOSED END

Matrix Event Driven Fund Closed End invests its assets (to the extent not retained in cash) in the Matrix Event Driven Fund (the "Master Fund"). The investment objective of the Master Fund is to provide consistently high returns over a market cycle by investing in a range of absolute return funds that seek to capitalise on the opportunities presented by the global economic environment, dislocations in the financial markets and specific corporate events.

On 1 April 2009, the Master Fund underwent restructuring involving the creation of a side pocket (the "Designated Share Class") which held nine underlying funds which were illiquid due to them locking or winding up. A Retail Redemption Share Class and a Retail Continuation Share Class was also created. As a result of this restructuring, Matrix Event Driven Closed End held approximately 75% of its holding in the Retail Continuation Share Class, 13% in the Retail Redemption Share Class and 12% in the Designated Share Class.

In line with the majority of shareholders' requests for liquidity, the Directors took the decision to wind up Matrix Event Driven Closed End and return cash to shareholders. On 1 October 2012 Matrix Event Driven Closed End placed a full redemption into the Master Fund and all cash proceeds were received by the end of November. Therefore, Matrix Event Driven Closed End's final NAV was calculated as at 30 November 2012. Matrix Event Driven Closed End was then closed and cash returned to shareholders.

#### Review of Performance

The Matrix Event Driven Closed End returned **-1.66%** for the period 1 January 2012 – 30 November 2012. Over the same period, the FTSE All Share returned +11.21%, the HRFX Global Hedge Fund Index returned +2.59% and the HRFI FOF Composite Index returned +3.60%.

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2012</b>	<b>-2.34</b>	0.47	0.34	<b>-0.27</b>	<b>-2.04</b>	<b>-0.03</b>	0.20	<b>-0.03</b>	0.21	2.76	<b>-0.85</b>		<b>-1.66</b>

#### Master Fund Review

##### Review of Performance – MATRIX EVENT DRIVEN CONTINUATION CLASS

The Institutional Sterling Shares of the Matrix Event Driven Continuation Class returned -0.20% for the period 1 January 2012 – 30 November 2012.

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2012</b>	<b>-0.63</b>	0.53	0.46	<b>-0.42</b>	<b>-1.37</b>	<b>-0.19</b>	0.69	0.46	0.33	<b>-0.03</b>	0.00		<b>-0.20</b>

## MATRIX STRUCTURED PRODUCTS LIMITED

### INVESTMENT MANAGER'S REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2012 MATRIX EVENT DRIVEN CLOSED FUND

#### Matrix Money Management Report Funds Added

- BlackRock Fixed Income GlobalAlpha Fund
- Finisterre Sovereign Debt Fund
- Havens International Enhanced Fund
- Kames High Yield Bond Fund
- OCCO Eastern Fund
- OVS Capital Fund

#### Funds Removed

- AG Super Fund
- Archview Credit Opportunities Fund
- Capula Global Rates Fund
- Cerberus International Fund
- Cevian Fund
- Finisterre Credit Fund
- Havens International Enhanced Fund
- Hermitage Global Fund
- King Street Capital Fund
- Lazard Rathmore Fund
- Marathon Overseas Fund
- Marathon Special Opportunities Fund
- Numen Credit Opportunities Fund
- OVS Capital Fund
- Saba Offshore Fund
- Sancus Capital Select Fund
- Senrigan Fund
- TCM Asia Opportunities Fund
- The Children's Investment Fund

#### Strategy Review

##### Distressed/Restructuring

The turbulent environment in Europe provided ample opportunities within distressed debt. Positioning in Greek and Spanish bonds was profitable as long as managers got it right. This strategy benefited from increasing its short positions as the market rallied early in the year and strategic positioning in various asymmetric and event driven trades. Peripheral Europe provided a playground in which the strategy was able to take profits for the majority of the half, however the rally on the last day of June proved detrimental. Funds entered the second half of the year defensively positioned on the back of concerns of the potential slowdown in the US, and crisis in Europe.

##### Fixed Income Relative Value

We added to this strategy in Q2 as rising volatility widened opportunities within the fixed income space. Rates and inflation focused trades benefited from directional positioning. Cross currency and tail risk hedging contributed to returns. These gains far outweighed the losses incurred in a slow start to the year caused mainly by swap spread trading.

## MATRIX STRUCTURED PRODUCTS LIMITED

### INVESTMENT MANAGER'S REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2012 MATRIX EVENT DRIVEN CLOSED FUND

#### Convertible Bond Arbitrage

The strategy was able to benefit from both tightening credit spreads and volatility in the equity markets. Special situations such as exchange offers, refinancing and buy backs provided ample opportunities to take profits as did distressed and deep discounted credit. Performance began to teeter out in Q2 as convertible bonds began to suffer the same negative trends seen in other asset classes as the market deteriorated.

#### Merger Arbitrage

A number of deals reached conclusion in the events space throughout the year which allowed for profit making. Unanticipated events in several merger arbitrage positions caused losses in Q2 but these were not significant.

#### Credit Relative Value

This strategy works best when there is volatility in the credit markets, coupled with a widening of spreads between different levels of risk assets. The relationship between credit and equity was both the best and worst performing relative value play in alternating months. Increasing volatility provided an optimal environment for the strategy.

#### Fundamental Credit Long/Short

Losses were caused by 'legacy' effects of an underlying holding which had been in the portfolio since 2008.

#### Emerging Market Credit

Holdings suffered when they failed to benefit from cross country spread movements. Positions in European peripheral country (Greece, Italy) sovereign and corporate debt both contributed and detracted from returns. Some trades in Argentina detracted from performance in May, following the introduction of capital controls in the country.

#### Activism

The market rally in January boosted returns of Activist strategies as did positive quarterly company results in February. Despite this strong start to the year, the strategy became the biggest contributor to losses as the first half of the year went on and market sentiment deteriorated. We are moving to a more liquid and nimble portfolio and as such are redeeming from illiquid holdings such as activist strategies.

#### Event Driven - Equity

This strategy benefited early on in the year from the market rally. Whilst there were certain equity based events throughout Q2 which allowed holdings to profit, this was outweighed by negative performance of some single name trades on the back of unexpected news. For example, a position in a Dutch postal service company (PostNL) took losses after the unexpected resignation of the company's CEO, despite recent deal developments generating large amounts of cash flow for the firm. Portfolio level hedges detracted from performance also. Asia based corporate action books suffered the worst losses throughout the first half of the year and we have since removed exposure to the strategy.

#### Review of Performance – MATRIX EVENT DRIVEN REDEMPTION CLASS

The Institutional Sterling Shares of the Matrix Event Driven Redemption Class returned **-33.70%** over the period 1 January – 30 November 2012.

#### Monthly Performance - Net of fees:

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	-24.04	-0.62	-0.25	-0.74	3.35	-1.70	-0.43	-1.34	-4.31	-2.00	-5.22		-33.70



**MATRIX STRUCTURED PRODUCTS LIMITED**

**INVESTMENT MANAGER'S REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2012  
MATRIX EVENT DRIVEN CLOSED FUND**

**Event Driven Redeeming Class Closure**

In December 2011, having had requests from several shareholders, the Investment Manager with approval from the Fund Directors took the decision that it was in the best interest of all shareholders to sell the remaining illiquid underlying funds in the secondary market in order to create liquidity and to return cash to shareholders. This was due to several factors: there was little to no indication on when or if underlying funds would return any cash; the future values of the underlying funds were extremely uncertain; and acceptable bids were being offered in the secondary market.

By November 2012, all transferrable underlying funds were sold in the secondary market and cash was received by the Fund. The remaining three underlying funds held by the Matrix Event Driven Side Pocket Class are non-transferrable and have been valued at nil by the Board of Directors. These investment positions remain in the custody account of the Custodian and any future cash distributions that may be received from these underlying funds will be distributed to the Side Pocket investors on a pro-rata basis. Therefore, the Sidepocket Share Class' final NAV was calculated as at 30 Nov 2012. The share class was then closed and cash returned to shareholders.

The table below shows the underlying positions that were sold, returning cash over the period.

Fund Name	% of RED Class
Cerberus International Fund	48.8%
Cash and Other Assets	28.5%
Marathon Overseas Fund	19.7%
Marathon Special Opportunity Fund	2.5%
AG Super Fund	0.5%

**Review of Performance – MATRIX EVENT DRIVEN SIDE POCKET CLASS**

The Matrix Event Driven Side Pocket Class returned **8.64%** over the period 1 January – 30 November 2012.

**Monthly Performance - Net of fees:**

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	-26.78	-0.60	-0.03	1.27	-8.54	1.80	-0.52	0.52	-0.67	58.38	-0.68		8.64

## MATRIX STRUCTURED PRODUCTS LIMITED

### INVESTMENT MANAGER'S REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2012 MATRIX EVENT DRIVEN CLOSED FUND

#### Event Driven Side Pocket Class Closure

In December 2011, having had requests from several shareholders, the Investment Manager with approval from the Fund Directors took the decision that it was in the best interest of all shareholders to sell the remaining illiquid side pocket underlying funds in the secondary market in order to create liquidity and to return cash to shareholders. This was due to several factors: there was little to no indication on when or if underlying funds would return any cash; the future values of the underlying funds were extremely uncertain; and acceptable bids were being offered in the secondary market.

By November 2012, all transferable underlying funds were sold in the secondary market and cash was received by the Fund. Therefore, the side pocket Share Class' final NAV was calculated as at 30 November 2012. The share class was then closed and cash returned to shareholders.

The table below shows the underlying positions that were sold, returning cash over the period.

Fund	% of Side Pocket
Highland Crusader II, Limited -E- S.1non El In Liquid	48.41%
Marathon Special Opportunity Fund Ltd	24.06%
Cash and Other Assets	23.60%
Fortress Value Recovery Fund Ltd (D.B. Zwirn Special Opportunities Fund)	3.33%
King Street Capital Limited	0.60%
Scoggin Worldwide Distressed Fund Ltd Class I Restricted (US Dollar)	0.00%
Sagecrest Limited	0.00%

**Matrix Money Management Limited**  
**November 2012**

## MATRIX STRUCTURED PRODUCTS LIMITED

### INVESTMENT MANAGER'S REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2012 MATRIX UTOPIA CLOSED END

#### MATRIX UTOPIA CLOSED END

Matrix Utopia Closed End aims to provide positive returns over a market cycle by investing in a portfolio of Funds of Hedge Funds and Single Manager Hedge Funds. Such returns are expected to be associated with a moderate degree of risk and have a low correlation to broader equity indices.

#### Review of Performance

The Institutional Sterling Shares of Matrix Utopia Closed End returned **-2.80%** over the period 1 January – 30 November 2012. Over the same period, the FTSE All Share returned +11.21%, the HRFX Global Hedge Fund Index returned +2.59% and the HRFI FOF Composite Index returned +3.60%.

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	-0.54	-0.11	-0.30	-0.80	-1.37	-0.04	-0.17	0.13	0.20	0.67	-0.31		<b>-2.80</b>

#### Fund Closure

During Q3 2012, having had a request from the sole shareholder, the Investment Manager with approval from the Fund Directors took the decision to close the Matrix Utopia Closed End. As such a full redemption request was placed in all underlying funds with cash to be returned as soon as possible.

By November 2012, all the underlying funds had returned cash to the Matrix Utopia Closed End. Therefore, the final NAV was calculated as at 30 November 2012. Matrix Utopia Closed End was then closed and cash returned to shareholders.

The table below shows the underlying funds that were sold and returned cash over the period.

Fund	% of Side Pocket
Finisterre Sovereign Debt Fund	2.14%
Matrix Credit Opportunities Fund	30.83%
Matrix Event Driven Fund	2.16%
Matrix Event Driven Closed End	2.63%
Matrix New Horizon Fund	57.92%
Matrix New Horizon Closed End	3.20%
Cash and other assets	1.12%

#### Matrix Money Management Limited November 2012

**MATRIX STRUCTURED PRODUCTS LIMITED**

**INVESTMENT MANAGER'S REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2012  
MATRIX ASSET BASED 2 CLOSED END**

**The Investment Manager report is not available from Stillwater Capital.**

Matrix Asset Based 2 Closed End invests all of its assets (to the extent not retained in cash) in the Institutional Class Sterling Shares of the Master Fund, Matrix Asset Based 2 Fund. The investment objective of the Master Fund is to achieve capital appreciation and consistent returns over the medium term with low correlation to major stock and fixed income market indices by investing in a portfolio of Underlying Funds that employ Asset Backed Investment Strategies.

At the date of approval of these financial statements, 31 December 2011 and 2012 audited financial statements for the SMSPF are not available.

There is considerable uncertainty attaching to the value of the portfolio of assets held by the SMSPF, whether valued based on the Net Asset Values provided by the administrators of the underlying funds that the SMSPF invests into or on secondary market quotations that are available for a number of these underlying funds. Hence there is also considerable uncertainty attaching to the value of MAB2's investment in SMSPF. Based on information that has come to the attention of the board of directors of the Matrix Alternative Investment Strategies Fund Limited concerning the future of the SMSPF and potential secondary market values of its portfolio, the board of directors of the Matrix Alternative Investment Strategies Fund Limited took the decision to write down the value of the investment held by MAB2 in the SMSPF to zero in the 2011 audited financial statements. This had the effect of reducing the NAV per share of each share class in issue to zero. MAB2's investment in the SMSPF continues to be carried at zero at 31 December 2012 as the board of directors of the Company consider that zero still represents the best estimate of fair value at 31 December 2012.

At the date of approval of these financial statements, the board of directors of Matrix Alternative Investment Strategies Fund Limited is awaiting information from the board of directors of the SMSPF regarding the value of the portfolio of the SMSPF and the future of that fund. Once this information is received, a shareholder statement will be issued to the investors of the MAB2 and MAB2 CE.

**Board of Directors Matrix Structured Products Limited  
May 2013**



## **Independent Auditor's Report**

### **To the Shareholders of Matrix Structured Products Limited**

We have audited the accompanying financial statements of Matrix Structured Products Limited, (the 'Company') which comprise the statement of net assets attributable to redeemable participating shareholders as at 31 December 2012, and the statement of operations, statement of changes in net assets attributable to redeemable participating shareholders and statement of cash flows for the year then ended, the schedule of investments and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Matrix Structured Products Limited as of 31 December 2012 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **Emphasis of matter – termination of the Matrix New Horizon Closed End, Matrix Event Driven Closed End and the Matrix Utopia Closed End (sub-funds of the Company)**

We draw your attention to note 2 on page 35 which describes the fact that the Matrix New Horizon Closed End, Matrix Event Driven Closed End and the Matrix Utopia Closed End terminated during the year ended 31 December 2012 and the fact that the financial statements for these 3 sub-funds have therefore been prepared on a termination basis. Our opinion is not qualified in this respect.



**Emphasis of matter – valuation of the investment by Matrix Asset Based 2 Closed End (“MAB2CE”) (a sub-fund of the Company) in Matrix Asset Based 2 Fund (“MAB2”) (a sub-fund of Matrix Alternative Investment Strategies Fund Limited)**

We draw your attention to note 13 in the financial statements which details that the investment held by MAB2CE in MAB2 has been valued at zero in the financial statements by the board of directors of the Company. Our opinion is not qualified in this respect.

**Other Matters**

We draw your attention to the fact that we were unable to express an opinion on the statement of operations and statement of changes in net asset attributable to redeemable participating shareholders of MAB2CE and the Company as a whole for the year ended 31 December 2011 for reasons as outlined in the Independent Auditors’ Report included in the audited financial statements of the Company for the year ended 31 December 2011.

*PricewaterhouseCoopers.*

**PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
Dublin  
25 July 2013**

**MATRIX STRUCTURED PRODUCTS LIMITED**

**ASCENSION CLOSED END  
SCHEDULE OF INVESTMENTS AS AT 31 DECEMBER 2012**

<b>Holding</b>	<b>Financial Assets</b>	<b>Fair Value</b>	<b>% of Net</b>
		<b>£</b>	<b>Asset Value</b>
	<b>Matrix Ascension Closed Fund</b>		
58,619	Winton Futures Fund – Class D Lead Series	14,687,852	98.39
	<b>Total Financial Assets at Fair Value Through</b>	<b>14,687,852</b>	<b>98.39</b>
	<b>Profit or Loss</b>	<b>14,687,852</b>	<b>98.39</b>
	Other Net Assets	240,526	1.61
	<b>Total Net Assets</b>	<b>14,928,378</b>	<b>100.00</b>

**ASCENSION CLOSED END  
SCHEDULE OF INVESTMENTS AS AT 31 DECEMBER 2011**

<b>Holding</b>	<b>Financial Assets</b>	<b>Fair Value</b>	<b>% of Net</b>
		<b>£</b>	<b>Asset Value</b>
	<b>Matrix Ascension Closed Fund</b>		
71,318	Winton Futures Fund – Class D Lead Series	18,480,163	98.07
3,000	Winton Futures Fund – Class D	304,080	1.61
	<b>Total Financial Assets at Fair Value Through</b>	<b>18,784,243</b>	<b>99.68</b>
	<b>Profit or Loss</b>	<b>18,784,243</b>	<b>99.68</b>
	Other Net Assets	59,308	0.32
	<b>Total Net Assets</b>	<b>18,843,551</b>	<b>100.00</b>

**MATRIX ASSET BASED 2 CLOSED END  
SCHEDULE OF INVESTMENTS AS AT 31 DECEMBER 2012**

<b>Holding</b>	<b>Financial Assets</b>	<b>Fair Value</b>	<b>% of Net</b>
		<b>£</b>	<b>Asset Value</b>
	<b>Matrix Asset Based 2 Fund</b>		
41,406,048	Matrix Asset Based 2 Fund – Institutional Sterling	-	-
4,093,319	Matrix Asset Based 2 Fund – Sidepocket Sterling Shares	-	-
	<b>Total Financial Assets at Fair Value Through</b>	<b>-</b>	<b>-</b>
	<b>Profit or Loss</b>	<b>-</b>	<b>-</b>
	Other Net Liabilities	(90,866)	100.00
	<b>Total Net Liabilities</b>	<b>(90,866)</b>	<b>100.00</b>

**MATRIX ASSET BASED 2 CLOSED END  
SCHEDULE OF INVESTMENTS AS AT 31 DECEMBER 2011**

<b>Holding</b>	<b>Financial Assets</b>	<b>Fair Value</b>	<b>% of Net</b>
		<b>£</b>	<b>Asset Value</b>
	<b>Matrix Asset Based 2 Fund</b>		
41,406,048	Matrix Asset Based 2 Fund – Institutional Sterling	-	101.10
4,093,319	Matrix Asset Based 2 Fund – Sidepocket Sterling Shares	-	-
	<b>Total Financial Assets at Fair Value Through</b>	<b>-</b>	<b>-</b>
	<b>Profit or Loss</b>	<b>-</b>	<b>101.10</b>
	Other Net Liabilities	(80,454)	(1.10)
	<b>Total Net Liabilities</b>	<b>(80,454)</b>	<b>100.00</b>

**MATRIX STRUCTURED PRODUCTS LIMITED**

**MATRIX NEW HORIZON CLOSED END  
SCHEDULE OF INVESTMENTS AS AT 31 DECEMBER 2012**

Matrix New Horizon Closed End ceased trading on 31 October 2012.

**MATRIX NEW HORIZON CLOSED END  
SCHEDULE OF INVESTMENTS AS AT 31 DECEMBER 2011**

<b>Holding</b>	<b>Financial Assets</b>	<b>Fair Value £</b>	<b>% of Net Asset Value</b>
	<b>Matrix Horizon &amp; New Horizon Funds</b>		
	<b>Continuing Holdings:</b>		
272,015	Matrix Horizon – Retail Sterling Shares	250,717	4.47
4,137,945	Matrix New Horizon Fund – Retail B Sterling Shares	4,286,750	76.45
	<b>Redeemable Holdings:</b>		
872,903	Matrix Horizon – Retail Sterling Shares	804,555	14.35
	<b>Total Financial Assets at Fair Value Through</b>		
	<b>Profit or Loss</b>	<b>5,342,022</b>	<b>95.27</b>
	Other Net Assets	265,264	4.73
	<b>Total Net Assets</b>	<b>5,607,286</b>	<b>100.00</b>

**MATRIX EVENT DRIVEN CLOSED END  
SCHEDULE OF INVESTMENTS AS AT 31 DECEMBER 2012**

Matrix Event Driven Closed End ceased trading on 30 November 2012.

**MATRIX EVENT DRIVEN CLOSED END  
SCHEDULE OF INVESTMENTS AS AT 31 DECEMBER 2011**

<b>Holding</b>	<b>Financial Assets</b>	<b>Fair Value £</b>	<b>% of Net Asset Value</b>
	<b>Matrix Event Driven Fund</b>		
2,957,188	Matrix Event Driven Fund – Sterling Retail Continuation Shares	3,134,619	89.00
65,144	Matrix Event Driven Fund – Sterling Retail Redeeming Shares	48,207	1.40
221,721	Matrix Event Driven Fund – Sterling Sidepocket Unrealised gain on forward currency contracts	137,467	3.90
		2,319	0.10
	<b>Total Financial Assets at Fair Value Through</b>		
	<b>Profit or Loss</b>	<b>3,322,612</b>	<b>94.34</b>
	Unrealised loss on forward currency contracts	(5,619)	(0.16)
	<b>Total Financial Liabilities at Fair Value Through</b>		
	Other Net Assets	(5,619)	(0.16)
		204,930	5.82
	<b>Total Net Assets</b>	<b>3,521,923</b>	<b>100.00</b>

**Forward Foreign Exchange Contracts, Open as at 31 December 2011**

<b>Currency Bought</b>	<b>Amount Bought</b>	<b>Currency Sold</b>	<b>Amount Sold</b>	<b>Currency Market Value GBP</b>	<b>Maturity</b>	<b>Unrealised Gain/(Loss)</b>
GBP	259,774	USD	400,000	257,455	02/02/2012	2,319
USD	400,000	GBP	259,748	257,383	04/01/2012	(2,365)
GBP	254,129	USD	400,000	257,383	04/01/2012	(3,254)
						<b>(3,300)</b>

- The Counterparty for the above Forward Foreign Exchange Contracts is CACEIS Bank Luxembourg



**MATRIX STRUCTURED PRODUCTS LIMITED**

**MATRIX UTOPIA CLOSED END  
SCHEDULE OF INVESTMENTS AS AT 31 DECEMBER 2012**

Matrix Utopia Closed End ceased trading on 30 November 2012.

**MATRIX UTOPIA CLOSED END  
SCHEDULE OF INVESTMENTS AS AT 31 DECEMBER 2011**

**SCHEDULE OF INVESTMENTS AS AT 31 December 2011**

<b>Holding</b>	<b>Financial Assets</b>	<b>Fair Value £</b>	<b>% of Net Asset Value</b>
	<b>Matrix Utopia Closed End Fund</b>		
5,000	Finisterre Sovereign Debt Fund -D1-	557,178	4.25
3,931	Matrix Asset Based 2 Fund – Institutional Sterling Shares	-	-
103	Matrix Asset Based 2 Fund – Sidepocket Sterling Shares	-	-
4,191,917	Matrix Credit Opportunities Fund - Institutional Sterling	4,593,084	35.00
170,692	Matrix Event Driven Fund – Continuing Institutional Sterling Shares	182,640	1.39
1,333,709	Matrix Event Driven Fund – Continuing Retail Sterling Shares	1,413,732	10.78
22,125	Matrix Event Driven Fund – Redeeming Institutional Sterling Shares	16,594	0.13
45,545	Matrix Event Driven Fund – Redeeming Retail Sterling	33,703	0.26
204,211	Matrix Event Driven Fund – Sterling Sidepocket Shares	126,611	0.97
2,699,115	Matrix New Horizon Fund – Institutional B Sterling Shares	2,834,070	21.60
243,309	Matrix Structured Product Limited – Asset Based 2 Closed End – Institutional Sterling Shares	-	-
140,073	Matrix Structured Product Limited – Event Driven Closed End - Retail Shares	1,126,098	8.58
34,329	Matrix Structured Product Limited – New Horizon Closed Ended Continuing	319,261	2.43
27,178	Matrix Structured Product Limited – New Horizon Closed Ended Redeeming	195,409	1.48
1,324	Matrix Structured Product Limited – Asset Based 2 Closed End – Retail Shares	-	-
400,000	Matrix UCITS Funds Plc – Lazard Opportunities Institutional Shares	386,520	2.95
	Unrealised gain on forward currency contracts	4,639	0.04
	<b>Total Financial Assets at Fair Value through Profit or Loss</b>	<b>11,789,539</b>	<b>89.86</b>
	Unrealised loss on forward currency contracts	(6,509)	(0.05)
	<b>Total Financial Liabilities at Fair Value through Profit or Loss</b>	<b>(6,509)</b>	<b>(0.05)</b>
	Other Net Assets	1,337,083	10.19
	<b>Total Net Assets</b>	<b>13,120,113</b>	<b>100.00</b>

**MATRIX STRUCTURED PRODUCTS LIMITED**

**MATRIX UTOPIA CLOSED END  
SCHEDULE OF INVESTMENTS AS AT 31 DECEMBER 2011 (continued)**

**Forward Foreign Exchange Contracts, Open as at 31 December 2011**

<b>Currency Bought</b>	<b>Amount Bought</b>	<b>Currency Sold</b>	<b>Amount Sold</b>	<b>Currency Market Value GBP</b>	<b>Maturity</b>	<b>Unrealised Gain/(Loss)</b>
GBP	508,259	USD	800,000	508,254	04/01/2012	(6,509)
GBP	519,548	USD	800,000	519,402	02/02/2012	4,639
						<u><b>(1,870)</b></u>

- The Counterparty for the above Forward Foreign Exchange Contracts is CACEIS Bank Luxembourg

**MATRIX STRUCTURED PRODUCTS LIMITED**

**MATRIX ASCENSION CLOSED END  
SCHEDULE OF PORTFOLIO CHANGES  
FOR THE PERIOD ENDED 31 DECEMBER 2012**

<b>Financial Assets</b>	<b>No of Shares Purchased</b>	<b>No of Shares Sold</b>
Ascension Closed Fund – Winton Futures Fund – Class D Lead	1,174	13,873
Ascension Closed Fund – Winton Futures Fund – Class D	-	3,000

**MATRIX ASSET BASED 2 CLOSED END  
SCHEDULE OF PORTFOLIO CHANGES  
FOR THE PERIOD ENDED 31 DECEMBER 2012**

There were no purchases and sales during the year ended 31 December 2012.

**MATRIX NEW HORIZON CLOSED END  
SCHEDULE OF PORTFOLIO CHANGES  
FOR THE PERIOD ENDED 31 DECEMBER 2012**

<b>Financial Assets</b>	<b>No of Shares Purchased</b>	<b>No of Shares Sold</b>
Matrix Horizon Fund - Retail Sterling Shares	-	1,144,918
Matrix New Horizon Fund - Retail Sterling Shares	-	4,137,945

**MATRIX EVENT DRIVEN CLOSED END  
SCHEDULE OF PORTFOLIO CHANGES  
FOR THE PERIOD ENDED 31 DECEMBER 2012**

<b>Financial Assets</b>	<b>No of Shares Purchased</b>	<b>No of Shares Sold</b>
Matrix Event Driven Fund – Sterling Retail Continuation Shares	2,645,936	5,603,124
Matrix Event Driven Fund – Sterling Retail Redeeming Shares	-	65,144
Matrix Event Driven Fund – Sterling Sidepocket Shares	-	221,721

**MATRIX UTOPIA CLOSED END  
SCHEDULE OF PORTFOLIO CHANGES  
FOR THE PERIOD ENDED 31 DECEMBER 2012**

<b>Financial Assets</b>	<b>No of Shares Purchased</b>	<b>No of Shares Sold</b>
Matrix New Horizon Fund - Institutional Sterling Shares	3,323,045	6,022,160
Matrix Structured Product Limited - Asset Based II Closed End - Retail Sterling Shares	472	1,796
Matrix Structuted Product Limited - Event Driven Closed End	4,125	144,198
Matrix Event Driven - Sterling Institutional Shares	-	170,692
Matrix Asset Based 2 Fund - Sidepocket Sterling Shares	-	103
Matrix Asset Based 2 Fund - Institutional Sterling Shares	-	3,931
Matrix Structured Product Limited - Asset Based 2 Closed End - Institutional Sterling Shares	1,548	244,857
Matrix Structured Product Limited - New Horizon Closed Ended Continuing	2,989	37,318
Matrix Event Driven - Sterling Retail Shares A	690,650	2,024,359
Matrix Event Driven - Sterling Retail Shares B	13,298	58,843
Matrix Event Driven - Sterling Institutional Shares	78,631	282,842
Finisterre Sovereign Debt Fund -D1-	-	5,000
Matrix UCITS Funds Plc - Lazard Opportunities Institutional	-	400,000
Matrix Credit Opportunities Fund - Institutional Sterling Shares	-	4,191,917
Matrix Structured Product Limited - New Horizon Closed Ended Redeeming	-	27,178

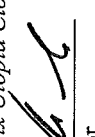
MATRIX STRUCTURED PRODUCTS LIMITED

STATEMENT OF NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING ORDINARY SHAREHOLDERS  
AS AT 31 DECEMBER 2012

Note	Matrix Ascension Closed End 31 December 2012	Matrix Ascension Closed End 31 December 2011	Matrix Asset Based 2 Closed End 31 December 2012	Matrix Asset Based 2 Closed End 31 December 2011	Matrix Event Driven Closed End * 31 December 2012	Matrix Event Driven Closed End 31 December 2011	Matrix Utopia Closed End ** 31 December 2012	Matrix Utopia Closed End 31 December 2011
	£	£	£	£	£	£	£	£
<b>Assets</b>								
Bank balance	3	620,759	1,440	8,872	2,473,121	94,357	536,458	732,715
Financial assets at fair value through profit or loss	2	14,687,852	-	-	-	3,322,612	-	11,789,539
Receivable for securities sold		-	-	-	186,460	117,588	12,874,972	799,555
Subscriptions receivable		-	4,592	-	-	-	-	-
Other assets		-	2,134	2,307	-	-	-	3,049
<b>Total Assets</b>		<b>15,308,611</b>	<b>1,440</b>	<b>11,179</b>	<b>2,659,581</b>	<b>3,534,557</b>	<b>13,411,430</b>	<b>13,324,858</b>
<b>Liabilities</b>								
Financial liabilities at fair value through profit or loss	2	-	-	-	-	5,619	-	6,509
Subscriptions received in advance		-	-	-	-	-	-	26,848
Redemptions payable		365,273	188,612	-	2,631,702	-	13,383,155	157,774
Accrued expenses		14,960	29,278	92,306	27,879	7,015	28,275	8,880
Payable for securities purchased		-	-	-	-	-	-	-
Other payables		-	-	-	-	-	-	4,734
<b>Liabilities (Excluding Net Assets Attributable to Holders of Redeemable Participating Ordinary Shares)</b>		<b>380,233</b>	<b>217,890</b>	<b>91,633</b>	<b>2,659,581</b>	<b>12,634</b>	<b>13,411,430</b>	<b>204,745</b>
<b>Net Assets/(Liabilities) Attributable to Holders of Redeemable Participating Ordinary Shares</b>		<b>14,928,378</b>	<b>18,843,551</b>	<b>(80,454)</b>	<b>-</b>	<b>3,521,923</b>	<b>-</b>	<b>13,120,113</b>
Ordinary Shares in issue (Retail Class)		148,467	317,459	2,472,430	2,501,240	438,085	-	1,454,839
Net asset value per share (Retail Class)		11.46	12.00	0.00	0.00	8.04	-	9.02
Ordinary Shares in issue (Institutional Class)		1,154,134	1,265,668	2,428,097	2,397,814	-	-	-
Net asset value per share (Institutional Class)		11.46	11.88	0.00	0.00	-	-	-

\*Matrix Event Driven Closed End ceased trading on 30 November 2012

\*\*Matrix Utopia Closed End ceased trading on 30 November 2012

  
Director

Director

Date: 25 July 2013

The notes on pages 34 to 55 form part of these financial statements.

**MATRIX STRUCTURED PRODUCTS LIMITED**  
**STATEMENT OF NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING ORDINARY SHAREHOLDERS**  
**AS AT 31 DECEMBER 2012**

	Note	Matrix Ascension Closed End 31 December 2012	Matrix Ascension Closed End 31 December 2011	Matrix Asset Based 2 Closed End 31 December 2012	Matrix Asset Based 2 Closed End 31 December 2011	Matrix Event Driven Closed End 31 December 2012	Matrix Event Driven Closed End 31 December 2011	Matrix Utopia Closed End ** 31 December 2012	Matrix Utopia Closed End 31 December 2011
<b>Assets</b>									
Bank balance	3	620,759	270,472	1,440	8,872	2,473,121	94,357	536,458	732,715
Financial assets at fair value through profit or loss	2	14,687,852	18,784,243	-	-	-	3,322,612	-	11,789,539
Receivable for securities sold		-	-	-	-	186,460	117,588	12,874,972	799,555
Subscriptions receivable		-	4,592	-	-	-	-	-	-
Other assets		-	2,134	-	2,307	-	-	-	-
<b>Total Assets</b>		<b>15,308,611</b>	<b>19,061,441</b>	<b>1,440</b>	<b>11,179</b>	<b>2,659,581</b>	<b>3,534,557</b>	<b>13,411,430</b>	<b>13,324,858</b>
<b>Liabilities</b>									
Financial liabilities at fair value through profit or loss	2	-	-	-	-	-	5,619	-	6,509
Subscriptions received in advance		-	-	-	-	-	-	-	26,848
Redemptions payable		365,273	188,612	-	-	2,631,702	-	13,383,155	157,774
Accrued expenses		14,960	29,278	92,306	91,633	27,879	7,015	28,275	8,880
Payable for securities purchased		-	-	-	-	-	-	-	-
Other payables		-	-	-	-	-	-	-	4,734
<b>Liabilities (Excluding Net Assets Attributable to Holders of Redeemable Participating Ordinary Shares)</b>		<b>380,233</b>	<b>217,890</b>	<b>92,306</b>	<b>91,633</b>	<b>2,659,581</b>	<b>12,634</b>	<b>13,411,430</b>	<b>204,745</b>
<b>Net Assets/(Liabilities) Attributable to Holders of Redeemable Participating Ordinary Shares</b>		<b>14,928,378</b>	<b>18,843,551</b>	<b>(90,866)</b>	<b>(80,454)</b>	<b>-</b>	<b>3,521,923</b>	<b>-</b>	<b>13,120,113</b>
Ordinary Shares in issue (Retail Class)		148,467	317,459	2,472,430	2,501,240	-	438,085	-	1,454,839
Net asset value per share (Retail Class)		11.46	12.00	0.00	0.00	-	8.04	-	9.02
Ordinary Shares in issue (Institutional Class)		1,154,134	1,265,668	2,428,097	2,397,814	-	-	-	-
Net asset value per share (Institutional Class)		11.46	11.88	0.00	0.00	-	-	-	-

\*Matrix Event Driven Closed End ceased trading on 30 November 2012  
 \*\*Matrix Utopia Closed End ceased trading on 30 November 2012

Director   
 Date: 25 July 2013

The notes on pages 34 to 55 form part of these financial statements.

**MATRIX STRUCTURED PRODUCTS LIMITED**

**STATEMENT OF NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING ORDINARY SHAREHOLDERS  
AS AT 31 DECEMBER 2012**

		Matrix New Horizon Closed End * 31 December 2012 £	Matrix New Horizon Closed End 31 December 2011 £	Matrix Credit Opportunities Closed End ** 31 December 2011 £	Matrix Structured Products Limited 31 December 2012 £	Matrix Structured Products Limited 31 December 2011 £
<b>Assets</b>						
Bank balance	3	4,186,224	286,723	10,239	7,818,002	1,403,378
Financial assets at fair value through profit or loss	2	-	5,342,022	-	14,687,852	37,597,648
Receivable for securities sold		352,887	144,101	-	13,414,319	1,061,244
Subscriptions receivable		-	-	-	-	4,592
Other assets		-	2,269	-	-	9,759
<b>Total Assets</b>		<u>4,539,111</u>	<u>5,775,115</u>	<u>10,239</u>	<u>35,920,173</u>	<u>40,076,621</u>
<b>Liabilities</b>						
Financial liabilities at fair value through profit or loss	2	-	-	-	-	12,128
Subscriptions received in advance		-	-	-	-	26,848
Redemptions payable		4,514,437	113,561	-	20,894,567	459,947
Accrued expenses		24,674	10,973	10,239	188,094	158,018
Payable for securities purchased		-	43,295	-	-	43,295
Other payables		-	-	-	-	4,734
<b>Liabilities (Excluding Net Assets Attributable to Holders of Redeemable Participating Ordinary Shares)</b>		<u>4,539,111</u>	<u>167,829</u>	<u>10,239</u>	<u>21,082,661</u>	<u>704,970</u>
<b>Net Assets/(Liabilities) Attributable to Holders of Redeemable Participating Ordinary Shares</b>		<u>-</u>	<u>5,607,286</u>	<u>-</u>	<u>14,837,512</u>	<u>39,371,651</u>
<b>Ordinary Shares in issue (Retail Class)</b>		-	495,409	-		
<b>Net asset value per share (Retail Class)</b>		-	9.30	-		
<b>Ordinary Shares in issue (Redeeming Retail Class)</b>		-	139,171	-		
<b>Net asset value per share (Redeeming Retail Class)</b>		-	7.19	-		

\*Matrix New Horizon Closed End ceased trading on 31 October 2012

\*\* Matrix Credit Opportunities Closed End ceased trading on 30 April 2011

The notes on pages 34 to 55 form part of these financial statements

MATRIX STRUCTURED PRODUCTS LIMITED

STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED 31 DECEMBER 2012

Note	Matrix Ascension Closed End 31 December 2012	Matrix Ascension Closed End 31 December 2011	Matrix Asset Based 2 Closed Fund 31 December 2012	Matrix Asset Based 2 Closed Fund 31 December 2011	Matrix Event Driven Closed Fund * 31 December 2012	Matrix Event Driven Closed Fund 31 December 2011	Matrix Utopia Closed End Fund ** 31 December 2012	Matrix Utopia Closed End Fund 31 December 2011
	£	£	£	£	£	£	£	£
	7	248	-	-	-	-	18	54
<b>Income</b>								
Interest income								
<b>Expenses</b>								
Listing fees	4	(461)	-	(997)	(350)	(830)	(900)	(830)
Bank charges		(28)	-	-	-	(17)	(13)	(8)
Organisational costs		(2,571)	(2,307)	(1,296)	(78)	(773)	(3,379)	(1,109)
Custody fees	4	(1,956)	(353)	(568)	(925)	(1,325)	(3,402)	(2,819)
Directors fees	4	(9,123)	(480)	-	(1,327)	(2,074)	(3,382)	(3,283)
Audit fees		(8,338)	(5,809)	(3,131)	(5,332)	(6,043)	(6,935)	(10,455)
Management fees	4	(26,208)	(58,566)	-	-	-	-	-
Administration fees	4	(25,671)	(70,416)	(3,327)	(3,196)	(8,558)	(20,438)	(19,248)
Other fees		(14,585)	(32,899)	1,864	(3,728)	(3,851)	(29,266)	(2,078)
Total expenses		(88,941)	(185,918)	(10,412)	(33,944)	(23,471)	(67,715)	(39,830)
Net (loss)/gain on financial assets at fair value through profit or loss	2	(572,244)	2,010,941	-	(13,608,708)	(367,000)	195,711	(1,060,864)
<b>(Decrease)/increase in Net Assets from Operations</b>								
Attributable to Holders of Redeemable Participating Ordinary Shares		(661,178)	1,825,271	(10,412)	(13,642,652)	(390,471)	128,014	(1,100,640)

\*Matrix Event Driven Closed End ceased trading on 30 November 2012

\*\*Matrix Utopia Closed End ceased trading on 30 November 2012



Director

Date: 25 July 2013

Director

The notes on pages 34 to 55 form part of these financial statements.

**MATRIX STRUCTURED PRODUCTS LIMITED**

**STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Matrix Ascension Closed End 31 December 2012	Matrix Ascension Closed End 31 December 2011	Matrix Asset Based 2 Closed Fund 31 December 2012	Matrix Asset Based 2 Closed Fund 31 December 2011	Matrix Event Driven Closed Fund 31 December 2011	Matrix Utopia Closed End Fund ** 31 December 2012	Matrix Utopia Closed End Fund 31 December 2011
<b>Income</b>							
Interest income	7	248	-	-	-	18	54
<b>Expenses</b>							
Listing fees	(461)	(1,214)	-	(997)	(830)	(900)	(830)
Bank charges	(28)	(36)	-	-	(17)	(13)	(8)
Organisational costs	(2,571)	(2,100)	(2,307)	(1,296)	(773)	(3,379)	(1,109)
Custody fees	(1,956)	(4,307)	(353)	(568)	(1,325)	(3,402)	(2,819)
Directors' fees	(9,123)	(10,330)	(480)	-	(2,074)	(3,382)	(3,283)
Audit fees	(8,338)	(6,050)	(5,809)	(3,131)	(6,043)	(6,935)	(10,455)
Management fees	(26,208)	(58,566)	-	(21,028)	-	-	-
Administration fees	(25,671)	(70,416)	(3,327)	(3,196)	(8,558)	(20,438)	(19,248)
Other fees	(14,585)	(32,899)	1,864	(3,728)	(3,851)	(29,266)	(2,078)
Total expenses	(88,941)	(185,918)	(10,412)	(33,944)	(23,471)	(67,715)	(39,830)
Net (loss)/gain on financial assets at fair value through profit or loss	(572,244)	2,010,941	-	(13,608,708)	(367,000)	195,711	(1,060,864)
<b>(Decrease)/increase in Net Assets from Operations</b>							
Attributable to Holders of Redeemable Participating Ordinary Shares	(661,178)	1,825,271	(10,412)	(13,642,652)	(390,471)	128,014	(1,100,640)

\*Matrix Event Driven Closed End ceased trading on 30 November 2012

\*\*Matrix Utopia Closed End ceased trading on 30 November 2012



Director

Director

Date: 25 July 2013

The notes on pages 34 to 55 form part of these financial statements.



**MATRIX STRUCTURED PRODUCTS LIMITED**

**STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Matrix New Horizon Closed End * 31 December 2012 £	Matrix New Horizon Closed End 31 December 2011 £	Matrix Credit Opportunities Closed Fund** 31 December 2011 £	Matrix Ascension Plan *** 31 December 2011 £	Matrix Ascension Plan 2 **** 31 December 2011 £	Matrix Ascension Plan 3 ***** 31 December 2011 £	Matrix Structured Products Limited 31 December 2012 £	Matrix Structured Products Limited 31 December 2011 £
<b>Income</b>								
Interest income	-	72	-	-	-	-	25	374
<b>Expenses</b>								
Listing fees	4 (143)	(353)	-	-	-	-	(1,854)	(4,224)
Bank charges	-	-	-	-	-	-	(41)	(61)
Organisational costs	(2,315)	(2,247)	(2,014)	-	-	-	(10,650)	(9,539)
Custody fees	4 (1,052)	(1,255)	(149)	-	-	-	(7,688)	(10,423)
Directors fees	4 (1,298)	(1,705)	(1,019)	-	-	-	(15,610)	(18,411)
Audit fees	(5,721)	(419)	(6,049)	-	-	-	(32,135)	(32,147)
Management fees	4 -	-	-	-	-	-	(26,208)	(79,594)
Administration fees	4 (6,412)	(8,266)	(2,448)	-	-	-	(60,707)	(112,132)
Other fees	(26,684)	(1,431)	(3,605)	-	-	-	(93,741)	(47,594)
Total expenses	(43,625)	(15,676)	(15,284)	-	-	-	(248,634)	(314,125)
Net (loss)/gain on financial assets at fair value through profit or loss	2 (631,351)	(411,741)	79,050	248,873	370,326	191,203	(847,376)	(11,835,566)
<b>(Decrease)/increase in Net Assets from Operations Attributable to Holders of Redeemable Participating Ordinary Shares</b>	(674,976)	(427,345)	63,766	248,873	370,326	191,203	(1,095,985)	(12,149,317)

\*Matrix New Horizon Closed End ceased trading on 31 October 2012

\*\* Matrix Credit Opportunities Closed End ceased trading on 30 April 2011

\*\*\* Matrix Ascension Plan Fund ceased trading on 30 June 2011

\*\*\*\* Matrix Ascension Plan 2 Fund ceased trading on 28 October 2011

\*\*\*\*\* Matrix Ascension Plan 3 Fund ceased trading on 30 September 2011

The notes on pages 34 to 55 form part of these financial statements

**MATRIX STRUCTURED PRODUCTS LIMITED**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING ORDINARY SHAREHOLDERS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<b>Matrix Ascension Closed End 31 December 2012 £</b>	<b>Matrix Ascension Closed End 31 December 2011 £</b>	<b>Matrix Asset Based 2 Closed Fund 31 December 2012 £</b>	<b>Matrix Asset Based 2 Closed Fund 31 December 2011 £</b>	<b>Matrix Event Driven Closed Fund ** 31 December 2012 £</b>	<b>Matrix Event Driven Closed Fund 31 December 2011 £</b>	<b>Matrix Utopia Closed End Fund * 31 December 2012 £</b>	<b>Matrix Utopia Closed End Fund 31 December 2011 £</b>
Net assets at start of year	18,843,551	42,421,455	(80,454)	13,562,198	3,521,923	8,465,049	13,120,113	13,734,661
(Decrease)/increase in net assets as a result of operations	(661,178)	1,825,271	(10,412)	(13,642,652)	41,816	(390,471)	128,014	(1,100,640)
Proceeds on the Issue of Shares	1,700,032	3,074,184	-	-	-	-	1,127,523	2,300,757
Payments on the Redemption of Shares	(4,954,027)	(28,477,359)	-	-	(3,563,739)	(4,552,655)	(14,375,650)	(1,814,665)
<b>Net Assets/(Liabilities) Attributable to Holders of Redeemable Participating Ordinary Shares</b>	<b>14,928,378</b>	<b>18,843,551</b>	<b>(90,866)</b>	<b>(80,454)</b>	<b>-</b>	<b>3,521,923</b>	<b>-</b>	<b>13,120,113</b>

*\*Matrix Event Driven Closed End ceased trading on 30 November 2012*

*\*\*Matrix Utopia Closed End ceased trading on 30 November 2012*

The notes on pages 34 to 55 form part of these financial statements

**MATRIX STRUCTURED PRODUCTS LIMITED**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING ORDINARY SHAREHOLDERS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Matrix New Horizon Closed End *	Matrix New Horizon Closed End	Matrix Credit Opportunities Closed Fund **	Matrix Ascension Plan***	Matrix Ascension Plan 2****	Matrix Ascension Plan 3*****	Matrix Structured Products Limited	Matrix Structured Products Limited
	31 December 2012 £	31 December 2011 £	31 December 2011 £	31 December 2011 £	31 December 2011 £	31 December 2011 £	31 December 2012 £	31 December 2011 £
Net assets at start of year	5,607,286	7,194,108	4,812,786	20,634,468	13,348,505	4,482,167	39,371,651	122,905,263
(Decrease)/increase in net assets as a result of operations	(674,976)	(427,345)	63,766	248,873	370,326	191,203	(1,095,985)	(12,149,317)
Proceeds on the Issue of Shares	-	-	-	-	-	-	2,767,162	5,232,362
Payments on the Redemption of Shares	(4,932,310)	(1,159,477)	(4,876,552)	(20,883,341)	(13,718,831)	(4,673,370)	(26,205,316)	(76,616,657)
<b>Net Assets/(Liabilities) Attributable to Holders of Redeemable Participating Ordinary Shares</b>	<b>-</b>	<b>5,607,286</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,837,512</b>	<b>39,371,651</b>

\*Matrix New Horizon Closed End ceased trading on 31 October 2012

\*\* Matrix Credit Opportunities Closed End ceased trading on 30 April 2011

\*\*\* Matrix Ascension Plan Fund ceased trading on 30 June 2011

\*\*\*\* Matrix Ascension Plan 2 Fund ceased trading on 28 October 2011

\*\*\*\*\*Matrix Ascension Plan 3 Fund ceased trading on 30 September 2011

The notes on pages 34 to 55 form part of these financial statements

**MATRIX STRUCTURED PRODUCTS LIMITED**

**STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<b>Matrix Ascension Closed End 31 December 2012 £</b>	<b>Matrix Ascension Closed End 31 December 2011 £</b>	<b>Matrix Asset Based 2 Closed Fund 31 December 2012 £</b>	<b>Matrix Asset Based 2 Closed Fund 31 December 2011 £</b>	<b>Matrix Event Driven Closed Fund * 31 December 2012 £</b>	<b>Matrix Event Driven Closed Fund 31 December 2011 £</b>	<b>Matrix Utopia Closed End Fund ** 31 December 2012 £</b>	<b>Matrix Utopia Closed End Fund 31 December 2011 £</b>
<b>Cash Flows From Operating Activities</b>								
Net Sale/(Purchases) of financial assets	3,524,147	25,613,787	-	(37)	3,327,878	4,385,739	(96,676)	(85,687)
Net payment to expenses	(103,259)	(183,680)	(9,739)	(20,405)	(17,077)	(31,070)	(48,320)	(41,410)
Net (decrease)/increase in other payables/receivables	2,134	-	2,307	-	-	(2,119)	(1,685)	497
Bank interest received	7	248	-	-	-	-	18	54
<b>Net Cash Inflows/(Outflows) From Operating Activities</b>	<b>3,423,029</b>	<b>25,430,355</b>	<b>(7,432)</b>	<b>(20,442)</b>	<b>3,310,801</b>	<b>4,352,550</b>	<b>(146,663)</b>	<b>(126,546)</b>
<b>Cash Flows From Financing Activities</b>								
Proceeds received from redeemable participating ordinary shares Issued	1,704,624	2,964,782	-	-	-	-	1,100,675	2,259,893
Payments made from redeemable participating ordinary shares Redeemed	(4,777,366)	(28,288,747)	-	-	(932,037)	(4,552,655)	(1,150,269)	(1,932,096)
<b>Net Cash (Outflows)/Inflows From Financing Activities</b>	<b>(3,072,742)</b>	<b>(25,323,965)</b>	<b>-</b>	<b>-</b>	<b>(932,037)</b>	<b>(4,552,655)</b>	<b>(49,594)</b>	<b>327,797</b>
<b>Net Increase/(Decrease) In Cash And Cash Equivalents</b>	<b>350,287</b>	<b>106,390</b>	<b>(7,432)</b>	<b>(20,442)</b>	<b>2,378,764</b>	<b>(200,105)</b>	<b>(196,257)</b>	<b>201,251</b>
Cash and cash equivalents at the beginning of the year	270,472	164,082	8,872	29,314	94,357	294,462	732,715	531,464
<b>Cash and cash equivalents at the end of the year</b>	<b>620,759</b>	<b>270,472</b>	<b>1,440</b>	<b>8,872</b>	<b>2,473,121</b>	<b>94,357</b>	<b>536,458</b>	<b>732,715</b>

\*Matrix Event Driven Closed End ceased trading on 30 November 2012

\*\*Matrix Utopia Closed End ceased trading on 30 November 2012

The notes on pages 34 to 55 form part of these financial statements

**MATRIX STRUCTURED PRODUCTS LIMITED**

**STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<b>Matrix New Horizon Closed End* 31 December 2012 £</b>	<b>Matrix New Horizon Closed End 31 December 2011 £</b>	<b>Matrix Credit Opportunities Closed Fund** 31 December 2012 £</b>	<b>Matrix Credit Opportunities Closed Fund 31 December 2011 £</b>	<b>Matrix Ascension Plan *** 31 December 2011 £</b>	<b>Matrix Ascension Plan 2**** 31 December 2011 £</b>	<b>Matrix Ascension Plan 3***** 31 December 2011 £</b>	<b>Matrix Structured Products Limited 31 December 2012 £</b>	<b>Matrix Structured Products Limited 31 December 2011 £</b>
<b>Cash Flows From Operating Activities</b>									
Net Sale/(Purchases) of financial assets	4,458,657	1,279,572	-	4,850,516	20,883,341	13,718,831	4,673,370	9,653,991	71,922,419
Net payment to expenses	(29,991)	(29,041)	(10,239)	(17,954)	-	-	-	(218,625)	(323,560)
Net increase in other payables/receivables	2,269	(3,392)	-	-	-	-	-	5,025	(5,014)
Bank interest received	-	72	-	-	-	-	-	25	374
<b>Net Cash Inflows/(Outflows) From Operating Activities</b>	<b>4,430,935</b>	<b>1,247,211</b>	<b>(10,239)</b>	<b>4,832,562</b>	<b>20,883,341</b>	<b>13,718,831</b>	<b>4,673,370</b>	<b>9,440,416</b>	<b>71,594,219</b>
<b>Cash Flows From Financing Activities</b>									
Proceeds received from redeemable participating ordinary shares Issued	-	-	-	-	-	-	-	2,744,906	5,082,095
Payments made from redeemable participating ordinary shares Redeemed	(531,434)	(1,062,709)	-	(4,876,552)	(20,883,341)	(13,718,831)	(4,673,370)	(5,770,698)	(76,448,708)
<b>Net Cash (Outflows)/Inflows From Financing Activities</b>	<b>(531,434)</b>	<b>(1,062,709)</b>	<b>-</b>	<b>(4,876,552)</b>	<b>(20,883,341)</b>	<b>(13,718,831)</b>	<b>(4,673,370)</b>	<b>(3,025,792)</b>	<b>(71,366,613)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>3,899,501</b>	<b>184,502</b>	<b>(10,239)</b>	<b>(43,990)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,414,624</b>	<b>227,606</b>
Cash and cash equivalents at the beginning of the year	286,723	102,221	10,239	54,229	-	-	-	1,403,378	1,175,772
<b>Cash and cash equivalents at the end of the year</b>	<b>4,186,224</b>	<b>286,723</b>	<b>-</b>	<b>10,239</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,818,002</b>	<b>1,403,378</b>

\*Matrix New Horizon Closed End ceased trading on 31 October 2012

\*\* Matrix Credit Opportunities Closed End ceased trading on 30 April 2011

\*\* Matrix Ascension Plan Fund ceased trading on 30 June 2011

\*\* Matrix Ascension Plan 2 Fund ceased trading on 28 October 2011

\*\* Matrix Ascension Plan 3 Fund ceased trading on 30 September 2011

The notes on pages 34 to 55 form part of these financial statements

## MATRIX STRUCTURED PRODUCTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 1. General

The Company was incorporated with limited liability in Bermuda on 20 April 2004 as a closed-ended investment company under The Companies Act 1981 (as amended) and is registered as a segregated accounts company under The Segregated Accounts Companies Act 2000 (“SAC Act”), with registered number EC#35209.

The provisions of the SAC Act allow the Company to create one or more Funds for the purpose of segregating and protecting the assets within those Funds so that liabilities of the Company attributable to one Fund can only be satisfied out of the assets of that Fund, and holders of shares issued by a particular Fund have no right to the assets of any other Fund.

At the year end the Company had two Funds in operation (individually referred to as a “Fund”, collectively as “Funds”), Matrix Asset Based 2 Closed End and Matrix Ascension Closed End.

The Matrix New Horizon Closed End ceased trading on 31 October 2012 and was delisted from the Channel Islands Stock Exchange with effect from 20 March 2013. The Matrix Event Driven Closed Fund ceased trading on 30 November 2012 and was delisted from the Channel Islands Stock Exchange with effect from 20 March 2013. The Matrix Utopia Closed End Fund ceased trading on 30 November 2012 and was delisted from the Channel Islands Stock Exchange with effect from 20 March 2013.

Matrix Asset Based 2 Closed End invests all of its assets (to the extent not retained in cash) in the Institutional Sterling Shares of the Matrix Asset Based 2 Fund. The Matrix Asset Based 2 Fund is a Fund of Matrix Alternative Investment Strategies Fund, a mutual fund company incorporated in Bermuda with limited liability under registration number EC#29535. The investment objective of the Matrix Asset Based 2 Fund is to achieve capital appreciation and consistent returns over the medium term with low correlation to major stock and fixed income market indices by investing in a portfolio of Underlying Funds that employ Asset Backed Investment Strategies. The Matrix Asset Based 2 Fund invests in the Stillwater Matrix Segregated Portfolio Fund. The primary focus of the Stillwater Matrix Segregated Portfolio Fund is to invest the majority of the assets with a number of hedge fund managers that are focused on Asset Backed Investment Strategies. Many of these Underlying Funds will be in the Asset-Based Lending business, originating their own asset backed loans. Some of these Underlying Funds may be in the Asset Based Securities business.

Matrix Ascension Closed End invests all of its assets (to the extent not retained in cash) in the Class D Shares of the Winton Futures Fund. The investment objective of the Winton Futures Fund is to achieve long term capital appreciation through compound growth. This is achieved by pursuing a diversified trading scheme without reliance on favourable conditions in any particular markets, nor does it depend on general appreciation of asset values. The Winton Futures Fund trades a portfolio of more than 100 international futures, options, and forwards markets and certain OTCs, such as swaps, employing a computer based trading system. This system tracks the daily price movements from these markets around the world, and carries out certain computations to determine each day, how long or short the portfolio should be in each.

# MATRIX STRUCTURED PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

### 2. Principal Accounting Policies

The significant accounting policies adopted by the Company are as follows:

#### **Basis of Preparation**

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. The Matrix New Horizon Closed End ceased trading on 31 October 2012, the Matrix Event Driven Closed Fund ceased trading on 30 November 2012 and the Matrix Utopia Closed End Fund ceased trading on 30 November 2012. Accordingly the financial statements for these 3 Funds have been prepared on a termination basis of accounting. The financial statements for all other Sub-Funds have been prepared on a going concern basis. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

All references to net assets throughout this document refer to net assets attributable to holders of redeemable participating ordinary shares unless otherwise stated.

The Statement of Net Assets Attributable to Redeemable Participating Ordinary Shareholders presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items.

The accounting policies adopted are consistent with those of the previous financial period. There were no changes in the accounting policies of the Company during the year.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company:

IFRS 9, ‘Financial instruments’ (effective 1 January 2015). The new standard addresses classification and measurement of financial assets. IFRS 9 replaces the multiple classification models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. Classification under IFRS 9 is driven by the entity’s business model for managing financial assets and the contractual characteristics of the financial assets. This will impact on the classification of the financial assets of the Company when adopted.

IFRS 10, ‘Consolidated financial statements’ (effective 1 January 2013). This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This will have no impact on the financial statements.

IFRS 12, ‘Disclosure of interests in other entities’ (effective 1 January 2013). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This will have no impact on the financial statements.

## **MATRIX STRUCTURED PRODUCTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)**

#### **2. Principal Accounting Policies (continued)**

##### **Basis of Preparation (continued)**

IFRS 13, 'Fair value measurement' (effective 1 January 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The directors are currently evaluating the impact of this standard as the definition of fair value is changed.

##### **Foreign Currency Translation**

###### **(a) Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates. This is Sterling ("GBP"), Matrix New Horizon Closed End, Matrix Event Driven Closed End, Matrix Asset Based 2 Closed End, Matrix Ascension Closed End and Matrix Utopia Closed End. The Company has adopted GBP as its presentation currency.

###### **(b) Transactions and Balances**

Transactions in foreign currencies are translated into GBP at the exchange rate ruling at the date of the transaction. Foreign currency assets and liabilities are translated into GBP at the exchange rate ruling at the date of the Statement of Net Assets Attributable to Redeemable Participating Ordinary Shareholders. Gains or losses on foreign exchange transactions are recognised in the Statement of Operations in determining the results for the period.

##### **Cash and Cash Equivalents**

Cash and cash equivalents, include cash in hand, deposits held with banks and bank overdrafts. Cash and cash equivalents are valued at their face value with interest accrued, where applicable.

##### **Financial Assets and Liabilities at Fair Value through Profit and Loss**

The Company has designated its investments as financial assets and liabilities at fair value through profit or loss category and consequently they are measured at fair value with all changes recognised in the Statement of Operations.

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

Realised gains and losses are calculated on an average cost basis.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the Statement of Operations in the period in which they arise.



## MATRIX STRUCTURED PRODUCTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

#### 2. Principal Accounting Policies (continued)

##### **Valuation of Investments**

Investments in open-ended underlying funds are valued at fair value using the latest available unaudited net asset value on the relevant valuation day as reported or provided by or on behalf of such underlying funds. Please also refer to Note 13 for details of the valuation of Matrix Asset Based 2 Closed End's investment in Matrix Asset Based 2 Fund.

##### **Redeemable Participating Ordinary Shares**

Redeemable Participating Ordinary Shares are redeemable at the Shareholders option and are classified as financial liabilities. The Redeemable Participating Ordinary Shares are held at the redemption amount that is payable as at the Statement of Net Assets Attributable to Redeemable Participating Ordinary Shareholders date.

##### **Forward foreign exchange contracts**

Certain Funds may enter into forward foreign exchange contracts to protect the exposure of Sterling class shareholders to the investments of the Fund which are denominated in US Dollars. Note that these forward foreign exchange contracts are solely for the benefit of the Sterling class shareholders. While the Funds will attempt to hedge against currency exposure, there can be no guarantee that the value of the Sterling class shareholders will not be affected by the value of Sterling relative to the US Dollar. There were no open forward foreign exchange contracts as at 31 December 2012. Open forward foreign exchange contracts as at 31 December 2011 are listed on the Schedule of Investments.

All forward foreign exchange contracts are fair valued using forward exchange rates prevailing at the relevant valuation date for the remaining period to maturity and any resulting unrealised gains are recorded as assets and unrealised losses as liabilities in the Statement of Net Assets Attributable to Redeemable Participating Ordinary Shareholders. Realised gains and losses are recorded in the Statement of Operations at the time the forward foreign exchange contracts settle. In relation to class specific forward foreign exchange contracts the realised and unrealised gains and losses and transaction costs are allocated solely to those share classes.

##### **Organisational Costs**

The costs and expenses of establishing the Matrix New Horizon Closed End were £17,413 and were fully amortised by the time the Fund ceased operations on 31 October 2012. The costs and expenses of establishing the Matrix Event Driven Closed End were £6,283 and were fully amortised by the time the Fund ceased operations on 30 November 2012. The costs and expenses of establishing the Matrix Asset Based 2 Closed End were £7,925 and were fully amortised as at 31 December 2012 (31 December 2011: £2,307 was unamortised). The costs and expenses of establishing the Ascension Closed End were £9,484 and are being amortised, for the purpose of calculating its net asset value per share over five years which commenced on 1 July 2008 in accordance with the Fund's supplement. The total amount unamortised at year end is £Nil (31 December 2011: £2,134).

The costs and expenses of establishing the Matrix Utopia Closed End were £4,998 and were fully amortised by the time the Fund ceased operations on 30 November 2012. The accounting policy adopted for organisational costs is not in accordance with IFRS, however the impact on the financial statements is not significant.

## MATRIX STRUCTURED PRODUCTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

#### 3. Bank Balance

A bank balance of £4,186,224 (31 December 2011: £286,723) for Matrix New Horizon Closed End, £2,473,121 (31 December 2011: £94,357) for Matrix Event Driven Closed End, £1,440 (31 December 2011: £8,872) for Matrix Asset Based 2 Closed End, £620,759 (31 December 2011: £270,472) for Matrix Ascension Closed End, £Nil (31 December 2011: £10,239) for Matrix Credit Opportunities Closed End and £536,458 (31 December 2011: £732,715) for Matrix Utopia Closed End is held with the Custodian.

#### 4. Fees and Expenses

Matrix New Horizon Closed End, Matrix Event Driven Closed End, Matrix Asset Based 2 Closed End, Matrix Ascension Closed End and Matrix Utopia Closed End pay for their own fees and expenses from their bank account held with CACEIS Bank Luxembourg – Dublin Branch (the “Custodian”).

##### **Administration Fees**

CACEIS Ireland Limited (the “Administrator”) charges an annual fee of 15 basis points on the first US\$500 million of the collective assets held by the combined assets of Matrix Alternative Investment Strategies Fund Limited (“MAIS”) (excluding MAIS Asset Based 2 Fund, a sub-fund of MAIS) and Matrix Structured Products Limited (“MSP”) (excluding Matrix Asset Based 2 Fund), 12 basis points on assets of between US\$500 million and US\$750 million and 9 basis points on assets of US\$750 million and above. These fees are pro rated across the Funds according to the size of each Fund at each Valuation Day and subject to a minimum fee of US\$28,500 per Fund in MAIS (excluding Matrix Asset Based 2 Fund) and MSP (excluding Matrix Asset Based 2 Closed End) per annum. The above fees include one share class per Fund. Any additional share classes will be charged at the rate of US\$7,750 per share class per annum. An additional fee of US\$5,000 for Matrix Asset Based 2 Closed End will be charged per annum.

Out-of-pocket expenses incurred on behalf of Matrix New Horizon Closed End, Matrix Event Driven Closed End, Matrix Asset Based 2 Closed End, Matrix Ascension Closed End and Matrix Utopia Closed End are payable by the relevant Funds.

##### **Custody Fees**

CACEIS Bank Luxembourg – Dublin Branch (the “Custodian”) charges Matrix New Horizon Closed End, Matrix Event Driven Closed End Fund, Matrix Asset Based 2 Closed End, Ascension Closed End and Matrix Utopia Closed End an annual custodian charge of 0.01% of the Net Asset Value. Additionally, they are charged a US\$67 per investment transaction fee and US\$27 per cash transaction fee.

## MATRIX STRUCTURED PRODUCTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

#### 4. Fees and Expenses (continued)

##### **Management & Incentive Fees**

##### **Fees of the Matrix Horizon Fund Retail Sterling Share Class**

The J Class Shares of the Collingham Investment Fund in which the Matrix Horizon Fund invested, attracted a management fee of 1/12 of 1% of the aggregate Net Asset Value of the J Class Shares at the relevant month end plus an incentive fee equal to 10% of the increase in the Net Asset Value from the previous monthly reference date subject to a “high water mark”. In addition an annual management charge of 0.9% per annum was charged at the level of the Matrix Horizon Fund on the Retail Shares and 0.5% on the Institutional Shares.

##### **Fees of the Matrix New Horizon Fund Retail Sterling Share Class**

The Matrix New Horizon Fund Retail Sterling Share Class (into which the Matrix Horizon Closed End invested prior to ceasing trading), attracted a management fee of 1/12 of 1.9% of the aggregate Net Asset Value of the Share class at the relevant month end plus an incentive fee equal to 10% of the increase in the Net Asset Value from the previous monthly reference date subject to a “high water mark”.

##### **Fees of the Matrix Event Driven Fund Retail Sterling Share Class**

The Matrix Event Driven Fund Retail Share Classes attracted a management fee of 1/12 of 1.75% of the aggregate Net Asset Value of the Class Shares at the relevant month end plus an incentive fee equal to 5% of the increase in the Net Asset Value from the previous monthly reference date subject to a “high water mark”. No performance fees were charged during the period.

The Matrix Event Driven Fund Sidepocket Sterling Shares was not charged a management or incentive fee.

##### **Fees of the Matrix Asset Based 2 Fund Institutional Share Class**

The Matrix Asset Based 2 Closed End invests in the Institutional Sterling Class Shares of the Matrix Asset Based 2 Fund. The shares of the Stillwater Matrix Fund into which the Matrix Asset Based 2 Fund invests attract a management fee equal to 0.125% per month (approximately 1.5% annually) of the Stillwater Matrix Fund Net Asset Value, which is inclusive of leverage (prior to the calculation of the incentive fee)) attributable to the outstanding shares or such series and class of the Stillwater Matrix Fund at the beginning of each month. Stillwater has not collected any Management fees since 2009. An additional management fee of 0.4% was due to be charged to the Retail Class Ordinary Shares Matrix Asset Based 2 Closed End Fund but was not charged. In addition the Stillwater Matrix Fund was due to be charged a performance fee, equal to 10% of any new net appreciation during each quarterly period ending on the valuation day as at 31 March, 30 June, 30 September, and 30 December. The performance fee is subject to a “high water mark”. No performance fees were charged during the year (31 December 2011: £Nil).

The Matrix Asset Based 2 Fund Sidepocket Shares are not charged a management or incentive fee.

## MATRIX STRUCTURED PRODUCTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

#### 4. Fees and Expenses (continued)

##### Fees of the Ascension Closed End Winton Futures Fund–Class D

The Winton Futures Fund Sterling Class (into which the Ascension Closed End Fund invests) attracts a monthly management fee equal to 0.0833% per month (approximately 1% annually of the Master Fund Net Asset Value, (prior to the calculation of the performance fee) attributable to the outstanding shares or such series and class of the Winton Futures Fund Sterling Class at the beginning of each month. An additional management fee of 1.0% per annum will be charged to the Retail Class Ordinary Shares of the Ascension Closed End Fund. The Winton Futures Fund is also subject to a performance fee of 20% of new net trading profits, payable out of the assets of the Winton Futures Fund at the end of each calendar quarter.

##### Fees of Matrix Utopia Closed End

The Finisterre Sovereign Debt Fund (into which the Matrix Utopia Closed End Fund invested into prior to ceasing trading) attracted an annual management fee of 2% per annum of the Net Asset Value. The management fees charged by the Matrix Structured Products underlying funds into which Matrix Utopia Closed End invested are outlined above. The table below outlines the annual management fee rates charged in the remaining underlying funds into which the Matrix Utopia Closed End Fund invested. No additional management fee and performance fee is payable at the level of Matrix Utopia Closed End.

	Matrix Asset Based 2 Fund	Matrix Credit Opportunities Fund	Matrix Event Driven Fund	Matrix New Horizon Fund	Matrix UCITS Funds Plc - Lazard Opportunities
Institutional Class	1.50%	1.50%	1.35%	1.50%	1.50%
Retail Class	N/A	N/A	1.75%	N/A	N/A

##### Directors' Fees

The Directors are entitled to a fee and remuneration in consideration for the performance of their duties as Directors.

Mike Kirby and James Keyes each receive US\$10,000 (31 December 2011: US\$10,000) per annum. Both Jennifer Parker (up to her date of resignation on the 27 August 2012) and Luke Reeves (appointed on 25 September 2012) waived their entitlement to remuneration.

##### Sponsoring Broker

The fee charged by the sponsoring broker for the year ended 31 December 2012 was £5,908 (2011: £2,000).

##### Listing Fees

The Channel Islands Stock Exchange annual listing fee for Matrix Ascension Closed End is £350 (2011: £830). The Channel Islands Stock Exchange annual listing fee for Matrix Asset Based 2 Closed End is £700 (2011: £696).

The listing fee of the Channel Islands Stock Exchange for the Matrix New Horizon Closed End Fund for the period to 31 October 2012 and subsequent delisting application was £2,000 (2011: £830). The listing fee of the Channel Islands Stock Exchange for the Matrix Event Driven Closed End for the period to 30 November 2012 and subsequent delisting application was £350 (2011: £830) The listing fee of the Channel Islands Stock Exchange for the Matrix Utopia Closed End Fund for the period to 30 November 2012 and subsequent delisting application was £350 (2011: £830).

**MATRIX STRUCTURED PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012  
(CONTINUED)**

**5. Taxation**

At the present time no income, profit or capital gains taxes are levied in Bermuda and, accordingly, no provision for such taxes has been recorded by the Company. The Company has received from the Minister of Finance of Bermuda under the provisions of the Exempted Undertaking Tax Provision Act 1966, as amended, an undertaking that, in the event of there being enacted in Bermuda, any legislation imposing tax computed on profits or income, or computed on any capital assets, gains or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not until 31 March 2035 be applicable to the Company or to any of its operations or to the Shares, debentures or other obligations of the Company except insofar as such tax applies to persons ordinarily resident in Bermuda and holding such Shares, debentures or other obligations of the Company or to land in Bermuda leased to the Company.

**6. Distributions**

The Company in general meeting may declare a dividend but no dividend shall exceed the amount recommended by the Directors. The Directors do not recommend a dividend at this point.

**7. Share Capital**

The Authorised Share Capital of the Company of £600,000 is comprised of 593,200,000 Ordinary Shares of par value £0.001 each and 6,800 Management Shares of par value £1.00 each.

**Management Shares**

The Management Shares were subscribed by Matrix Group Limited (placed into Administration November 6, 2012). These Shares do not form part of the Net Asset Value of the Company and are thus not disclosed in the financial statements except by way of this note. Every holder of Management Shares (being an individual) present in person or by proxy or (being a corporation) present by a duly authorised representative at a general meeting has, on a show of hands, one vote and, on a poll, one vote for every share held by him that is fully paid.

**Redeemable Participating Ordinary Shares**

The issued Redeemable Participating Ordinary Share Capital is at all times equal to the Net Asset Value of the Company. Redeemable Participating Ordinary Shares are redeemable at the Shareholders' option and are classified as financial liabilities.

The movement in the number of Redeemable Participating Ordinary Shares during the year is as follows:

	<b>Matrix Ascension Closed End 31-Dec 2012 Retail Share Class</b>	<b>Matrix Ascension Closed End 31-Dec 2011 Retail Share Class</b>	<b>Matrix Ascension Closed End 31-Dec 2012 Institutional Share Class</b>	<b>Matrix Ascension Closed End 31-Dec 2011 Institutional Share Class</b>
Shares at beginning of year	317,459	540,319	1,265,668	3,234,693
Shares subscribed	873	11,339	143,151	254,315
Shares redeemed	(169,865)	(234,199)	(254,685)	(2,223,340)
Shares at end of year	<u>148,467</u>	<u>317,459</u>	<u>1,154,134</u>	<u>1,265,668</u>

**MATRIX STRUCTURED PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012  
(CONTINUED)**

**7. Share Capital (continued)**

	<b>Matrix Asset Based 2 Closed End 31-Dec 2012 Retail Share Class</b>	<b>Matrix Asset Based 2 Closed End 31-Dec 2011 Retail Share Class</b>	<b>Matrix Asset Based 2 Closed End 31-Dec 2012 Institutional Share Class</b>	<b>Matrix Asset Based 2 Closed End 31-Dec 2011 Institutional Share Class</b>
Shares at beginning of year	2,501,240	2,501,240	2,397,814	2,397,814
Shares subscribed	-	-	30,283	-
Shares redeemed	(28,810)	-	-	-
Shares at end of year	<u>2,472,430</u>	<u>2,501,240</u>	<u>2,428,097</u>	<u>2,397,814</u>

The subscriptions and redemptions above relate to a switch out of the Retail Share Class and into the Institutional Share Class, there were no monetary amounts related to these trades.

	<b>Matrix Event Driven Closed End 31-Dec 2012</b>	<b>Matrix Event Driven Closed End 31-Dec 2011</b>	<b>Matrix Utopia Closed End 31-Dec 2012</b>	<b>Matrix Utopia Closed End 31-Dec 2011</b>
Shares at beginning of year	438,085	979,719	1,454,839	1,405,074
Shares subscribed	-	-	123,135	234,727
Shares redeemed	(438,085)	(541,634)	(1,577,974)	(184,962)
Shares at end of year	<u>-</u>	<u>438,085</u>	<u>-</u>	<u>1,454,839</u>

	<b>Matrix New Horizon Closed End 31-Dec 2012 Continuing Share Class</b>	<b>Matrix New Horizon Closed End 31-Dec 2011 Continuing Share Class</b>	<b>Matrix New Horizon Closed End 31-Dec 2012 Redeeming Share Class</b>	<b>Matrix New Horizon Closed End 31-Dec 2011 Redeeming Share Class</b>
Shares at beginning of year	495,409	596,843	139,171	164,396
Shares subscribed	-	-	-	-
Shares redeemed	(495,409)	(101,434)	(139,171)	(25,225)
Shares at end of year	<u>-</u>	<u>495,409</u>	<u>-</u>	<u>139,171</u>

	<b>Matrix Credit Opportunities Closed End 31-Dec 2011</b>
Shares at beginning of year	431,423
Shares subscribed	-
Shares redeemed	(431,423)
Shares at end of year	<u>-</u>

## MATRIX STRUCTURED PRODUCTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

#### 8. Derivatives and Other Financial Instruments

##### **Financial assets and liabilities**

All of the Company's assets are investments in other collective funds, (see Schedules of Investments on pages 21 to 24). All material financial liabilities at 31 December 2012 and 31 December 2011 are disclosed in the Schedule of Investments on pages 21 to 24.

##### **Fair value**

All the financial assets and liabilities of the Company are held at fair value at 31 December 2012 and 31 December 2011. Gains and losses on financial assets and financial liabilities held at fair value through profit or loss are included in the Statement of Operations on pages 28 to 29.

In accordance with IFRS 7, this note details the way in which each of the Funds of the Company manage risks associated with their investments. The Prospectus for each Fund sets out a comprehensive disclosure of the risks that the Company and each specific Fund faces and readers of these financial statements should therefore refer to the Prospectus to ensure they have a full understanding of the risks. Purely for the purposes of these financial statements and to facilitate compliance with accounting standards, the main risks as defined by the IFRS 7 standard are as follows:

##### **Market Risk**

This risk is comprised of three types of risk; Price Risk, Currency Risk and Interest Rate Risk.

##### **Price Risk**

Market price risk arises mainly from uncertainty about future prices of investments held, which are classified as financial assets at fair value through profit or loss. It represents the potential loss each Fund might suffer, through its holding, directly or indirectly, in the relevant underlying fund of hedge funds in the face of price movements. Each Fund invests directly in funds or funds of funds which are subject to valuation risk due to the manner in which the Underlying Fund's target investments are themselves valued.

Each of the Funds (as detailed in the table overleaf) bears the risk of the prices of their holdings in hedge funds or funds of hedge funds moving on a monthly basis.

The Board of Matrix Structured Products Limited has decided, in order to minimise the fees to the Matrix Asset Based 2 Closed End (the "Fund"), that from 4 January 2011 the Net Asset Value per Share of each Class of the Fund will now be calculated on an annual rather than monthly basis.

Matrix Bermuda Limited (the "Manager") provides a monthly estimate of performance for information purposes only.

**MATRIX STRUCTURED PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012  
(CONTINUED)**

**8. Derivatives and Other Financial Instruments (continued)**

**Price Risk (continued)**

<b>Fund</b>	<b>Nature of Underlying Investment(s)</b>
Matrix New Horizon Closed End - Closed 30/10/12	Matrix Horizon Fund & Matrix New Horizon Fund
Matrix Event Driven Closed End - Closed 31/11/12	Matrix Event Driven Fund
Matrix Asset Based 2 Closed End	Matrix Asset Based 2 Fund
Matrix Ascension Closed End	Winton Futures Fund
Matrix Utopia Closed End - Closed 30/11/12	Finisterre Sovereign Debt Fund, Matrix Event Driven Fund, Matrix Asset Based 2 Fund, Matrix Credit Opportunities Fund, Matrix Asset Based 2 Closed End Fund, Matrix New Horizon Fund, Matrix Event Driven Closed End Fund, Matrix New Horizon Closed End Fund and Matrix UCITS Fund plc – Lazard Opportunities Fund.

The Matrix New Horizon Closed End invested indirectly via the Matrix New Horizon Fund and Matrix Horizon Fund. The Matrix New Horizon Closed End Fund closed on 31 October 2012.

Matrix Event Driven Closed End invested indirectly via Matrix Event Driven Fund. The Matrix Event Driven Closed End Fund closed on 30 November 2012.

Matrix Asset Based 2 Closed End is invested indirectly via the Matrix Asset Based 2 Fund in underlying funds in the asset based lending or asset based investing space where the large majority of positions cannot be priced using market data since the transactions are private loans to entities, collateralised by soft or hard assets or the actual purchase of the underlying asset. In these cases, the underlying fund would typically follow an accrual methodology to mark-to-market its positions, unless there is transaction impairment, in which case a reserve would be taken against the transaction.

Ascension Closed End invests all of its assets (to the extent not retained in cash) in the Class D Shares of Winton Futures Fund. The investment objective of the Winton Futures Fund is to achieve long term capital appreciation through compound growth. This is achieved by pursuing a diversified trading scheme without reliance on favourable conditions in any particular markets, nor does it depend on general appreciation of asset values. The investment technique consists of trading a portfolio of more than 100 international futures, options, and forwards markets and certain OTCs, such as swaps, employing a computer based trading system.

Matrix Utopia Closed End aimed to provide positive returns over a market cycle by investing in a portfolio of Funds of Hedge Funds and Single Manager Funds. Such returns are associated with a moderate degree of risk, and have a low correlation to broader equity indices. The Matrix Utopia Closed End Fund ceased trading on 30 November 2012.



**MATRIX STRUCTURED PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012  
(CONTINUED)**

**8. Derivatives and Other Financial Instruments (continued)**

**Market Price Risk Sensitivity Analysis**

All of the Funds invest with the objective of achieving absolute returns. None of the portfolios are invested in line with or in consideration of the constituents of any index. As a result the Directors believe that it is potentially meaningless to compare the return achieved in any of the portfolios against an index. However for the purposes of complying with IFRS 7 the following analysis has been prepared.

The following table lists reasonably possible movements of the underlying funds or index, and their impact to the respective Matrix Fund.

Matrix Fund	Underlying Fund	Reasonable % movement in underlying Fund	Impact on Matrix Fund	Impact on Matrix Fund
		Dec 2012	Dec 2012	Dec 2011
Matrix New Horizon Closed End	Matrix Horizon Fund Matrix New Horizon Fund	Closed 30/10/12	-	20%
Matrix Event Driven Closed End	Matrix Event Driven Fund	Closed 30/11/12	-	20%
Matrix Asset Based 2 Closed End	Matrix AB2 Fund	100%	100%	20%
Ascension Fund	Winton Futures Fund	5%	5%	20%
Matrix Utopia Closed End Fund	Fund of Hedge Funds* Single Manager Funds*	Closed 30/11/12	-	20%

\*See Schedule of Investments (page 23)

**Limitations of sensitivity analysis**

The above analysis is included for the purposes of IFRS 7 only and is not used by management in managing risk. The analysis is based on historical data and cannot take account of the fact that future market price movements, correlations between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns. The market price risk information is a relative estimate of risk rather than a precise and accurate number. The market price information represents a hypothetical outcome and is not intended to be predictive. Future market conditions could vary significantly from those experienced in the past.

**Currency Risk**

Currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Net Asset Values per share of the Funds of the Company are computed in Sterling. The Funds of the Company do not invest directly in investments denominated in currencies other than Sterling, however the underlying funds that the Funds invest in may have exposure to currency risk which is managed at the level of the underlying fund via the use of hedging techniques.

## MATRIX STRUCTURED PRODUCTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

#### 8. Derivatives and Other Financial Instruments (continued)

##### Interest Rate Risk

Interest rate risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The value of investments in interest rate bearing securities may be subject to price volatility due to changes in interest rates. Holding all other variables constant, an increase in interest rates will generally reduce the value of fixed rate debt securities that are issued and outstanding, while a decline in interest rates will generally increase the value of such debt securities.

The Funds of the Company do not invest directly in interest bearing instruments other than cash balances, which bear interest at a floating rate. However the underlying funds within the fund or funds of hedge funds that the Funds invest in may have exposure to interest rate risks which are managed at the level of the underlying fund.

This risk is not considered significant to the Funds.

##### Credit Risk

The Funds of the Company will be exposed to credit risk on parties with whom they trade and will also bear the risk of settlement defaults. Credit risk arises from the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of its contract. The Investment Manager attempts to minimise credit risk by monitoring the creditworthiness of its counterparties. The Funds of the Company maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event that counterparties fail to perform their obligations in relation to each class of recognised financial assets, other than derivative financial instruments, is the carrying amount of those assets as indicated in the Statement of Net Assets Attributable to Redeemable Participating Ordinary Shareholders.

All other financial assets and liabilities of the Funds of the Company are held with the Custodian. Bankruptcy or insolvency by the Custodian may cause the Company's rights with respect to securities and other positions held by the Custodian to be delayed or limited. The Investment Managers and Board of Directors monitor the credit quality of the Custodian on a regular basis in order to mitigate this risk. The Custodian is currently rated A/A-1 S&P (2011: A/A-1).

##### Liquidity Risk

The Company is a Closed End company and as such, shareholders who wish to sell their shares are only able to do so through one of the following routes; through a stockbroker, through the Manager's matched bargain service or through a share buy back (which is at the Directors' absolute discretion). Shareholders should be aware that there is a risk that there may not be sufficient liquidity to meet their share sale request.

The ability of the Directors to buy back shares is dependent on the liquidity of the Underlying Fund in which each Fund is invested. The following table shows the gates that the Underlying Funds apply at their level.

**MATRIX STRUCTURED PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012  
(CONTINUED)**

**8. Derivatives and Other Financial Instruments (continued)**

**Liquidity Risk (continued)**

<b>Fund</b>	<b>Gate</b>	<b>Monthly</b>	<b>Quarterly</b>
Matrix Asset Based 2 Fund*	N/A		Yes (Currently Suspended)
Matrix Asset Based 2 Side Pocket Shares	N/A	Redemptions not permitted due to illiquid nature of assets held in side pocket portfolio	
Winton Futures Fund	None	Yes	

\* Currently redemptions from the Matrix Asset Based 2 Fund are suspended as the Stillwater Matrix Segregated Portfolio Fund into which it invests is not in a position to meet redemption requests given the current illiquid nature of the Fund's underlying Managers and the need to repay the leverage facility prior to fulfilling any redemption requests by investors.

To counter these risks to the Funds' liquidity, the Manager maintains sufficient cash within Matrix New Horizon Closed End, Matrix Event Closed End, Ascension Closed End and Matrix Utopia Closed End to meet the running costs and other commitments.

Other than as noted above, all financial liabilities of the Funds are payable within 3 months. Each Fund has the ability to incur borrowings to meet redemptions requests.

**Fair Value Measurement**

IFRS 7 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The inputs have been categorised into a three-level hierarchy which gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to significant unobservable inputs (Level 3). If the inputs used to value an investment fall within different levels of the hierarchy, the categorisation is based on the lowest level input that is significant to the fair value measurement of the investment.

The inputs are classified in the three-level hierarchy as follows:

Level 1 Quoted prices in active markets that are accessible at the measurement date for identical, unrestricted investments

Level 2 Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc)

Level 3 Significant unobservable inputs (assets or liabilities that are not based on observable market data)

**MATRIX STRUCTURED PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012  
(CONTINUED)**

**8. Derivatives and Other Financial Instruments (continued)**

**Fair Value Measurement (continued)**

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Some of the Company's Fund of Funds are held at Level 2 of the hierarchy. The value of these Level 2 investments are determined by the underlying fund administrator. Some of the Company's Fund of Funds are valued at Level 3 and are valued using estimates and prices that may not be readily available and may not reflect amounts that could be realised upon immediate sale. Some are in the processing of liquidating, in lock up periods or have been subject to side pockets.

The classification of investments is included in the tables below.

**Matrix Ascension Closed End**

Assets	31 December 2012		31 December 2011	
	Investment in Fund of Funds GBP	Total GBP	Investment in Fund of Funds GBP	Total GBP
Level				
Level 2	14,687,852	14,687,852	18,784,243	18,784,243
<b>Total</b>	<b>14,687,852</b>	<b>14,687,852</b>	<b>18,784,243</b>	<b>18,784,243</b>

**Matrix Asset Based 2 Closed End**

Assets	31 December 2012		31 December 2011	
	Investment in Fund of Funds GBP	Total GBP	Investment in Fund of Funds GBP	Total GBP
Level				
Level 3	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Matrix Event Driven Closed End**

Assets	31 December 2011		
	Investment in Fund of Funds GBP	Other Derivatives	Total GBP
Level			
Level 2	3,182,826	2,319	3,185,145
Level 3	137,467	-	137,467
<b>Total</b>	<b>3,320,293</b>	<b>2,319</b>	<b>3,322,612</b>

**Liabilities**

Level			
Level 2	-	(5,619)	(5,619)
<b>Total</b>	<b>-</b>	<b>(5,619)</b>	<b>(5,619)</b>

**MATRIX STRUCTURED PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012  
(CONTINUED)**

**8. Derivatives and Other Financial Instruments (continued)**

**Fair Value Measurement (continued)**

**Matrix Utopia Closed End**

<b>31 December 2011</b>			
<b>Assets</b>	<b>Investment in Fund of Funds GBP</b>	<b>Other Derivatives</b>	<b>Total GBP</b>
<b>Level</b>			
<b>Level 2</b>	11,143,619	4,639	11,148,258
<b>Level 3</b>	641,281	-	641,281
<b>Total</b>	<u><u>11,784,900</u></u>	<u><u>4,639</u></u>	<u><u>11,789,539</u></u>

**Liabilities**

<b>Level</b>			
<b>Level 2</b>	-	(6,509)	(6,509)
<b>Total</b>	<u><u>-</u></u>	<u><u>(6,509)</u></u>	<u><u>(6,509)</u></u>

**Matrix New Horizon Closed End**

<b>31 December 2011</b>		
<b>Assets</b>	<b>Investment in Fund of Funds GBP</b>	<b>Total GBP</b>
<b>Level</b>		
<b>Level 2</b>	4,286,750	4,286,750
<b>Level 3</b>	1,055,272	1,055,272
<b>Total</b>	<u><u>5,342,022</u></u>	<u><u>5,342,022</u></u>

**MATRIX STRUCTURED PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012  
(CONTINUED)**

**8. Derivatives and Other Financial Instruments (continued)**

**Fair Value Measurement (continued)**

<b>Matrix Asset Based 2 Closed End</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
	<b>Investments in</b>	<b>Investments in</b>
	<b>Fund of Funds</b>	<b>Fund of Funds</b>
<b>Level 3</b>	<b>GBP</b>	<b>GBP</b>
Beginning balance as at 1 January 2012	-	13,608,671
Net realised gain / (loss)	-	-
Net change in unrealised gain / (loss)	-	(13,608,671)
Net purchases / (sales)	-	-
Net transfers in and/or out of Level 3	-	-
<b>Ending balance</b>	<b>-</b>	<b>-</b>

The unrealised loss on securities classified within Level 3 at 31 December 2012 is GBP (50,512,620) (31 December 2011: GBP (50,512,620)).

<b>Matrix Event Driven Closed End</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
	<b>Investments in</b>	<b>Investments in</b>
	<b>Fund of Funds</b>	<b>Fund of Funds</b>
<b>Level 3</b>	<b>GBP</b>	<b>GBP</b>
Beginning balance as at 1 January 2012	137,467	803,197
Net realised gain / (loss)	(111,010)	(319,360)
Net change in unrealised gain / (loss)	169,547	237,065
Net purchases / (sales)	(196,004)	(583,435)
Net transfers in and/or out of Level 3	-	-
<b>Ending balance</b>	<b>-</b>	<b>137,467</b>

The unrealised loss on securities classified within Level 3 at 31 December 2012 is GBP Nil (31 December 2011: GBP (169,547)).

<b>Matrix Utopia Closed End</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
	<b>Investments in</b>	<b>Investments in</b>
	<b>Fund of Funds</b>	<b>Fund of Funds</b>
<b>Level 3</b>	<b>GBP</b>	<b>GBP</b>
Beginning balance as at 1 January 2012	641,281	801,783
Net realised gain / (loss)	(1,524,668)	(13,950)
Net change in unrealised gain / (loss)	1,483,957	(793,150)
Net purchases / (sales)	(600,570)	61,497
Net transfers in and/or out of Level 3	-	585,101
<b>Ending balance</b>	<b>-</b>	<b>641,281</b>

The unrealised loss on securities classified within Level 3 at 31 December 2012 is GBP Nil (31 December 2011: GBP (1,483,957)).

**MATRIX STRUCTURED PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012  
(CONTINUED)**

**8. Derivatives and Other Financial Instruments (continued)**

**Fair Value Measurement (continued)**

<b>Matrix New Horizon Closed End</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
	<b>Investments in</b>	<b>Investments in</b>
	<b>Fund of Funds</b>	<b>Fund of Funds</b>
<b>Level 3</b>	<b>GBP</b>	<b>GBP</b>
Beginning balance as at 1 January 2012	1,055,272	1,726,731
Net realised gain / (loss)	(1,137,062)	(150,266)
Net change in unrealised gain / (loss)	443,610	(66,390)
Net purchases / (sales)	(361,820)	(454,803)
Net transfers in and/or out of Level 3	-	-
<b>Ending balance</b>	<b>-</b>	<b>1,055,272</b>

The unrealised loss on securities classified within Level 3 at 31 December 2012 is GBP Nil (31 December 2011: GBP (443,610)).

**9. Related Parties**

In accordance with IAS 24 “Related Party Disclosures”, 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 in making financial or operating decisions. In the opinion of the Directors, LGBR Capital LLC (the “Distributor”), Matrix (Bermuda) Limited (the “Manager”) and Isis Asset Management (the “Investment Manager”) are related parties to the Company. Isis Asset Management, Winton Capital Management and Stillwater Capital Partners Inc, through their position as Investment Managers to the Sub-Funds are related parties to the Company. Matrix Money Management Limited was deemed a related party up to 28 November 2012 when it ceased its role as distributor to the Company and investment manager for Matrix Utopia Closed End, Matrix Event Driven Closed End, Matrix New Horizon Closed End and Matrix Credit Opportunities Closed End. Jennifer Parker was appointed as a Director of the Company on 23 June 2011 and subsequently resigned on 27 August 2012. Jennifer Parker is also a director of the Manager. Luke Reeves was appointed a Director on 25 September 2012. Luke Reeves is also a founding partner of the Distributor. Fees paid to these related parties during the year have been disclosed in Note 4 and in the Statement of Operations. The Management Shares were subscribed by Matrix Group Limited.

**10. Cross Investments**

The Matrix Utopia Closed End holds no investment in other sub-funds within the company as at 31 December 2012 (2011: GBP£1,640,768). Details of these investments are set out in the Schedule of Investments on pages 23 and 24. Issues and redemptions of shares and the realised gains and losses during the year attributable to these holdings are as follows:

	<b>31 December 2012</b>	<b>31 December 2011</b>
	<b>GBP</b>	<b>GBP</b>
Cost at beginning of year	3,090,050	6,206,494
Fair value at beginning of year	1,640,768	5,750,133
Issue of shares	60,393	142,580
Redemption of shares	(1,620,408)	(3,539,593)
Net realised gain/(loss) on financial assets and liabilities through the Statement of Operations	(1,530,035)	280,569
Cost at year end	-	3,090,050
Fair value at year end	-	1,640,768
Net change in unrealised loss on financial assets through profit or loss	1,449,282	(992,921)

# MATRIX STRUCTURED PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

### 11. Net Asset Comparison

#### Matrix New Horizon Closed End

An adjustment has been made to the financial statements of the Matrix New Horizon Fund to reflect the amendment to the fair value of the underlying funds as at 31 December 2011. The financial statements of Matrix New Horizon Closed End have also been updated to incorporate the revised Net Asset Value of the Matrix New Horizon Fund.

The following table reconciles the year end dealing NAV of the Matrix New Horizon Closed End Fund to the NAV as included in these financial statements:

	<b>31 December 2011</b>
Dealing Net Asset Value	5,626,482
Adjustment to reflect fair value of the holding in the underlying fund	<u>(19,196)</u>
<b>Financial Statements Net Asset Value</b>	<b><u>5,607,286</u></b>

#### Matrix Event Driven Closed End

An adjustment has been made to the financial statements of the Matrix Event Driven Fund to reflect the amendment to the fair value of the underlying funds as at 31 December 2011. The financial statements of Matrix Event Driven Closed End have also been updated to incorporate the revised Net Asset Value of the Matrix Event Driven Fund.

The following table reconciles the year end dealing NAV of the Matrix Event Driven Closed End Fund to the NAV as included in these financial statements:

	<b>31 December 2011</b>
Dealing Net Asset Value	3,656,902
Adjustment to reflect fair value of the holding in the underlying fund	<u>(134,979)</u>
<b>Financial Statements Net Asset Value</b>	<b><u>3,521,923</u></b>

#### Matrix Asset Based 2 Closed End

As at 31 December 2012 and at 31 December 2011 the Matrix Asset Based 2 Closed End Fund invests solely in the Matrix Asset Based 2 Fund (a sub-fund of Matrix Alternative Investment Strategies Fund Limited) which in turn invests solely in the Stillwater Matrix Segregated Portfolio Fund (the "underlying fund").

An adjustment has been made to the 31 December 2011 financial statements of the Matrix Asset Based 2 Fund to reflect the decision made by the board of directors of Matrix Alternative Investment Strategies Fund Limited to fair value the investment held by the Matrix Asset Based 2 Fund in the Stillwater Matrix Segregated Portfolio Fund at zero. The 31 December 2011 financial statements of Matrix Asset Based 2 Closed End have also been updated to incorporate the revised Net Asset Value of the Matrix Asset Based 2 Fund.



**MATRIX STRUCTURED PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012  
(CONTINUED)**

**11. Net Asset Comparison and Restatement of Prior Year Financial Statements (continued)**

**Matrix Asset Based 2 Closed End (continued)**

The following table reconciles the year end dealing NAV of the Matrix Asset Based 2 Closed End Fund to the NAV as included in these financial statements:

	<b>31 December 2011</b>
Dealing Net Asset Value	7,414,039
Adjustment to reflect the fair value of the holding in the underlying fund following the write-off of the investment	<u>(7,494,493)</u>
<b>Financial Statements Net Asset Value</b>	<b><u>(80,454)</u></b>

**Matrix Utopia Closed End**

Matrix Utopia Closed End held investments in a number of the sub-funds of Matrix Alternative Investment Strategies Fund Limited and Matrix Structured Products Limited. Adjustments were made to the 31 December 2011 financial statement Net Asset Values of a number of the sub-funds of Matrix Alternative Investment Strategies Fund Limited and Matrix Structured Products Limited to reflect amendments to the fair value of investments held by these sub-funds.

The financial statements of Matrix Utopia Closed End have also been updated to incorporate the revised Net Asset Values of the underlying funds.

The following table reconciles the year end dealing NAV of the Matrix Utopia Closed End Fund to the NAV as included in these financial statements.

	<b>31 December 2011</b>
Dealing Net Asset Value	13,630,092
Adjustment to reflect the fair value of the holding in the underlying fund using the NAV per share as per the audited financial statements	<u>(509,979)</u>
<b>Financial Statements Net Asset Value</b>	<b><u>13,120,113</u></b>

## MATRIX STRUCTURED PRODUCTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

#### 12. Exchange Rates

The following exchange rates were used

	31 December 2012	31 December 2011
EURO/GBP	0.81110	0.83530
USD/GBP	0.61521	0.64345

#### 13. Valuation of investment held by Matrix Asset Based 2 Closed End

At the 31 December 2012 the Matrix Asset Based 2 Closed End (“MAB2CE”) invests solely in the Matrix Asset Based 2 Fund (“MAB2”) (a sub-fund of Matrix Alternative Investment Strategies Fund Limited (“MAIS”), which in turn invests solely in the Stillwater Matrix Segregated Portfolio Fund (“SMSPF”).

At the date of approval of these financial statements, 31 December 2012 audited financial statements for the SMSPF are not available. There is considerable uncertainty attaching to the value of the portfolio of assets held by the SMSPF, whether valued based on the Net Asset Values provided by the administrators of the underlying funds that the SMSPF invests into or on secondary market quotations that are available for a number of these underlying funds. Hence there is also considerable uncertainty attaching to the value of MAB2’s investment in SMSPF. Based on information that came to the attention of the board of directors of MAIS concerning the future of the SMSPF and potential secondary market values of its portfolio, the board of directors of the MAIS took the decision to write down the value of the investment held by the MAB2 in the SMSPF to zero in the 31 December 2011 audited financial statements. MAB2’s investment in the SMSPF continues to be carried at zero as the board of directors of MAIS consider that zero still represents the best estimate of fair value at 31 December 2012.

At the date of approval of these financial statements, the board of directors of MAIS is awaiting information from the board of directors of the SMSPF regarding the value of the portfolio of the SMSPF and the future of that fund. Once this information is received, a shareholder statement will be issued to the investors of the MAB2 and MAB2CE.

#### 14. Significant Events during the year

Matrix New Horizon Closed End ceased trading on 31 October 2012, Matrix Event Driven Closed Fund ceased trading on 30 November 2012 and Matrix Utopia Closed End Fund ceased trading on 30 November 2012. Accordingly the financial statements for these 3 sub-funds have been prepared on a termination basis of accounting.

As of 29 November 2012, a new Distributor for the Company was appointed, LGBR Capital LLC, replacing Matrix Money Management Limited.

As of 10 December 2012, a new Company Secretary was appointed, Citi Fund Services (Bermuda) Ltd, replacing Sharon Suess.

As of 10 December 2012, Citi Hedge Fund Services, Ltd resigned as Assistant Secretary of the Company.

On 27 August 2012, Jennifer Parker resigned from her position as a Director of the Company. On 25 September 2012, Luke Reeves was appointed a Director of the Company.

## MATRIX STRUCTURED PRODUCTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

#### 14. Significant Events during the year (continued)

Matrix Group Limited (“Matrix”) and Matrix Securities Limited were placed into administration on 6 November 2012. The distribution and the fund management team of Matrix Asset Management announced a buyout from Matrix.

LGBR Capital LLP (“LGBR”) is a global fund distribution and marketing company formed through the management buy-out of Matrix’s distribution and fund management business. This buyout includes the distribution and marketing of the Company and its sub-funds, as well as an external fund distribution contract with Unicorn Asset Management.

The four founder partners, who had all previously worked together at Matrix Asset Management for at least six years are Luke Reeves, Ben Fox, Richard Jones and Glenn Hamilton. The partners were responsible for the assets raised in the Company and its sub-funds. The LGBR team brings with them a strong history of asset raising and client relationship management across a broad range of asset classes in both retail and institutional client bases across the UK and Europe.

The fifth and final partner in LGBR is First Trust Global Portfolios Ltd (“FTGP”) the UK subsidiary of First Trust Portfolios L.P. (“First Trust”), a US asset Manager with circa US\$65bn under management. LGBR is an Appointed Representative of FTGP, which is authorised and regulated by the Financial Services Authority (“FSA”). FTGP also provides LGBR with support for its own infrastructure and operational needs.

#### 15. Post Balance Sheet Events

The registered office of the Company moved to 5 Reid Street, Hamilton HM11, Bermuda effective 1 January 2013.

Matrix Structured Products issued a new prospectus in January 2013.

The Ascension Closed End Fund issued a new share securities note in January 2013. The major changes outlined in the new share securities note was the change in the Distributor from Matrix Money Management Limited to LGBR Capital LLC.

There were no other significant events that occurred post year end.

#### 16. Approval of the Financial Statements

The financial statements were approved by the Board of Directors on 25 July 2013.