

MATRIX STRUCTURED PRODUCTS LIMITED

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2013**

MATRIX STRUCTURED PRODUCTS LIMITED

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**MATRIX STRUCTURED PRODUCTS LIMITED
DIRECTORY**

DIRECTORS

Luke Reeves
Mike Kirby
James Keyes*
* Independent Directors
All Directors are non-executive

REGISTERED OFFICE

Mercury House
c/o Mercury Consultants Limited
101 Front Street
Hamilton HM12
Bermuda

MANAGER

Matrix (Bermuda) Limited
c/o Mercury Consultants Limited
Mercury House
101 Front Street
Hamilton HM12
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

(from 30 June 2014)

Carey Group
1st and 2nd Floors
Elizabeth House
Les Ruettes Brayes
St Peter Port
Guernsey
GY1 1EW

(to 30 June 2014)

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

MATRIX STRUCTURED PRODUCTS LIMITED

DIRECTORY (CONTINUED)

DISTRIBUTOR

LGBR Capital LLC
8 Angel Court
London EC2R 7HJ
UK
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

INVESTMENT ADVISOR TO MASTER FUND

For Matrix Asset Based 2 Closed End

Stillwater Capital Partners Inc**
165 Remsen Street
Brooklyn
New York 11201
USA

CORPORATE SECRETARY & COMPANY SECRETARY

(from 16 December 2013)

KB Associates Ltd.
Mercury Consultants Limited,
Mercury House, 101 Front Street,
Hamilton HM 12,
Bermuda

(to 16 December 2013)

Citi Fund Services (Bermuda) Ltd
5 Reid Street
Hamilton HM11
Bermuda

**Investment Manager of the investments in the underlying funds.

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 2013.

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 16 to 17. 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

The registered office of the Company moved to 5 Reid Street, Hamilton HM11, Bermuda effective 1 January 2013. On 16 December 2013 the registered address office of the Company changed to Mercury House, 101 Front Street, Hamilton HM 12.

Matrix Structured Products Limited issued a new prospectus in January 2013.

The Matrix Ascension Closed End Fund issued a new share securities note in January 2013. The major change outlined in the new share securities note was the change in Distributor from Matrix Money Management Limited to LGBR Capital LLC which occurred on 28 November 2012.

Citi Fund Services (Bermuda), Ltd resigned as Secretary to the Company with effect from 16 December 2013. On the same day KB Associates Ltd were appointed as Secretary to the Company.

Subsequent Events

Details of subsequent events are included in note 13 to the financial statements.

MATRIX STRUCTURED PRODUCTS LIMITED

DIRECTORS' REPORT (continued)

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
17 July 2014

Director

MATRIX STRUCTURED PRODUCTS LIMITED

DIRECTORS' REPORT (continued)

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
17 July 2014

Director

MATRIX STRUCTURED PRODUCTS LIMITED

INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2013 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 8.20% to the end of December 2013.

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 foreign exchange, interest rate forward contracts and swaps.

Founded in October 1997, Winton is now one of the largest Commodity Trading Advisors in the world, with \$25.1bn AUM (28 February 2014).

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 ongoing effort to refine, improve and further develop its statistical and mathematical models and trading procedures and methods.

Please see the monthly returns for the period 31 December 2012 to 31 December 2013 below:

Ascension Closed End Performance:

Institutional £ Shares net monthly % returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	2.50	0.15	2.50	3.26	-3.15	-1.83	-0.81	-3.17	3.23	3.13	2.11	0.31	8.20

Winton 2013 Review (*all figures gross of Winton and Fund fees*)

Given the rise in equity markets in 2013, it is not a total surprise that this is where the Fund made substantial gains. The return during 2013 from stock indices alone was 10.6% gross, with both American and Japanese markets making strong contributions. Precious metals and currencies made almost identical gains at 2.2% and 2.0% respectively, with both gold and silver contributing to the positive performance within precious metals. As a result of a prolonged trend the Japanese Yen was by far the most lucrative currency market, with the Swiss Franc, Australian Dollar and Canadian Dollar all united in making losses.

Crop markets were the next largest contributor in 2013 with a return of 1.6%. Coffee, the soybean complex, wheat and sugar all made significant positive contributions, whilst corn and cotton were the two worst performers. The final sector to make a gain in 2013 was livestock with a return of 0.2%.

Base metals made a loss this year with an overall return of -0.1%, however losses were not uniform with the gains made in copper almost perfectly offsetting losses in aluminium. Energy markets also lost money, with all markets except US Natural Gas being a drag on performance.

Fixed income markets were the worst performers, with losses of -3.5% in bonds and -2.0% in short term rates. Losses were suffered at all points across the US and European yield curves, however Italian "BTP" and French "OATS" proved to be an exception with slight gains.

The Fund witnessed a strong performance from the increased allocation to cash equities, with a total contribution of 3.1% gross. This is in excess of what Winton would expect in a typical year, which at current risk levels would be around half this. The two biggest contributions came from the Consumer Discretionary and Financials sectors, whilst the losers were Energies and Telecoms.

MATRIX STRUCTURED PRODUCTS LIMITED

**INVESTMENT MANAGER'S REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2013
ASCENSION CLOSED END**

In terms of strategy performance, Winton estimate that half of 2013's gains were from Trend Following systems, one quarter from the Cash Equity systems, 7% and 6% from Relative Value and Carry strategies respectively and a further 11% from the remaining collection of systems that operate on futures markets.

Overall Winton are satisfied with 2013's performance and it has boosted their confidence in continuing with Winton's strategy to become more than just a trend following Commodity Trading Advisor ("CTA").

**Winton Capital Management Limited
March 2014**

MATRIX STRUCTURED PRODUCTS LIMITED

INVESTMENT MANAGER'S REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2013 MATRIX ASSET BASED 2 CLOSED END

Matrix Asset Based 2 Closed End ("AB2CE") (a sub-fund of Matrix Structured Products ("MSP")) invested all of its assets (to the extent not retained in cash) in the Institutional Class Sterling Shares of the Asset Based 2 Fund ("AB2") (a sub-fund of Matrix Alternative Investment Strategies Fund Limited ("MAIS")). The investment objective of the AB2 Fund was 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 AB2 invested all of its assets to the extent not retained in cash into the Stillwater Matrix Segregated Portfolio Fund ("SMSPF") managed by Stillwater Capital Partners, a fund manager based in New York, which in turn invested into a portfolio of asset based lending funds.

At the date of approval of these financial statements, 31 December 2011, 2012 and 2013 audited financial statements for the Stillwater Market Neutral Fund III (the "Stillwater Fund") and SMSPF the are not available.

In March 2009, the Stillwater Fund suspended redemptions as a result of the fund's leverage provider, KBC Investments Cayman Islands V Ltd ("KBC"), invoking its contractual right for repayment and asserting its right to exclusively control the account that holds the Stillwater Fund's underlying assets.

In October 2012, following a competitive bidding process, KBC accepted the terms of the highest bidder to purchase the Stillwater Fund's assets despite the fact that the highest bid was materially below the full amount of outstanding leverage. This placed a zero value on the Stillwater Fund's shareholder equity. This in turn placed a zero value on AB2's shareholder equity and therefore AB2CE's shareholder equity.

On 6 March 2014 the AB2CE Directors were informed by the "AB2" Directors that they had received a letter from the buyers of the Stillwater Fund's assets informing them that they had "entered into a Purchase and Sale Agreement with the Stillwater Fund, pursuant to which they acquired certain assets from the Stillwater Fund," ("Purchase").

Following the purchase, the buyers of the Stillwater Fund's assets provided shareholders in the Stillwater Fund the opportunity to participate in an "Earn-Out" agreement which provided terms and conditions for participation in "upside sharing" arrangements.

The AB2 Directors elected to participate in the "Earn Out" agreement on the understanding that shareholders may share in net returns from assets purchased from the Stillwater Fund should they generate certain returns and cover certain fees and expenses per the upside sharing" arrangements.

The "Earn-Out" agreement represents the only remaining potential source of an eventual return to AB2 Shareholders in circumstances where the assets of the Stillwater Fund have now been purchased by a third party at a price which placed a zero value on the Stillwater Fund's shareholder equity.

The directors of AB2 note, however, that the prospects of a realisation of Upside Sharing pursuant to the terms of the Agreement may be remote and are, in any event, unlikely to be realized before 2017.

The directors of MSP closed AB2CE on 30 June 2014. Shareholders will have their shares in AB2CE exchanged pari passu for shares in AB2. Concurrently the MAIS Directors anticipate closing AB2. Shareholders (which will then include current AB2CE Shareholders) will have their AB2 shares compulsorily redeemed.

From 22 April 2014 all investor transfers ceased.

MATRIX STRUCTURED PRODUCTS LIMITED

**INVESTMENT MANAGER'S REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2013
MATRIX ASSET BASED 2 CLOSED END**

At present, the directors of MAIS and MSP do not anticipate there will be any surplus cash remaining after AB2's liabilities have been discharged. With respect to the aforementioned Earn-Out Agreement, however, the directors of MAIS intend to maintain the register of Shareholders linked to AB2 with the intention of distributing the Upside Sharing (if any) earned under the Earn-Out Agreement to Shareholders pro-rata according to the shareholder register at the time of closure.

The timescale and success of any proposal cannot be guaranteed.

**Board of Directors Matrix Structured Products Limited
April 2014**



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 2013, and the Statement of Operations, Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shareholders and Statement of Cashflows for the year then ended, the Schedules 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.

This report, including the opinion, has been prepared for and only for the Company's shareholders as a body in accordance with the terms of our engagement letter dated 14 January 2014 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



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 2013 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter – Basis of Preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of disclosures set out in note 2 to the financial statements concerning the going concern basis of accounting. Following the year end the directors have decided that Matrix Asset Based 2 Closed End (a sub-fund of the Company) will enter into a managed wind down during the next financial year. Accordingly, the going concern basis of accounting is no longer appropriate.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
17 July 2014

MATRIX STRUCTURED PRODUCTS LIMITED

**ASCENSION CLOSED END
SCHEDULE OF INVESTMENTS AS AT 31 DECEMBER 2013**

Holding	Financial Assets	Fair Value	% of Net
		£	Asset Value
	Matrix Ascension Closed Fund		
25,372	Winton Futures Fund – Class D Lead Series	<u>6,951,131</u>	<u>100.07</u>
	Total Financial Assets at Fair Value Through		
	Profit or Loss	6,951,131	100.07
	Other Net Assets	<u>(4,749)</u>	<u>(0.07)</u>
	Total Net Assets	<u>6,946,382</u>	<u>100.00</u>

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

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

**MATRIX ASSET BASED 2 CLOSED END
SCHEDULE OF INVESTMENTS AS AT 31 DECEMBER 2013**

Holding	Financial Assets	Fair Value	% of Net
		£	Asset Value
	Matrix Asset Based 2 Fund		
41,406,048	Matrix Asset Based 2 Fund – Institutional Sterling	-	-
4,093,319	Matrix Asset Based 2 Fund – Sidepocket Sterling Shares	<u>-</u>	<u>-</u>
	Total Financial Assets at Fair Value Through		
	Profit or Loss	-	-
	Other Net Liabilities	<u>(81,116)</u>	<u>(100.00)</u>
	Total Net Liabilities	<u>(81,116)</u>	<u>(100.00)</u>

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

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

MATRIX STRUCTURED PRODUCTS LIMITED

**MATRIX ASCENSION CLOSED END
SCHEDULE OF PORTFOLIO CHANGES
FOR THE YEAR ENDED 31 DECEMBER 2013**

Financial Assets	No of Shares Purchased	No of Shares Sold
Ascension Closed Fund – Winton Futures Fund – Class D Lead	427	33,673
Ascension Closed Fund – Winton Futures Fund – Class D	1,100	1,100

**MATRIX ASSET BASED 2 CLOSED END
SCHEDULE OF PORTFOLIO CHANGES
FOR THE PERIOD ENDED 31 DECEMBER 2013**

There were no purchases and sales during the year ended 31 December 2013.

MATRIX STRUCTURED PRODUCTS LIMITED

STATEMENT OF NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING ORDINARY SHAREHOLDERS
AS AT 31 DECEMBER 2013

	Note	Matrix Ascension Closed End 31 December 2013	Matrix Ascension Closed End 31 December 2012	Matrix Asset Based 2 Closed End 31 December 2013	Matrix Asset Based 2 Closed End 31 December 2012	Matrix Event Driven Closed Fund* 31 December 2012	Matrix Utopia Closed End Fund** 31 December 2012	Matrix New Horizon Closed End*** 31 December 2012
		£	£	£	£	£	£	£
Assets								
Bank balance	3	398,806	620,759	1,034	1,440	2,473,121	536,458	4,186,224
Financial assets at fair value through profit or loss	2	6,951,131	14,687,852	-	-	-	-	-
Receivable for securities sold		-	-	-	-	186,460	12,874,972	352,887
Total Assets		7,349,937	15,308,611	1,034	1,440	2,659,581	13,411,430	4,539,111
Liabilities								
Subscriptions received in advance	24	-	-	-	-	-	-	-
Redemptions payable		383,707	365,273	-	-	2,631,702	13,383,155	4,514,437
Accrued expenses		19,824	14,960	82,150	92,306	27,879	28,275	24,674
Liabilities (Excluding Net Assets Attributable to Holders of Redeemable Participating Ordinary Shares)		403,555	380,233	82,150	92,306	2,659,581	13,411,430	4,539,111
Net Assets/(Liabilities) Attributable to Holders of Redeemable Participating Ordinary Shares		6,946,382	14,928,378	(81,116)	(90,866)	-	-	-
Ordinary Shares in issue (Retail Class)		123,160	148,467	2,470,634	2,472,430	-	-	-
Net asset value per share (Retail Class)		12.28	11.46	0.00	0.00	-	-	-
Ordinary Shares in issue (Institutional Class)		438,289	1,154,134	2,183,239	2,428,097	-	-	-
Net asset value per share (Institutional Class)		12.40	11.46	0.00	0.00	-	-	-

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

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

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

Director

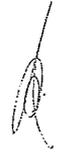
12/20/2013

The notes on pages 22 to 36 form part of these financial statements.

MATRIX STRUCTURED PRODUCTS LIMITED
STATEMENT OF NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING ORDINARY SHAREHOLDERS
AS AT 31 DECEMBER 2013

Note	Matrix Ascension Closed End 31 December 2013	Matrix Ascension Closed End 31 December 2012	Matrix Asset Based 2 Closed End 31 December 2013	Matrix Asset Based 2 Closed End 31 December 2012	Matrix Event Driven Closed Fund * 31 December 2012	Matrix Utopia Closed End Fund ** 31 December 2012	Matrix New Horizon Closed End *** 31 December 2012
	£	£	£	£	£	£	£
Assets							
Bank balance	3	398,806	620,759	1,440	2,473,121	536,458	4,186,224
Financial assets at fair value through profit or loss	2	6,951,131	14,687,852	-	-	-	-
Receivable for securities sold		-	-	-	186,460	12,874,972	352,887
Total Assets		7,349,937	15,308,611	1,440	2,659,581	13,411,430	4,539,111
Liabilities							
Subscriptions received in advance	24	-	-	-	-	-	-
Redemptions payable		383,707	365,273	-	2,631,702	13,383,155	4,514,437
Accrued expenses		19,824	14,960	82,150	27,879	28,275	24,674
Liabilities (Excluding Net Assets Attributable to Holders of Redeemable Participating Ordinary Shares)		403,555	380,233	82,150	2,659,581	13,411,430	4,539,111
Net Assets/(Liabilities) Attributable to Holders of Redeemable Participating Ordinary Shares		6,946,382	14,928,378	(81,116)	-	-	-
Ordinary Shares in issue (Retail Class)		123,160	148,467	2,470,634	2,472,430	-	-
Net asset value per share (Retail Class)		12.28	11.46	0.00	0.00	-	-
Ordinary Shares in issue (Institutional Class)		438,289	1,154,134	2,183,239	2,428,097	-	-
Net asset value per share (Institutional Class)		12.40	11.46	0.00	0.00	-	-

*Matrix Event Driven Closed End Fund ceased trading on 30 November 2012
 **Matrix Utopia Closed End Fund ceased trading on 30 November 2012
 ***Matrix New Horizon Closed End Fund ceased trading on 31 October 2012


 Director
 Date: 17 July 2014

 Director

The notes on pages 22 to 36 form part of these financial statements.

MATRIX STRUCTURED PRODUCTS LIMITED

**STATEMENT OF NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING ORDINARY SHAREHOLDERS
AS AT 31 DECEMBER 2013**

	Note	Matrix Structured Products Limited 31 December 2013 £	Matrix Structured Products Limited 31 December 2012 £
Assets	3		
Bank balance	2	399,840	7,818,002
Financial assets at fair value through profit or loss		6,951,131	14,687,852
Receivable for securities sold		-	13,414,319
Total Assets		<u>7,350,971</u>	<u>35,920,173</u>
Liabilities			
Subscriptions received in advance		24	-
Redemptions payable		383,707	20,894,567
Accrued expenses		101,974	188,094
Liabilities (Excluding Net Assets Attributable to Holders of Redeemable Participating Ordinary Shares)		<u>485,705</u>	<u>21,082,661</u>
Net Assets/(Liabilities) Attributable to Holders of Redeemable Participating Ordinary Shares		<u><u>6,865,266</u></u>	<u><u>14,837,512</u></u>

The notes on pages 22 to 36 form part of these financial statements.

MATRIX STRUCTURED PRODUCTS LIMITED

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2013**

Note	Matrix Ascension Closed End 31 December 2013	Matrix Ascension Closed End 31 December 2012	Matrix Based 2 Closed Fund 31 December 2013	Matrix Based 2 Closed Fund 31 December 2012	Matrix Asset Driven Closed Fund * 31 December 2012	Matrix Utopia Closed End Fund ** 31 December 2012	Matrix New Horizon Closed End *** 31 December 2012
	£	£	£	£	£	£	£
Income							
Interest income	-	7	-	-	-	18	-
Net gain/(loss) on financial assets at fair value through profit or loss	1,112,812	(572,244)	-	-	79,757	195,711	(631,351)
	<u>1,112,812</u>	<u>(572,237)</u>	<u>-</u>	<u>-</u>	<u>79,757</u>	<u>195,729</u>	<u>(631,351)</u>
Expenses							
Listing fees	(2,000)	(461)	-	-	(350)	(900)	(143)
Bank charges	(1)	(28)	-	-	-	(13)	-
Organisational costs	(775)	(2,571)	-	(2,307)	(78)	(3,379)	(2,315)
Custody fees	(1,433)	(1,956)	-	(353)	(925)	(3,402)	(1,052)
Director's fees	(16,292)	(9,125)	-	(480)	(1,327)	(3,382)	(1,298)
Audit fees	(18,990)	(8,338)	8,638	(5,809)	(5,332)	(6,935)	(5,721)
Management fees	(16,347)	(26,208)	-	-	-	-	-
Administration fees	(22,833)	(25,671)	1,536	(3,327)	(4,859)	(20,438)	(6,412)
Other fees	(23,479)	(14,585)	(424)	1,864	(25,070)	(39,266)	(26,684)
Total expenses	<u>(102,150)</u>	<u>(88,941)</u>	<u>9,750</u>	<u>(10,412)</u>	<u>(37,941)</u>	<u>(67,715)</u>	<u>(43,625)</u>
Increase/(decrease) in Net Assets from Operations							
Attributable to Holders of Redeemable Participating Ordinary Shares	<u>1,010,662</u>	<u>(661,178)</u>	<u>9,750</u>	<u>(10,412)</u>	<u>41,816</u>	<u>128,014</u>	<u>(674,976)</u>

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

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

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

Other than Matrix Asset Based 2 Closed End, gains and losses arise solely from continuing operations. There were no gains and losses other than those dealt with in the Statement of Operations

Director

Director
Date: 17/07/2014

The notes on pages 22 to 36 form part of these financial statements.

MATRIX STRUCTURED PRODUCTS LIMITED

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2013

Note	Matrix Ascension Closed End 31 December 2013	Matrix Ascension Closed End 31 December 2012	Matrix Asset Based 2 Closed Fund 31 December 2013	Matrix Asset Based 2 Closed Fund 31 December 2012	Matrix Event Driven Closed Fund* 31 December 2012	Matrix Utopia Closed End Fund** 31 December 2012	Matrix New Horizon Closed End*** 31 December 2012
	£	£	£	£	£	£	£
	-	7	-	-	-	18	-
Income							
Interest income	-	-	-	-	-	-	-
Net gain/(loss) on financial assets at fair value through profit or loss	1,112,812	(572,244)	-	-	79,757	195,711	(631,351)
	1,112,812	(572,237)	-	-	79,757	195,729	(631,351)
Expenses							
Listing fees	(2,000)	(461)	-	-	(350)	(900)	(143)
Bank charges	(1)	(28)	-	-	-	(13)	-
Organisational costs	(775)	(2,571)	-	(2,307)	(78)	(3,379)	(2,315)
Custody fees	(1,433)	(1,956)	-	(353)	(925)	(3,402)	(1,052)
Directors fees	(16,292)	(9,123)	-	(480)	(1,327)	(3,382)	(1,298)
Audit fees	(18,990)	(8,338)	8,638	(5,809)	(5,332)	(6,935)	(5,721)
Management fees	(16,347)	(26,208)	-	-	-	-	-
Administration fees	(22,833)	(25,671)	1,536	(3,327)	(4,859)	(20,438)	(6,412)
Other fees	(23,479)	(14,585)	(424)	1,864	(25,070)	(29,266)	(26,684)
Total expenses	(102,150)	(88,941)	9,750	(10,412)	(37,941)	(67,715)	(43,625)
Increase/(decrease) in Net Assets from Operations							
Attributable to Holders of Redeemable Participating Ordinary Shares	1,010,662	(661,178)	9,750	(10,412)	41,816	128,014	(674,976)

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

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

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

Other than Matrix Asset Based 2 Closed End, gains and losses arise solely from continuing operations. There were no gains and losses other than those dealt with in the Statement of Operations.



Director

Director

Date: 17 July 2014

The notes on pages 22 to 36 form part of these financial statements.

MATRIX STRUCTURED PRODUCTS LIMITED

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	Matrix Structured Products Limited 31 December 2013 £	Matrix Structured Products Limited 31 December 2012 £
Income			
Interest income		-	25
Net gain/(loss) on financial assets at fair value through profit or loss	2	1,112,812	(847,376)
		<u>1,112,812</u>	<u>(847,351)</u>
Expenses			
Listing fees	4	(2,000)	(1,854)
Bank charges		(1)	(41)
Organisational costs		(775)	(10,650)
Custody fees	4	(1,433)	(7,688)
Directors fees	4	(16,292)	(15,610)
Audit fees		(10,352)	(32,135)
Management fees	4	(16,347)	(26,208)
Administration fees	4	(21,297)	(60,707)
Other fees		<u>(23,903)</u>	<u>(93,741)</u>
Total expenses		<u>(92,400)</u>	<u>(248,634)</u>
Increase/(Decrease) in Net Assets from Operations Attributable to Holders of Redeemable Participating Ordinary Shares			
		<u>1,020,412</u>	<u>(1,095,985)</u>

Other than Matrix Asset Based 2 Closed End, gains and losses arise solely from continuing operations. There were no gains and losses other than those dealt with in the Statement of Operations.

The notes on pages 22 to 36 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 2013**

	Matrix Ascension Closed End 31 December 2013 £	Matrix Ascension Closed End 31 December 2012 £	Matrix Asset Based 2 Closed Fund 31 December 2013 £	Matrix Asset Based 2 Closed Fund 31 December 2012 £	Matrix Event Driven Closed Fund * 31 December 2012 £	Matrix Utopia Closed End Fund ** 31 December 2012 £	Matrix New Horizon Closed End *** 31 December 2012 £
Net assets at start of year	14,928,378	18,843,551	(90,866)	(80,454)	3,521,923	13,120,113	5,607,286
Increase/(decrease) in net assets as a result of operations	1,010,662	(661,178)	9,750	(10,412)	41,816	128,014	(674,976)
Proceeds on the Issue of Shares	206,951	1,700,032	-	-	-	1,127,523	-
Payments on the Redemption of Shares	(9,199,609)	(4,954,027)	-	-	(3,563,739)	(14,375,650)	(4,932,310)
Net Assets/(Liabilities) Attributable to Holders of Redeemable Participating Ordinary Shares	6,946,382	14,928,378	(81,116)	(90,866)	-	-	-

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

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

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

The notes on pages 22 to 36 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 2013**

	Matrix Structured Products Limited 31 December 2013 £	Matrix Structured Products Limited 31 December 2012 £
Net assets at start of year	14,837,512	39,371,651
Increase/(decrease) in net assets as a result of operations	1,020,412	(1,095,985)
Proceeds on the Issue of Shares	206,951	2,767,162
Payments on the Redemption of Shares	(9,199,609)	(26,205,316)
Net Assets/(Liabilities) Attributable to Holders of Redeemable Participating Ordinary Shares	6,865,266	14,837,512

The notes on pages 22 to 36 form part of these financial statements

MATRIX STRUCTURED PRODUCTS LIMITED

**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Matrix Ascension Closed End 31 December 2013 £	Matrix Ascension Closed End 31 December 2012 £	Matrix Asset Based 2 Closed Fund 31 December 2013 £	Matrix Asset Based 2 Closed Fund 31 December 2012 £	Matrix Event Driven Closed Fund * 31 December 2013 £	Matrix Event Driven Closed Fund * 31 December 2012 £	Matrix Utopia Closed End Fund ** 31 December 2013 £	Matrix Utopia Closed End Fund ** 31 December 2012 £
Cash Flows From Operating Activities								
Net Sale/(Purchases) of financial assets	8,849,533	3,524,147	-	-	-	3,327,878	-	(96,676)
Net payment to expenses	(97,286)	(103,259)	(406)	(9,739)	(27,879)	(17,077)	(28,275)	(48,320)
Net increase/(decrease) in other payables/receivables	-	2,134	-	2,307	186,460	-	12,874,972	(1,685)
Bank interest received	-	7	-	-	-	-	-	18
Net Cash Inflows/(Outflows) From Operating Activities	<u>8,752,247</u>	<u>3,423,029</u>	<u>(406)</u>	<u>(7,432)</u>	<u>158,581</u>	<u>3,310,801</u>	<u>12,846,697</u>	<u>(146,663)</u>
Cash Flows From Financing Activities								
Proceeds received from redeemable participating ordinary shares Issued	206,975	1,704,624	-	-	-	-	-	1,100,675
Payments made from redeemable participating ordinary shares Redeemed	(9,181,175)	(4,777,366)	-	-	(2,631,702)	(932,037)	(13,383,155)	(1,150,269)
Net Cash (Outflows)/Inflows From Financing Activities	<u>(8,974,200)</u>	<u>(3,072,742)</u>	<u>-</u>	<u>-</u>	<u>(2,631,702)</u>	<u>(932,037)</u>	<u>(13,383,155)</u>	<u>(49,594)</u>
Net (Decrease)/Increase In Cash And Cash Equivalents	(221,953)	350,287	(406)	(7,432)	(2,473,121)	2,378,764	(536,458)	(196,257)
Cash and cash equivalents at the beginning of the year	620,759	270,472	1,440	8,872	2,473,121	94,357	536,458	732,715
Cash and cash equivalents at the end of the year	<u>398,806</u>	<u>620,759</u>	<u>1,034</u>	<u>1,440</u>	<u>-</u>	<u>2,473,121</u>	<u>-</u>	<u>536,458</u>

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

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

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

The notes on pages 22 to 36 form part of these financial statements

MATRIX STRUCTURED PRODUCTS LIMITED

**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Matrix New Horizon Closed End *** 31 December 2013 £	Matrix New Horizon Closed End *** 31 December 2012 £	Matrix Credit Opportunities Closed Fund**** 31 December 2012 £	Matrix Structured Products Limited 31 December 2013 £	Matrix Structured Products Limited 31 December 2012 £
Cash Flows From Operating Activities					
Net Sale/(Purchases) of financial assets	-	4,458,657	-	8,849,533	9,653,991
Net payment to expenses	(24,674)	(29,991)	(10,239)	(178,520)	(218,625)
Net increase in other payables/receivables	352,887	2,269	-	13,414,319	5,025
Bank interest received	-	-	-	-	25
Net Cash Inflows/(Outflows) From Operating Activities	328,213	4,430,935	(10,239)	22,085,332	9,440,416
Cash Flows From Financing Activities					
Proceeds received from redeemable participating ordinary shares Issued	-	-	-	206,975	2,744,906
Payments made from redeemable participating ordinary shares Redeemed	(4,514,437)	(531,434)	-	(29,710,469)	(5,770,698)
Net Cash (Outflows) From Financing Activities	(4,514,437)	(531,434)	-	(29,503,494)	(3,025,792)
Net (Decrease)/Increase In Cash And Cash Equivalents	(4,186,224)	3,899,501	(10,239)	(7,418,162)	6,414,624
Cash and cash equivalents at the beginning of the year	4,186,224	286,723	10,239	7,818,002	1,403,378
Cash and cash equivalents at the end of the year	-	4,186,224	-	399,840	7,818,002

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

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

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

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

The notes on pages 22 to 36 form part of these financial statements

MATRIX STRUCTURED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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.

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.

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 for the Company have been prepared on a going concern basis. As detailed in Note 11 to these financial statements, a decision has been taken by the board of directors to close Matrix Asset Based 2 Closed End in 2014. Accordingly the financial statements for this Fund have been prepared on a termination basis of accounting. 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.

MATRIX STRUCTURED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. Principal Accounting Policies (continued)

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.

Standards, amendments and interpretations to existing standards

The following standards and amendments to existing standards have been published and adopted by the Company for the accounting period beginning on 1 January 2013.

IFRS 13, 'Fair value measurement' – The standard improves consistency and reduces 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 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 IFRS. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. IFRS 13 also requires more extensive disclosures around quantitative and qualitative information for level 3 investments in the fair value hierarchy. This standard did not have a significant impact on the Company's financial position or performance.

Amendments to IFRS 7, 'Disclosures – Offsetting financial assets and financial liabilities' require additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendments did not have any impact on the Company's financial position or performance and has not resulted in any additional note disclosures in these financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2013 that would be expected to have a material impact on the Company.

Standards effective after 1 January 2013 that have been early adopted by the Company

Amendments to IAS 32, 'Offsetting financial assets and financial liabilities' is effective for annual periods beginning on or after 1 January 2014, and have been early adopted by the Company. These amendments clarify the offsetting criteria in IAS 32 and address inconsistencies in their application. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The amendments did not have any impact on the Company's financial position or performance.

MATRIX STRUCTURED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. Principal Accounting Policies (continued)

New standards, amendments and interpretations effective after 1 January 2013 and have not been early adopted

Amendments to IFRS 10, IFRS 12 and IAS 27 on Investment Entities (effective 1 January 2014): The amendments define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities. These amendments require an investment entity to measure those subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27. There are no further standards, interpretations or amendments to existing standards that are effective that would be expected to have a significant impact on the Company.

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"), for Matrix Asset Based 2 Closed End and Matrix Ascension Closed. 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 2013 (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 11 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.

Organisational Costs

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. The costs and expenses of establishing the Ascension Closed End were £9,484 and were fully amortised as at 31 December 2013.

The accounting policy adopted for organisational costs is not in accordance with IFRS, however the impact on the financial statements is not significant.

3. Bank Balance

A bank balance of £398,806 (31 December 2012: £620,759) for Matrix Ascension Closed End, £1,034 (31 December 2012: £1,440) for Matrix Asset Based 2 Closed End, £Nil (31 December 2012: £2,473,121) for Matrix Event Driven Closed End, £Nil (31 December 2012: £4,186,224) for Matrix New Horizon Closed End and £Nil (31 December 2012: £536,458) for Matrix Utopia Closed End is held with the Custodian.

4. Fees and Expenses

Asset Based 2 Closed End and Matrix Ascension 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 Asset Based 2 Closed End and Matrix Ascension Closed End are payable by the relevant Funds.

MATRIX STRUCTURED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

4. Fees and Expenses (continued)

Custody Fees

CACEIS Bank Luxembourg – Dublin Branch (the “Custodian”) charges Matrix Asset Based 2 Closed End and Ascension 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.

Management & Incentive Fees

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 2012: £Nil).

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

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.

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 2012: US\$10,000) per annum. Luke Reeves waived his entitlement to remuneration.

Sponsoring Broker

The fee charged by the sponsoring broker for the year ended 31 December 2013 was £3,320 (2012: £5,908).

Listing Fees

The Channel Islands Stock Exchange annual listing fee for Matrix Ascension Closed End is £1,175 (2012: £350).

MATRIX STRUCTURED PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013
(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 (Bermuda) 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:

	Matrix Ascension Closed End 31-Dec 2013 Retail Share Class	Matrix Ascension Closed End 31-Dec 2012 Retail Share Class	Matrix Ascension Closed End 31-Dec 2013 Institutional Share Class	Matrix Ascension Closed End 31-Dec 2012 Institutional Share Class
Shares at beginning of year	148,467	317,459	1,154,134	1,265,668
Shares subscribed	451	873	17,037	143,151
Shares redeemed	(25,758)	(169,865)	(732,882)	(254,685)
Shares at end of year	<u>123,160</u>	<u>148,467</u>	<u>438,289</u>	<u>1,154,134</u>

MATRIX STRUCTURED PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013
(CONTINUED)**

7. Share Capital (continued)

	Matrix Asset Based 2 Closed End 31-Dec 2013 Retail Share Class	Matrix Asset Based 2 Closed End 31-Dec 2012 Retail Share Class	Matrix Asset Based 2 Closed End 31-Dec 2013 Institutional Share Class	Matrix Asset Based 2 Closed End 31-Dec 2012 Institutional Share Class
Shares at beginning of year	2,472,430	2,501,240	2,428,097	2,397,814
Shares subscribed	-	-	-	30,283
Shares redeemed*	(1,796)	(28,810)	(244,858)	-
Shares at end of year	<u>2,470,634</u>	<u>2,472,430</u>	<u>2,183,239</u>	<u>2,428,097</u>

*Cancellation of shares as per directors' request.

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 page 12). All material financial liabilities at 31 December 2013 and 31 December 2012 are disclosed in the Schedule of Investments on page 12.

Fair value

All the financial assets and liabilities of the Company are held at fair value at 31 December 2013 and 31 December 2012. 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 16 to 17.

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.

MATRIX STRUCTURED PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013
(CONTINUED)**

8. Derivatives and Other Financial Instruments (continued)

Price Risk (continued)

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.

Fund	Nature of Underlying Investment(s)
Matrix Asset Based 2 Closed End	Matrix Asset Based 2 Fund
Matrix Ascension Closed End	Winton Futures Fund

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.

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 Dec 2013	Impact on Matrix Fund Dec 2012
Matrix Asset Based 2 Closed End	Matrix AB2 Fund	100%	100%	100%
Ascension Fund	Winton Futures Fund	20%	20%	20%

MATRIX STRUCTURED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

8. Derivatives and Other Financial Instruments (continued)

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.

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 Shareholders.

Cash is held with CACEIS' cash correspondent banks. Securities are held with CACEIS' sub-custodians in an omnibus client account segregated from CACEIS' proprietary assets. These securities would be ring-fenced in the event of bankruptcy proceedings affecting CACEIS. 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 (2012: A/A-1).

MATRIX STRUCTURED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

8. Derivatives and Other Financial Instruments (continued)

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.

Fund	Gate	Monthly	Quarterly
Matrix Asset Based 2 Fund*	N/A		In the process of closing the Fund
Matrix Asset Based 2 Side Pocket Shares*	N/A	In the process of closing the Fund	
Winton Futures Fund	None	Yes	

* The Matrix Asset Based 2 Fund is expected to close as at 30 June 2014.

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

Other than as noted above, all material 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 13 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 2013
(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.

The classification of investments is included in the tables below.

Matrix Ascension Closed End

Assets Level	31 December 2013		31 December 2012	
	Investment in Fund of Funds GBP	Total GBP	Investment in Fund of Funds GBP	Total GBP
Level 2	6,951,131	6,951,131	14,687,852	14,687,852
Total	<u>6,951,131</u>	<u>6,951,131</u>	<u>14,687,852</u>	<u>14,687,852</u>

There were no transfers between the levels for the period ended 31 December 2013.

Matrix Asset Based 2 Closed End

Assets Level	31 December 2013		31 December 2012	
	Investment in Fund of Funds GBP	Total GBP	Investment in Fund of Funds GBP	Total GBP
Level 3	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at 31 December 2013 the value of investments held at level 3 is £Nil (31 December 2012: GBP £Nil).

The unrealised loss on securities classified within Level 3 at 31 December 2013 is GBP (50,512,620) (31 December 2012: GBP (50,512,620)).

There were no transfers between the levels for the year ended 31 December 2013.

Matrix Asset Based 2 Closed End ("AB2CE") is 100% invested in Matrix Alternative Investment Strategies Fund Limited Asset Based 2 Fund ("AB2"). AB2 is 100% invested in Stillwater Matrix Segregated Portfolio Fund which is currently valued at zero as the Directors do not expect any future cashflow from the investment. As no future return is expected, this investment will be valued at zero until the holding is disposed of.

MATRIX STRUCTURED PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013
(CONTINUED)**

8. Derivatives and Other Financial Instruments (continued)

Fair Value Measurement (continued)

The following tables analyse within the fair value hierarchy the Company's assets and liabilities (by class) not measured at fair value 31 December 2013, but for which fair value is disclosed.

Matrix Ascension Closed End	Level 1	Level 2	Level 3	Total
Assets				
Bank balance	398,806	-	-	398,806
Total	<u>398,806</u>	<u>-</u>	<u>-</u>	<u>398,806</u>

Liabilities

Subscriptions received in advance	-	(24)	-	(24)
Redemptions payable	-	(383,707)	-	(383,707)
Accrued expenses	-	(19,824)	-	(19,824)
Net Assets attributable to holders of redeemable shares	-	(6,946,382)	-	-
Total	<u>-</u>	<u>(7,349,937)</u>	<u>-</u>	<u>(7,349,937)</u>

Matrix Asset Based 2 Closed Fund

	Level 1	Level 2	Level 3	Total
Assets				
Bank balance	1,034	-	-	1,034
Total	<u>1,034</u>	<u>-</u>	<u>-</u>	<u>1,034</u>

Liabilities

Accrued expenses	-	(82,150)	-	(82,150)
Net Assets attributable to holders of redeemable shares	-	(81,116)	-	-
Total	<u>-</u>	<u>(163,266)</u>	<u>-</u>	<u>(163,266)</u>

The assets and liabilities include in the above tables are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

Cash and cash equivalents include cash in hand, deposits held with banks and other short-term investments in an active market.

Accruals relate to expense payable amounts.

MATRIX STRUCTURED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

8. Derivatives and Other Financial Instruments (continued)

Fair Value Measurement (continued)

The puttable value of redeemable shares is calculated based on the net difference between total assets and all other liabilities of the Company's in accordance with the Company's offering memorandum. These shares are not traded on an active market. A demand feature is attached to these shares, as they are redeemable at the holders' option and can be put back to the Company's at any dealing date for cash equal to a proportionate share of the Company's net asset value attributable to the share class. The fair value is based on the amount payable on demand. As such, Level 2 is deemed to be most appropriate categorisation for net assets attributable to holders of redeemable shares.

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.

Mike Kirby is the Managing Principal of KB Associates, who provide Money Laundering Reporting Officer (MLRO) services to the Company from 31 January 2013 and also act as the Company Secretary to the Company effective 16 December 2013. Fees of £Nil (31 December 2012: £Nil) were paid to KB Associates during the year and £Nil (31 December 2012: £Nil) was payable at 31 December 2013.

James Keyes is also a director and shareholder of Mercury Consultants Ltd which acts as registered office to the Company in Bermuda.

Luke Reeves is a Director of the Company and 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 (Bermuda) Limited.

10. Exchange Rates

The following exchange rates were used

	31 December 2013	31 December 2012
EURO/GBP	0.83200	0.81110
USD/GBP	0.60380	0.61521

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

At the 31 December 2013 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 into the Stillwater Market Neutral Fund III (the "Stillwater Fund"), managed by Stillwater Capital Partners, a fund manager based in New York, which in turn invested into a portfolio of asset based lending funds.

In March 2009, the Stillwater Fund suspended redemptions as a result of the fund's leverage provider, KBC Investments Cayman Islands V Ltd ("KBC"), invoking its contractual right for repayment and asserting its right to exclusively control the account that holds the Stillwater Fund's underlying assets.

MATRIX STRUCTURED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

11. Valuation of investment held by Matrix Asset Based 2 Closed End (continued)

In October 2012, following a competitive bidding process, KBC accepted the terms of the highest bidder to purchase the Stillwater Fund's assets despite the fact that the highest bid was materially below the full amount of outstanding leverage. This placed a zero value on the Stillwater Fund's shareholder equity. This in turn placed a zero value on MAB2's shareholder equity and MAB2 CE's shareholder equity

The MAB2CE shareholders were informed on 22 April 2014 that on 6 March 2014, the Board of Directors of Matrix Structured Products Limited ("MSP") were informed by the Board of Directors of MAIS that they had received a letter from the buyers of the Stillwater Fund's assets informing them that they had "entered into a Purchase and Sale Agreement with the Stillwater Fund pursuant to which they acquired certain assets from the Stillwater Fund, ("the Purchase")

Pursuant to the Purchase, the buyers of the Stillwater Fund's assets are providing shareholders in the Stillwater Fund the opportunity to participate in an upside sharing agreement ("Upside Sharing") pursuant to which electing shareholders may share in net returns from assets purchased from the Stillwater Fund should they generate certain returns and cover certain fees and expenses.

The terms of the Upside Sharing are contained in an agreement ("Earn-Out Agreement") which the directors of MAIS have signed in respect of MAB2 as the Earn-Out Agreement represents the only remaining potential source of an eventual return to MAB2 Shareholders in circumstances where the assets of the Stillwater Fund have now been purchased by a third party at a price which placed a zero value on the Stillwater Fund's shareholder equity.

The Board of Directors of MAIS note, however, that the prospects of a realisation of Upside Sharing pursuant to the terms of the Earn-Out Agreement may be remote and are, in any event, unlikely to be realised before 2017.

Update to Proposed Plan of Action

Both MAB2CE and MAB2 continue to incur ongoing administration costs. Furthermore, MAB2 has creditors. Given the zero value assigned to the Stillwater Fund, the directors of MAIS and MSP have obtained legal advice as to the merits of closing these Funds.

Having considered such advice, the directors of MSP closed MAB2CE on 30 June 2014. Shareholders will have their shares in MAB2CE exchanged parri passu for shares in MAB2. Concurrently the MAIS Directors anticipate closing MAB2. Shareholders (which will then include current MAB2CE Shareholders) will have their MAB2 shares compulsorily redeemed and, in the event of there being any excess cash beyond that required to discharge MAB2's liabilities, it will be paid pro-rata to Shareholders. From 22 April 2014 all transfers will cease.

At present, the directors of MAIS and MSP do not anticipate there will be any surplus cash remaining after MAB2's liabilities have been discharged. With respect to the aforementioned Earn-Out Agreement, however, the directors of MAIS intend to maintain the register of Shareholders linked to MAB2 with the intention of distributing the Upside Sharing (if any) earned under the Earn-Out Agreement to Shareholders pro-rata according to the shareholder register at the time of closure.

The timescale and success of any proposal cannot be guaranteed.

MATRIX STRUCTURED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

12. Significant Events during the year

Matrix Structured Products Limited issued a new prospectus in January 2013.

The Matrix Ascension Closed End Fund issued a new share securities note in January 2013. The major change outlined in the new share securities note was the change in Distributor from Matrix Money Management Limited to LGBR Capital LLC which occurred on 28 November 2012.

The registered office of the Company moved to c/o Mercury Consultants Limited, Mercury House, 101 Front Street Hamilton HM12 Bermuda with effect from 16 December 2013.

Citi Fund Services (Bermuda) Limited resigned as Company Secretary to the Company on 16 December 2013. On the same date, KB Associates Ltd. were appointed as Company Secretary.

The Corporate Secretary Citibank Europe plc resigned on 16 December 2013 and KB Associates Ltd. were appointed on 16 December 2013.

13. Post Balance Sheet Events

Matrix Structured Products Limited issued a new prospectus in January 2014.

A new share securities note for Matrix Ascension Closed End was issued in January 2014.

The Board of Directors of the Company agreed at the board meeting held on 28 January 2014 to discontinue compliance with the UK Corporate Governance Code due to changes in the code and the recognition that it was no longer in the best interest of the Company and its shareholders to continue to adopt the code. Additional costs and higher workloads would be required to comply with the new requirements when compliance is undertaken on a voluntary basis.

Carey Group replaced Whitmill Trust Company Limited as the Company's Listing Sponsor on 30 June 2014.

Matrix Asset Based 2 Closed End closed on 30 June 2014 (please refer to note 11 for further detail).

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

14. Approval of the Financial Statements

The financial statements were approved by the Board of Directors on 17 July 2014.