

# FCS Global Funds SICAV p.l.c.

Audited financial statements  
for the financial year ended 31 December 2016

# FCS Global Funds SICAV p.l.c.

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# FCS Global Funds SICAV p.l.c.

## Directors, officers and other information

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<b>Directors:</b>	Mr. Javier Agurruza Taberna (deceased 18 November 2016) Dr. Angelo Micallef (resigned 9 June 2016) Mr. Jaime Agurruza Fatosme Mr. Neal Rossignaud (appointed 6 February 2017)
<b>Investment manager:</b>	FCS Asset Management Ltd 102/1, Sandra Flats, Windsor Terrace, Sliema SLM 1858 Malta
<b>Company secretary:</b>	LGA International Ltd 102/1, Sandra Flats, Windsor Terrace, Sliema SLM 1858 Malta
<b>Registered office:</b>	102/1, Sandra Flats Windsor Terrace, Sliema SLM 1858 Malta
<b>Company registration number:</b>	SV224
<b>Administrator, registrar and transfer agent:</b>	FCS Asset Management Ltd 102/1, Sandra Flats, Windsor Terrace, Sliema SLM 1858 Malta

# FCS Global Funds SICAV p.l.c.

## Directors, officers and other information *(continued)*

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### Bankers/Brokers:

Altura Markets S.V., S.A.  
Vía de los Poblados 3  
Parque Empresarial Cristalia - Edif.2, Pl.1  
28033 Madrid  
España

Banca March  
Calle Núñez de Balboa,  
70 Bis - 1 Planta - 28006  
Madrid  
España

Bank of Valletta plc  
58, Zachary Street  
Valletta VLT 1130  
Malta

CBP Quilvest S.A.  
7, Rue Thomas Edison  
Strassen L-1445  
Luxembourg

### Custodian:

Sparkasse Bank Malta plc  
101, Townsquare  
Ix-Xatt ta' Qui-si-Sana  
Sliema SLM 3112  
Malta

### Legal advisors:

Legal Global Advisors  
Po Castellana,  
259 C, Planta 18  
Edificio Torre de Cristal  
28046 Madrid  
España

### Independent auditors:

Ernst & Young Malta Limited  
Certified Public Accountants  
Regional Business Centre  
Achille Ferris Street  
Msida, MSD 1751  
Malta

# FCS Global Funds SICAV p.l.c.

## Manager's Report

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### Market Overview 2016

We have closed 2016 with the satisfaction of having learned a very important lesson, the irrational behaviour that the market (or humans as you wish) has in the short term in the face of extraordinary events or unexpected situations where emotions are the influences and guide their investment decisions. The most outstanding events of the year have been the following:

- January - February. Raw materials and China: There was a very important fall in the price of raw materials due to the lower demand from the world's largest consumer: China;
- June. Brexit: The unexpected victory of those who wanted UK outside the European Union left a stock market drop of around 10% in a day;
- November. Trump wins US elections. Being considered a global economic and political threat to media, the American businessman wins the American elections;
- In addition to all the important events in the past, others have continued to generate uncertainty: terrorist attacks, the rise of populism in Europe and accounting scams or deceptive policies by dishonest management teams.

### Manager's approach to markets in 2016

As we have been commenting throughout the year, our investment philosophy allows us to take advantage of all these moments of 'panic' and uncertainty where the volatility makes presence and the irrationality of the investors as soon as the indicated events give rise to very interesting opportunities that our team has previously analysed.

Therefore, when investing we must do it with a business vision, our time horizon should always be in the medium-long term aligning our interests to the management team that looks for the interest of its shareholders and the good future of the company itself. We must feel ownership (our investors obviously) of a part of the capital of said company. And therefore, it takes a prudent time to benefit from the creation of value of the company.

Regarding our approach to portfolio management, we followed our Investment policy of not following benchmarks or trends of any kind and only buying assets and securities that we believed were cheap or inexpensive both from historical and relative value comparison.

Our strategy has continued being defensive, with a low exposure of market changes, diversifying conveniently through different asset classes and looking for our main goal, capital preservation.

# FCS Global Funds SICAV p.l.c.

## Manager's Report (Continued)

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### **The Investment objective for FCS Navigator Fund:**

The performance of the FCS Navigator Fund during the third quarter of the year has been positive (+2.16%). Our strong defensive strategy in gold, investment grade bonds and undervalued stock incorporated recently into the portfolio had helped to diversify and to beat to our benchmark reaching our main goal, capital preservation. Moreover, in terms of volatility we have to emphasise our lower figure than our benchmark (5.92% vs 7.95% respectively).

Furthermore, we prefer Investment Grade bonds than High Yield and continue with our defensive tactical allocation to protect us against extreme volatility events. The Fund complied with its investment objectives and within its investment policies.

During the Fourth quarter FCS Navigator Fund was liquidated. The performance of the fund was – 0.20% due to the fees involved on sell the total portfolio.

### **The Investment objective for FCS World Equities Fund:**

The performance of the FCS World Equities Fund during the second semester of 2016 has been positive (7.14%). The benchmark (MSCI All Country World Index) went up but in a quite less way (5.65%) so in spite of our strong position in defensive asset classes like gold companies and undervalued stocks the fund performance was quite impressive. We remain to our investors that thanks to our flexibility and independency on taking investment decisions will allow us to continue adding alpha to our portfolios. In terms volatility, the fund (10.29%) beat its benchmark: MSCI AC World Index (12.32%).

Moreover, the increase of volatility urge us to be cautious but we have to take advantage of it finding out more opportunities with attractive valuations of good business which can be incorporated into the portfolio at very good prices.

### **Risk management compliance of the FCS Global Funds SICAV p. l. c. 's Funds**

The Funds of the FCS Global Funds SICAV p. l. c. strictly met the risk management restrictions, the 'commitment approach' and complied with the 'investment restrictions' and permitted 'investment restrictions'. The risk management procedures were strictly followed during the year 2016.



Neal Rossignaud  
Managing Director

28 April 2017

The Directors  
**FCS GLOBAL FUND SICAV PLC**  
FCS Asset Management Malta  
102/1, Sandra Flats  
Windsor Terrace,  
Sliema, SLM 1858,  
Malta

21<sup>st</sup> March 2017

### Depositary's Report

We, Sparkasse Bank Malta plc, as Depositary to FCS Navigator Fund and FCS World Equities Fund ("the sub-funds"), being sub-funds of FCS Global Funds Sicav p.l.c. ("the Company"), hereby confirm having enquired into the conduct of the Manager for the period 01<sup>st</sup> January 2016 up until 31<sup>st</sup> December 2016 being the end of the financial year and report as follows:

- FCS Navigator Fund

Up until 17<sup>th</sup> November 2016, being the date where the sub-fund's licence has been temporary suspended, we confirm that the sub-fund was managed in accordance with the limitations imposed on the investment and borrowing powers of the respective sub-fund by their constitutional documents and by the Malta Financial Services Authority ("MFSA").

- FCS World Equities Fund

We confirm that the sub-fund was managed in accordance with the limitations imposed on the investment and borrowing powers of the respective sub-fund by their constitutional documents and by the Malta Financial Services Authority ("MFSA").

And otherwise, the Scheme has been managed in accordance with the provisions of the Constitutional Documents and its Licence Conditions.

  
o.b.o

Sparkasse Bank Malta plc  
101, Townsquare  
Ix-Xatt Ta' Qui Si Sama  
Sliema SLM 3112  
Malta

Sparkasse Bank Malta plc – Custody

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# FCS Global Funds SICAV p.l.c.

## Information about the Company and salient statistics

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FCS Global Funds SICAV p.l.c. ('the Company') is organised under the laws of Malta as a multi-fund investment company with variable share capital (SICAV) pursuant to the Maltese Companies Act 1995 (Chap. 386) and qualifying as a Maltese UCITS. The Company was registered on 20 April 2012 with registration number SV224 and consists of two classes: the Subscriber shares and the Investor shares, hereinafter referred to as 'redeemable shares'.

The Company is structured as a multi-fund (umbrella) company, which may issue separate classes of groups of classes of redeemable shares constituting distinct Funds ('the Funds'), with the assets and liabilities of each Fund constituting separate patrimonies pursuant to the Companies Act (Investment Companies with Variable Share Capital) Regulations (Legal Notice 241 of 2006 as amended).

As at 31 December 2016, the Scheme had launched two Funds namely FCS Navigator Fund and FCS World Equities Fund. As per Board of Director's Resolution dated 20 September 2016, it was resolved that the license of the FCS Navigator Fund would be temporary suspended.

The Company has no employees.

### Net Asset Value per investor share

The Net Asset Value per share is determined by dividing the net asset value of investor shares by the shares in issue at the reporting date 31 December 2016 and 2015.

	<b>FCS World Equities fund 2016</b>	<b>FCS Navigator Fund 2016</b>	<b>FCS World Equities fund 2015</b>	<b>FCS Navigator Fund 2015</b>
	<b>Class 1 investor Shares</b>	<b>Class 1 investor Shares</b>	<b>Class 1 investor Shares</b>	<b>Class 1 investor Shares</b>
Investor shares in issue as at end of financial year (units)	58,261.376	-	69,095.614	49,315.745
Net asset value of investor shares as at end of financial period (valued in accordance with the offering memorandum)	€4,671,319	€9,757	€5,046,791	€4,446,046
Net asset value per share as at end of financial year	€80.310	€0.00	€73.041	€90.155
Percentage movement for the year	9.77%	-100%	-0.58%	-2.52%
Highest price during financial year	€80.21	€100.07	€77.31	€97.44
Lowest price during financial year	€69.25	€0.00	€71.16	€89.79



# FCS Global Funds SICAV p.l.c.

## Directors' Report

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The Directors present their report and the audited financial statements of FCS Global Funds SICAV p.l.c. for the reporting year ended 31 December 2016.

### Principal activities

The Company is an investment company with variable share capital incorporated in terms of the Companies Act (Chapter 386 of the Laws of Malta) on the 20 April 2012 and is licensed by the Malta Financial Services Authority as a collective investment scheme and qualifies as a 'Maltese UCITS'. The Company is structured as a multi-fund (umbrella) company and the Funds established under the umbrella company as at reporting date are FCS Navigator Fund and FCS World Equities Fund (previously called FCS Latin American Exposure Fund). As per Board of Director's Resolution dated 20 September 2016, it was resolved that the license of the FCS Navigator Fund would be temporary suspended.

The Funds aim to be capital growth funds by investing in a wide range of actively managed assets. FCS Navigator Fund and FCS World Equities Fund are a global asset allocation fund with no particular regional focus.

### Performance review and future developments

As at 31 December 2016, the Net Asset Value stood at €4,688,749 (2015: €9,482,324 ). At this date, Net Asset Value per share for pricing purposes stood at €80.31 (2015: €73.04 ). On 10 August 2016, directors of the Company requested temporary suspension of the license of the FCS Navigator Fund due to a redemption by the investors of the Fund. The performance of FCS World Equities Fund is expected to improve in the foreseeable future.

### Directors

During the year ended 31 December 2016 and up to the date of these financial statements, the Directors were as listed on page 3. In accordance with the Company's Articles of Association, the current Directors will remain in office.

### Risk management

There are a number of financial risks that could potentially impact the activities of the Company and include, but not solely, the following: credit risk, liquidity risk, etc. The Company's objective in managing such risks is the creation and protection of shareholder's value. In order to manage and mitigate such risks, the Company employs a number of risk management tools in its day-to-day operation. Further detail can be found under note 3 of the annual financial statements.

### Post Balance Sheet Events

Following temporary suspension of the license of FCS Navigator Fund which took place on 17 November 2016, the Directors are in the process of terminating such license and liquidating the sub-fund during the year ended 31 December 2017.

# FCS Global Funds SICAV p.l.c.

## Directors' Report *(continued)*

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### Statement of Directors' responsibilities

The directors are required by the Companies Act (Cap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU, which give a true and fair view of the state of affairs of the Company at the end of each financial year and of the profit or loss of the Company for the year then ended. In preparing the financial statements, the Directors should:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable;
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business as a going concern;
- Account for income and charges relating to the accounting period on the accruals basis;
- Value separately the components of asset and liability items; and
- Report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and which enable the directors to ensure that the financial statements comply with the Companies Act (Cap. 386). This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

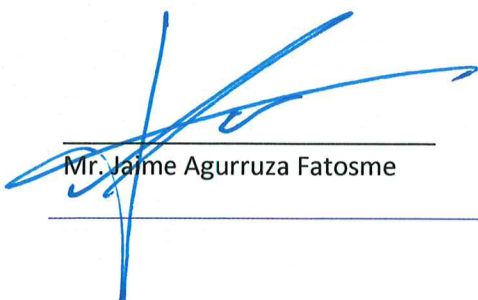
### Standard license conditions and regulatory sanctions

During the period under review, there were no breaches of the standard licence conditions and no other breaches of regulatory requirements which were subject to an administrative penalty or regulatory sanction. In relation to the compliance of the scheme with UCITS Regulations as well as other self-imposed investment restrictions, the Directors refer to the additional disclosures in the Investment Manager's Report and Custodian Report.

### Auditors

Ernst & Young Malta Limited have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

Approved and signed by the Directors on 28 April 2017:



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Mr. Jaime Agurruza Fatosme



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Mr. Neal Rossignaud



Ernst & Young Malta Limited  
Regional Business Centre  
Achille Ferris Street  
Msida MSD 1751  
Malta

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## INDEPENDENT AUDITOR'S REPORT

to the Shareholders of FCS Global Funds Sicav P.l.c.

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of FCS Global Funds Sicav P.l.c. (the "Company"), set on pages 14 to 51, which comprise the statement of financial position as at 31 December 2016 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and the Companies Act, Cap. 386 of the Laws of Malta (the "Companies Act").

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 of the Laws of Malta*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon other than our reporting on other legal and regulatory requirements.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT**

to the Shareholders of FCS Global Funds Sicav P.L.c. - continued

### **Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

## INDEPENDENT AUDITOR'S REPORT

to the Shareholders of FCS Global Funds Sicav P.l.c - continued

### **Auditor's responsibilities for the audit of the financial statements - continued**

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### **Report on other legal and regulatory requirements**

*Matters on which we are required to report by the Companies Act*

We are required to express an opinion as to whether the directors' report has been prepared in accordance with the applicable legal requirements. In our opinion the directors' report has been prepared in accordance with the Companies Act.

In addition, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report. We have not identified any material misstatements in the directors' report.

We also have responsibilities under the Companies Act to report to you if in our opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records;
- we have not received all the information and explanations we require for our audit.

We have nothing to report to you in respect of these responsibilities.



*The partner in charge of the audit resulting in this independent auditor's report is  
Christopher Portelli for and on behalf of*

Ernst & Young Malta Limited  
Certified Public Accountants

28 April 2017

# FCS Global Funds SICAV p.l.c.

## Statement of Financial Position

As at 31 December 2016

	Notes	FCS Global Funds SICAV p.l.c 2016 €	FCS World Equities Fund 2016 €	FCS Navigator Fund 2016 €
<b>Assets</b>				
Financial assets at fair value through profit and loss	3,5	3,644,424	3,644,424	-
Accrued income and other receivables		24,637	12,777	11,860
Cash and cash equivalents	6	1,041,640	1,035,942	5,698
<b>Total assets</b>		<b>4,710,701</b>	<b>4,693,143</b>	<b>17,558</b>
<b>Liabilities</b>				
Accounts payable and accruals	9	21,952	14,151	7,801
<b>Liabilities (excluding net assets attributable to holders of redeemable shares)</b>		<b>21,952</b>	<b>14,151</b>	<b>7,801</b>
<b>Net assets attributable to holders of redeemable shares</b>		<b>4,688,749</b>	<b>4,678,992</b>	<b>9,757</b>
<b>Represented by:</b>				
Net assets attributable to holders of redeemable shares (valued in accordance with the offering memorandum)		4,689,321	4,679,564	9,757
Adjustments for accounting of formation expenses	8	(572)	(572)	-
<b>Net assets attributable to holders of redeemable shares in accordance with IFRS</b>		<b>4,688,749</b>	<b>4,678,992</b>	<b>9,757</b>
<b>Net assets attributable to holders of redeemable shares per share</b>			<b>80.31</b>	<b>-</b>

The notes on pages 22 to 51 are an integral part of these financial statements.

The financial statements on pages 14 to 51 were approved and signed by the board of Directors on 28 April 2017.

Mr. Jaime Agurruza Fatosme  
Director

Mr. Neal Rossignaud  
Director

# FCS Global Funds SICAV p.l.c.

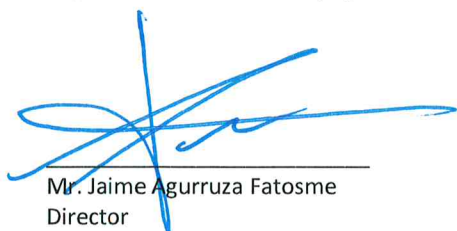
## Statement of Financial Position

As at 31 December 2016

	Notes	FCS Global Funds SICAV p.l.c 2015 €	FCS World Equities Fund 2015 €	FCS Navigator Fund 2015 €
<b>Assets</b>				
Financial assets at fair value through profit and loss	3,5	4,501,316	2,190,563	2,310,753
Accrued income and other receivables		44,264	13,814	30,450
Prepaid expenses		-	-	-
Cash and cash equivalents	6	4,967,828	2,852,589	2,115,239
<b>Total assets</b>		<b>9,513,408</b>	<b>5,056,966</b>	<b>4,456,442</b>
<b>Liabilities</b>				
Redemptions payable		-	-	-
Accounts payable and accruals	9	31,084	15,752	15,332
<b>Liabilities (excluding net assets attributable to holders of redeemable shares)</b>		<b>31,084</b>	<b>15,752</b>	<b>15,332</b>
<b>Net assets attributable to holders of redeemable shares</b>		<b>9,482,324</b>	<b>5,041,214</b>	<b>4,441,110</b>
<b>Represented by:</b>				
Net assets attributable to holders of redeemable shares (valued in accordance with the offering memorandum)		9,492,837	5,046,791	4,446,046
Adjustments for accounting of formation expenses	8	(10,513)	(5,577)	(4,936)
<b>Net assets attributable to holders of redeemable shares in accordance with IFRS</b>		<b>9,482,324</b>	<b>5,041,214</b>	<b>4,441,110</b>
<b>Net assets attributable to holders of redeemable shares per share</b>			<b>72.96</b>	<b>90.05</b>

The notes on pages 22 to 51 are an integral part of these financial statements.

The financial statements on pages 14 to 51 were approved and signed by the board of Directors on 28 April 2017.

  
 Mr. Jaime Agurruza Fatosme  
 Director

  
 Mr. Neal Rossignaud  
 Director

# FCS Global Funds SICAV p.l.c.

## Statement of Changes in Net Assets attributable to holders of redeemable shares

For the financial year ended 31 December 2016

		FCS Global Funds SICAV p.l.c	FCS World Equities Fund	FCS Navigator Fund
	Notes	2016 €	2016 €	2016 €
As at the 1 January		9,482,324	5,041,214	4,441,110
Issue of redeemable shares	7	-	-	-
Repurchase of redeemable shares	7	(5,586,020)	(823,697)	(4,762,323)
<b>Decrease in net assets attributable to holders of redeemable shares</b>		<b>792,445</b>	<b>461,475</b>	<b>330,970</b>
<b>As at 31 December (calculated in accordance with IFRS)</b>		<b>4,688,749</b>	<b>4,678,992</b>	<b>9,757</b>
Adjustment for difference in valuation inputs	8	572	572	-
<b>Net assets attributable to holders of redeemable shares at financial year end (valued in accordance with the Offering Memorandum)</b>		<b>4,689,321</b>	<b>4,679,564</b>	<b>9,757</b>

The notes on pages 22 to 51 are an integral part of these financial statements.



# FCS Global Funds SICAV p.l.c.

## Statement of Changes in Net Assets attributable to holders of redeemable shares

For the financial year ended 31 December 2016

		FCS Global Funds SICAV p.l.c	FCS World Equities Fund	FCS Navigator Fund
	Notes	2015 €	2015 €	2015 €
As at the 1 January		9,958,615	5,488,553	4,470,062
Issue of redeemable shares	7	209,996	-	209,996
Repurchase of redeemable shares	7	(538,920)	(422,591)	(116,329)
Decrease in net assets attributable to holders of redeemable shares		(147,367)	(24,748)	(122,619)
As at 31 December (calculated in accordance with IFRS)		9,482,324	5,041,214	4,441,110
Adjustment for difference in valuation inputs	8	10,513	5,577	4,936
Net assets attributable to holders of redeemable shares at financial year end (valued in accordance with the Offering Memorandum)		9,492,837	5,046,791	4,446,046

*The notes on pages 22 to 51 are an integral part of these financial statements.*

# FCS Global Funds SICAV p.l.c.

## Statement of Comprehensive Income

For the financial year ended 31 December 2016

	Notes	FCS Global Funds SICAV p.l.c 2016 €	FCS World Equities Fund 2016 €	FCS Navigator Fund 2016 €
<b>Income</b>				
Interest revenue		27,661	-	27,661
Net foreign currency gain		(91,181)	6,100	(97,281)
Dividend and other income		112,509	85,537	26,972
Net gain on financial assets and financial liabilities at fair value through profit or loss	5.2	1,063,110	550,554	512,556
		<b>1,112,099</b>	<b>642,191</b>	<b>469,908</b>
<b>Expenses</b>				
Management fees	9,11	(126,275)	(72,565)	(53,710)
Administration and custody fees	9,11	(91,314)	(47,100)	(44,214)
Transaction costs		(8,775)	(5,705)	(3,070)
Directors' fees	11	(5,622)	(3,000)	(2,622)
Other operating expenses		(87,168)	(52,346)	(34,822)
		<b>(319,154)</b>	<b>(180,716)</b>	<b>(138,438)</b>
<b>Operating profit</b>		<b>792,945</b>	<b>461,475</b>	<b>331,470</b>
Withholding taxes	10	(500)	-	(500)
<b>Change in net assets attributable to holders of redeemable shares</b>		<b>792,445</b>	<b>461,475</b>	<b>330,970</b>

The notes on pages 22 to 51 are an integral part of these financial statements.

# FCS Global Funds SICAV p.l.c.

## Statement of Comprehensive Income

For the financial year ended 31 December 2016

	Notes	FCS Global Funds SICAV p.l.c 2015 €	FCS World Equities Fund 2015 €	FCS Navigator Fund 2015 €
<b>Income</b>				
Interest revenue		26,481	126	26,355
Net foreign currency gain		165,127	35,293	129,834
Dividend and other income		40,854	37,894	2,960
Net (loss)/gain on financial assets and financial liabilities at fair value through profit or loss	5.2	(40,932)	85,048	(125,980)
		<u>191,530</u>	<u>158,361</u>	<u>33,169</u>
<b>Expenses</b>				
Management fees	9	(152,269)	(82,971)	(69,298)
Administration and custody fees	9	(90,945)	(41,983)	(48,962)
Transaction costs		(11,739)	(8,050)	(3,689)
Directors' fees	11	(5,954)	(2,977)	(2,977)
Other operating expenses		(77,863)	(47,001)	(30,862)
Interest expense		(100)	(100)	-
		<u>(338,870)</u>	<u>(183,082)</u>	<u>(155,788)</u>
<b>Operating loss</b>		<u>(147,340)</u>	<u>(24,721)</u>	<u>(122,619)</u>
Withholding taxes	10	(27)	(27)	-
<b>Change in net assets attributable to holders of redeemable shares</b>		<u>(147,367)</u>	<u>(24,748)</u>	<u>(122,619)</u>

The notes on pages 22 to 51 are an integral part of these financial statements.

# FCS Global Funds SICAV p.l.c.

## Statement of Cash flows

For the financial year ended 31 December 2016

Notes	FCS Global Funds SICAV p.l.c 2016 €	FCS World Equities Fund 2016 €	FCS Navigator Fund 2016 €
<b>Cash flows from operating activities</b>			
Loss before tax	792,445	461,475	330,970
<i>Adjustments to reconcile loss before tax to net cash flows:</i>			
Effect of exchange rate changes on cash and cash equivalents	150,671	(6,101)	156,772
Dividend and other revenue	(112,509)	(85,537)	(26,972)
Interest expense	100	100	-
<b>Net cash flow before working capital adjustments</b>	<b>830,707</b>	<b>369,937</b>	<b>460,770</b>
(Increase)/Decrease in financial assets	856,891	(1,453,862)	2,310,753
(Increase)/Decrease in other receivables	19,629	1,039	18,590
Decrease in other payables	(9,132)	(1,601)	(7,531)
Dividend received	109,497	82,525	26,972
Withholding tax paid	(500)	-	(500)
<b>Net cash flows (used in)/from operating activities</b>	<b>1,807,092</b>	<b>(1,001,962)</b>	<b>2,809,054</b>
<b>Cash flows from financing activities</b>			
Payments for redemption of shares	(5,586,020)	(823,697)	(4,762,323)
<b>Net cash flows (used in)/from financing activities</b>	<b>(5,586,020)</b>	<b>(823,697)</b>	<b>(4,762,323)</b>
<b>Net movement in cash and cash equivalents</b>	<b>(3,778,928)</b>	<b>(1,825,659)</b>	<b>(1,952,269)</b>
Effect of exchange rates changes on cash and cash equivalents	(147,260)	9,012	(156,272)
<b>Cash and cash equivalents at 1 January</b>	<b>4,967,828</b>	<b>2,852,589</b>	<b>2,115,239</b>
<b>Cash and cash equivalents at 31 December</b>	<b>1,041,640</b>	<b>1,035,942</b>	<b>5,698</b>

The notes on pages 22 to 51 are an integral part of these financial statements.

# FCS Global Funds SICAV p.l.c.

## Statement of Cash flows

For the financial year ended 31 December 2015

Notes	FCS Global Funds SICAV p.l.c 2015 €	FCS World Equities Fund 2015 €	FCS Navigator Fund 2015 €
<b>Cash flows from operating activities</b>			
Loss before tax	(147,338)	(24,720)	(122,618)
<i>Adjustments to reconcile loss before tax to net cash flows:</i>			
Effect of exchange rate changes on cash and cash equivalents	120,161	(35,294)	155,455
Interest revenue	(26,481)	(126)	(26,355)
Dividend and other revenue	(40,854)	(37,894)	(2,960)
Interest expense	100	100	-
<b>Net cash flow before working capital adjustments</b>	(94,412)	(97,934)	3,522
Increase in financial assets	(1,071,946)	(599,510)	(472,436)
Increase in other receivables	(27,217)	(11,376)	(15,841)
Decrease in other payables	(6,298,117)	(16,794)	(6,281,323)
Interest received	26,479	126	26,353
Dividend received	40,854	37,894	2,960
Interest paid	(100)	(100)	-
Withholding tax paid	(27)	(27)	-
<b>Net cash flows used in operating activities</b>	(7,424,486)	(687,721)	(6,736,765)
<b>Cash flows from financing activities</b>			
Proceeds from issue redeemable shares	209,996	-	209,996
Payments for redemption of shares	(538,920)	(422,591)	(116,329)
<b>Net cash flows (used in)/from financing activities</b>	(328,924)	(422,591)	93,667
<b>Net movement in cash and cash equivalents</b>	(7,753,410)	(1,110,312)	(6,643,098)
Effect of exchange rates changes on cash and cash equivalents	(120,161)	35,294	(155,455)
<b>Cash and cash equivalents at 1 January</b>	12,841,399	3,927,607	8,913,792
<b>Cash and cash equivalents at 31 December</b>	4,967,828	2,852,589	2,115,239

The notes on pages 22 to 52 are an integral part of these financial statements.

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

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### 1. Reporting entity

The Company is an investment company with variable share capital and is licensed as a collective investment scheme qualifying as a 'Maltese UCITS'. The Company is structured as a multi-fund (umbrella) company and the Funds established under the umbrella company as at reporting date are FCS Navigator Fund and FCS World Equities Fund. The Company was incorporated on 20 April 2012.

On 10 August 2016, directors of the Company requested temporary suspension of the license of the FCS Navigator Fund due to a redemption by the investors of the Fund. The performance of FCS World Equities Fund is expected to improve in the foreseeable future.

### 2. Summary of significant accounting policies

These financial statements have been prepared under the historical cost convention. These financial statements are in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and comply with the Companies Act, Cap. 386 of the Laws of Malta.

These financial statements have been prepared on a going concern basis, under the historical cost convention and are presented in Euro (EUR).

#### 2.1 Basis of preparation

##### **Standards, interpretations and amendments to published standards as endorsed by the European Union which are effective in the current year**

The accounting policies are consistent with those of the previous financial year, except for the adoption of Annual Improvements to IFRSs 2011 – 2013 Cycle effective as of 1 January 2015.

The Annual Improvements to IFRSs 2011 – 2013 Cycle issued by IASB is a collection of amendments to IFRSs. This included improvements to IFRS 13 Fair Value Measurement which clarify that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.

The adoption of these standards, interpretations and amendments did not have a significant impact on the financial statements of the Company

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

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

#### 2.1 Basis of preparation *(continued)*

##### **Standards, interpretations and amendments to published standards that are not yet effective**

Up to the date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting period and which have not been adopted early. None of these standards, interpretations and amendments is expected to have an impact on the financial position or performance of the Company.

- IAS 16 and IAS 38 - Clarification of acceptable methods of depreciation (effective for financial years on or after 1 January 2016)
- IFRS 11 (Amendments) Accounting for acquisitions of interests in joint operations (effective for financial years on or after 1 January 2016)
- IAS 27 (Amendments) - Equity method in separate financial statements (effective for financial years on or after 1 January 2016)
- IAS 16 and IAS 41 - Bearer Plants (effective for financial years on or after 1 January 2016)
- Annual Improvements to IFRSs 2012-2014 Cycle
- IAS 1 (Amendments) Disclosure initiative (effective for financial years beginning 1 January 2016)

IAS 1 (Amendments) Disclosure initiative, the amendments to IAS 1 are designed to encourage companies to apply professional judgment in determining what information to disclose in their financial statements. The amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. The amendments to IAS 1 can be applied immediately, and become mandatory for annual periods beginning on or after 1 January 2016. The Company will assess the effect that the standard will have on the financial statements in due course.

##### **Standards, interpretations and amendments that are not yet endorsed by the European Union**

- IFRS 9 - Financial instruments (effective for financial years beginning on or after 1 January 2018)
- IFRS 14 - Regulatory deferral accounts (effective for financial years beginning on or after 1 January 2016)
- IFRS 15 - Revenue from contracts with customers (effective for financial years beginning on or after 1 January 2018)
- IFRS 16 – Leases (issued on 3 January 2016 and effective 1 January 2019)
- IFRS 10, IFRS 12 and IAS 28 (Amendments) Investment Entities: Applying the consolidation exception (effective for financial years beginning 1 January 2016)
- IFRS 10 and IAS 28 (Amendments) Sale or contributions of assets between an investor and its associate or joint venture (effective for financial years beginning 1 January 2016)

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

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

#### 2.1 Basis of preparation *(continued)*

**Standards, interpretations and amendments that are not yet endorsed by the European Union - continued**

- IAS 12 (amendments) – Recognition of deferred tax assets for unreleased losses (effective 1 January 2017)
- IAS 7 (amendments) – Disclosure initiative (effective 1 January 2017)

The changes resulting from these standards are not expected to have a material effect on the financial statements of the Company.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the use of certain accounting estimates. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies (see Note 4 – Significant accounting judgements, estimates and assumptions).

#### 2.2 Functional and presentation currency

The Company's functional currency is euro (€), which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity is managed in euros. Therefore, euro is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The fund's presentation currency is also euro.

#### 2.3 Foreign currency translations

Transactions during the year, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

Foreign currency transaction gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within 'net foreign currency losses on cash and cash equivalents'. Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss in the statement of comprehensive income within 'net gain or loss on financial assets and liabilities at fair value through profit or loss'.



# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

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

#### 2.4 Financial assets and liabilities

##### Classification

The Company classifies its financial assets and financial liabilities at initial recognition into the following categories, in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

##### *(i) Financial assets and liabilities at fair value through profit or loss*

The category of financial assets and liabilities at fair value through the profit or loss is sub-divided into:

*Financial assets and liabilities held for trading:* financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. This category includes equities, debentures and other interest bearing investments and derivatives.

These assets are acquired principally for the purpose of generating a profit from short-term fluctuations in price. All derivatives, debentures and liabilities from short sales of financial instruments are classified as held for trading. The Fund's policy is not to apply hedge accounting.

*Financial instruments designated as at fair value through profit or loss upon initial recognition:* these include redeemable shares of the Fund.

##### *(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund includes in this category short-term receivables.

##### Recognition and measurement

The Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

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

#### 2.4 Financial assets and liabilities *(continued)*

##### Recognition and measurement *(continued)*

Loans and receivables and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

After initial measurement, the Fund measures financial instruments which are classified as at fair value through profit or loss, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at fair value through profit or loss. Interest and dividend earned or paid on these instruments are recorded separately in interest revenue or expense and dividend revenue or expense.

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

##### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired or the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- (a) the Fund has transferred substantially all the risks and rewards of the asset, or
- (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

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

#### 2.5 Offsetting of financial instruments

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### 2.6 Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less.

#### 2.7 Fair value measurement

The Company measures its investments in financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at each reporting date. The quoted market price used at mid-value of last traded price for financial instruments.

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

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

#### 2.8 Redeemable shares

The Fund issues redeemable shares which are redeemable at the holders' option and are classified as a financial liability. Redeemable shares can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value.

The redeemable shares are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the share back to the Fund. Redeemable shares are issued and redeemed at the holder's option at prices based on the Fund's net asset value per share at the time of issue or redemption. The Fund's net asset value per share is calculated by dividing the net assets attributable to the holders of each redeemable share with the total number of outstanding redeemable shares.

#### 2.9 Interest revenue and expense

Interest revenue and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

#### 2.10 Dividend revenue

Dividend revenue is recognised on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Fund's right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income.

#### 2.11 Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at fair value through profit or loss and excludes interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of prior year's unrealised gains and losses for financial instruments which were realised in the reporting year.

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

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

#### 2.11 Net gain or loss on financial assets and liabilities at fair value through profit or loss *(continued)*

Realised gains and losses on disposals of financial instruments classified as at fair value through profit or loss are calculated using the first-in, first-out (FIFO) method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

#### 2.12 Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as an expense.

#### 2.13 Withholding taxes

The Fund is exempt from all forms of taxation in Malta, including income, capital gains and withholding taxes. However, in some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income and is not significant for the Fund. The Fund presents the withholding tax separately from the gross investment income in the statement of comprehensive income. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

### 3. Financial risk management

#### 3.1 Capital risk management

The capital structure of the Company consists of share capital and net assets attributable to holders of redeemable shares as disclosed in Note 7 to these financial statements and in the statement of changes in net assets attributable to holders of redeemable shares, respectively.

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

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### 3. Financial risk management *(continued)*

#### 3.2 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including price risk, foreign currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk arising from the financial instruments it holds.

The Company's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Company is exposed and seeks to minimise potential adverse effects on the Company's financial performance. The Company's policy allows it to use derivative financial instruments to both moderate and create certain risk exposures.

All securities investments present a risk of loss of capital. The maximum loss of capital on purchased options, collective investment schemes, exchange traded notes, long equity and debt securities is limited to the fair value of those positions.

The management of these risks is carried out by the investment manager under policies approved by the Board of Directors, and by ensuring that the Company complies with investment restrictions as set out in the Offering Memorandum.

The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments and the investment of excess liquidity. The Company uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

#### **(a) Market risk**

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to market variables.

#### ***(i) Price risk***

Price risk is the risk of unfavourable changes in the fair values of equities as a result of changes in the levels of equity indices. The equity price risk exposure arises from the Company's investments in equity securities.

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

### 3. Financial risk management (continued)

#### 3.2 Financial risk factors (continued)

##### (a) Market risk (continued)

##### (i) Price risk (continued)

As at reporting date, FCS Navigator Fund had sold off its securities and had a nil portfolio (2015: 2.43%) and FCS World Equities Fund had no concentration in individual equity positions exceeding 5.66% (2015: 4.63%) of the respective net assets attributable to holders of redeemable shares.

##### **Sensitivity analysis**

Price risk is mitigated by the investment manager by constructing a diversified portfolio of investments. The carrying amount of financial instruments which could potentially subject the Company to price risk is disclosed within the preceding price risk section. An estimated change in fair values for changes in fair value of equities on instantaneous increase/decrease of 5% in prices at the reporting date, with all other variables remaining constant will result in +/- €89,744 (2015: +/-€120,589) effect on the statement of comprehensive income.

The sensitivity analysis is for illustrative purposes only as in practice, market rates rarely change in isolation and are likely to be interdependent.

##### **Concentration of price risk**

The following table analyses the Fund's concentration of price risk in the Fund's equity portfolio by geographical distribution (based on counterparties' place of primary listing or, if not listed, place of domicile).

	<b>FCS World Equities Fund 2016</b>	<b>FCS Navigator Fund 2016</b>	<b>FCS World Equities Fund 2015</b>	<b>FCS Navigator Fund 2015</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
European union (excluding United Kingdom)	<b>81%</b>	-	82%	69%
United Kingdom	-	-	3%	-
United States of America	<b>15%</b>	-	12%	30%
Others	<b>4%</b>	-	3%	1%
	<b>100%</b>	-	100%	100%

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

### 3. Financial risk management (continued)

#### 3.2 Financial risk factors (continued)

##### (a) Market risk (continued)

##### (i) Price risk (continued)

The following table analyses the Fund's concentration of equity price risk in the Fund's equity portfolio by industrial distribution:

	<b>FCS World Equities Fund 2016 %</b>	<b>FCS Navigator Fund 2016 %</b>	<b>FCS World Equities Fund 2015 %</b>	<b>FCS Navigator Fund 2015 %</b>
Basic materials	21%	-	28%	33%
Industrial	15%	-	15%	30%
Technology	9%	-	12%	-
Energy	4%	-	6%	12%
Others	51%	-	39%	25%
	<b>100%</b>	<b>-</b>	<b>100%</b>	<b>100%</b>

##### (ii) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company invests in securities that are denominated in currencies other than the euro. Accordingly, the value of the Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates.

The Company's investment manager monitors the Funds' exposure to foreign exchange movements on a daily basis to assess the need to limit the Funds' exposure by entering into foreign exchange hedging transactions.

The tables below summarise the Company's monetary assets and liabilities which are denominated in a currency other than the euro.



# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

### 3. Financial risk management (continued)

#### 3.2 Financial risk factors (continued)

##### (a) Market risk (continued)

##### (ii) Foreign currency risk (continued)

#### FCS World Equities Fund

	2016 AUD €	2016 CAD €	2016 CHF €	2016 GBP €	2016 USD €
Assets	67,577	-	-	62,176	1,344,990
Liabilities	-	-	127	-	-
<b>Net exposure</b>	<b>67,577</b>	<b>-</b>	<b>127</b>	<b>62,176</b>	<b>1,344,990</b>

	2016 NOK €	2016 HKD €	2016 DKK €
Assets	78,141	86,957	155,762
Liabilities	-	-	-
<b>Net exposure</b>	<b>78,141</b>	<b>86,957</b>	<b>155,762</b>

#### FCS World Equities Fund

	2015 AUD €	2015 CAD €	2015 CHF €	2015 GBP €	2015 USD €
Assets	65,762	8,393	89,509	55,760	1,748,749
Liabilities	-	-	-	-	-
<b>Net exposure</b>	<b>65,762</b>	<b>8,393</b>	<b>89,509</b>	<b>55,760</b>	<b>1,748,749</b>

	2015 NOK €	2015 HKD €	2015 DKK €
Assets	99,403	35,685	37,508
Liabilities	-	-	-
<b>Net exposure</b>	<b>99,403</b>	<b>35,685</b>	<b>37,508</b>

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

### 3. Financial risk management (continued)

#### 3.2 Financial risk factors (continued)

##### (a) Market risk (continued)

##### (ii) Foreign currency risk (continued)

As at 31 December 2016 FCS Navigator Fund was not exposed to foreign currency risk.

#### FCS Navigator Fund

	2015 BRL €	2015 CHF €	2015 NOK €	2015 USD €	2015 AUD €
Assets	140,368	4,131	22,077	1,140,933	18,750
Liabilities	-	-	-	-	-
Net exposure	<u>140,368</u>	<u>4,131</u>	<u>22,077</u>	<u>1,140,933</u>	<u>18,750</u>

The following table summarises the sensitivity of the Company's assets and liabilities to changes in foreign exchange movements at 31 December 2016. The analysis is based on the assumption that the relevant foreign exchange rate increased/decreased by 5% to the euro, with all other variables held constant.

This represents management's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates. This increase or decrease in the net assets attributable to holders of redeemable shares arises mainly from a change in the fair value of equity and fixed interest securities which are denominated in a currency other than the euro that are classified as financial assets and financial liabilities at fair value through profit or loss.

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

### 3. Financial risk management (continued)

#### 3.2 Financial risk factors (continued)

##### (a) Market risk (continued)

##### (ii) Foreign currency risk (continued)

###### FCS World Equities Fund

	2016 AUD €	2016 CAD €	2016 CHF €	2016 GBP €	2016 USD €
Sensitivity	+/-3,379	-	+/-6	+/-3,109	+/-67,249

	2016 NOK €	2016 HKD €	2016 DKK €
Sensitivity	+/-3,907	+/-4,348	+/-7,778

###### FCS World Equities Fund

	2015 AUD €	2015 CAD €	2015 CHF €	2015 GBP €	2015 USD €
Sensitivity	+/-3,288	+/-420	+/-4,475	+/-2,788	+/-37,424

	2015 NOK €	2015 HKD €	2015 DKK €
Sensitivity	+/-4,970	+/-1,784	+/-1,875

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

### 3. Financial risk management *(continued)*

#### 3.2 Financial risk factors *(continued)*

##### (a) Market risk *(continued)*

##### *(ii) Foreign currency risk (continued)*

As at 31 December 2016 FCS Navigator Fund was not exposed to foreign currently risk.

##### FCS Navigator Fund

	2015 AUD €	2015 BRL €	2015 CHF €	2015 NOK €	2015 USD €
Sensitivity	<u>+/-937</u>	<u>+/-7,018</u>	<u>+/-207</u>	<u>+/-1,104</u>	<u>+/-57,047</u>

##### *(iii) Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect fair value of financial assets or liabilities.

Since the Company mainly invests in equity instruments, its exposure to interest rate risk is considered not material in the opinion of the directors.

##### **(b) Credit risk**

The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. The Company is exposed to counterparty credit risk on financial assets, cash and cash equivalents, amounts due from brokers and other receivable balances. Financial assets, which potentially subject the Company to a concentration of credit risk consist principally of debt securities and holdings in collective investment schemes. The Company's financial assets are placed with quality issuers or counterparties.

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

### 3. Financial risk management (continued)

#### 3.2 Financial risk factors (continued)

##### (b) Credit risk (continued)

The maximum exposure to credit risk at the reporting date is the carrying amount of financial assets as set out below:

	<b>FCS World Equities Fund 2016 €</b>	<b>FCS Navigator Fund 2016 €</b>	<b>FCS World Equities Fund 2015 €</b>	<b>FCS Navigator Fund 2015 €</b>
Debt securities	-	-	-	1,017,410
Derivative assets (exchange traded options)	<b>6,119</b>	-	6,770	6,218
Collective investor schemes	-	-	-	859,071
Exchange traded funds	<b>51,207</b>	-	277,796	-
Other current assets	<b>12,777</b>	<b>11,860</b>	13,814	30,450
Cash and cash equivalents	<b>1,035,942</b>	<b>5,698</b>	2,852,589	2,115,239
	<b>1,106,045</b>	<b>17,558</b>	3,150,969	4,099,543

None of these assets are impaired nor past due. The Company manages the exposure to credit risk by making placements with quality issuers or counterparties.

In accordance with the Company's policy, the Investment Manager monitors the Company's credit position on a daily basis and the Board of Directors reviews it on a quarterly basis.

All transactions in listed securities are settled / paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

### 3. Financial risk management (continued)

#### 3.2 Financial risk factors (continued)

##### (b) Credit risk (continued)

The table below summarises the Company's exposure to the credit ratings as per Fitch's rating of debt securities as at 31 December 2016 and 2015:

	FCS World Equities Fund 2016 € As a % of Total debt Securities	FCS Navigator Fund 2016 € As a % of Total debt Securities	FCS World Equities Fund 2015 € As a % of Total debt Securities	FCS Navigator Fund 2015 € As a % of Total debt Securities
AAA	-	-	-	50%
AA+	-	-	-	4%
AA-	-	-	-	32%
BBB	-	-	-	-
BB+	-	-	-	14%
<b>Total</b>	-	-	-	<b>100%</b>

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

### 3. Financial risk management (continued)

#### 3.2 Financial risk factors (continued)

##### (b) Credit risk (continued)

##### **Risk concentrations of the maximum exposure to credit risk**

Concentration of credit risk is managed by client/counterparty, geographical region and industry sector.

The following table analyses the concentration of credit risk in the Funds' debt portfolio by geographical distribution (based on counterparties' country of domicile):

	FCS World Equities Fund 2016 %	FCS Navigator Fund 2016 %	FCS World Equities Fund 2015 %	FCS Navigator Fund 2015 %
European Union (excluding United Kingdom)	-	-	-	48%
United States of America	-	-	-	38%
Others	-	-	-	14%
	-	-	-	100%

The following table analyses the concentration of credit risk in the Fund's debt portfolio by industrial distribution.

	FCS World Equities Fund 2016 %	FCS Navigator Fund 2016 %	FCS World Equities Fund 2015 %	FCS Navigator Fund 2015 %
Communications	-	-	-	-
Energy	-	-	-	10%
Others	-	-	-	90%
	-	-	-	100%

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

### 3. Financial risk management *(continued)*

#### 3.2 Financial risk factors *(continued)*

##### (c) Liquidity risk

Liquidity risk is defined as the risk that the Funds will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Funds could be required to pay its liabilities or redeem its shares earlier than expected.

The Company is exposed to the daily settlement of margin calls on derivatives and to daily cash redemptions of redeemable shares for FCS Navigator Fund and weekly liquidity for FCS World Equities Fund. Its policy is therefore to invest its assets in investments that are traded in an active market and can be readily disposed.

Redeemable shares are redeemed on demand at the holder's option based on the Fund's NAV per share at the time of redemption, calculated in accordance with the Funds' prospectus. The Company has no restrictions or specific capital requirements on the redemption of shares.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining year at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

##### FCS World Equities Fund

	2016 More than 6 Months €	2016 More than 1 week up to 6 months €	2016 Up to 1 week and on demand €
Accounts payable and accruals	-	-	14,151
Net asset attributable to holders of redeemable shares	-	-	4,678,992
	<u>-</u>	<u>-</u>	<u>4,693,143</u>

##### FCS Navigator Fund

	2016 More than 6 Months €	2016 More than 1 week up to 6 Months €	2016 Up to 1 week and on demand €
Accounts payable and accruals	-	-	7,801
Net asset attributable to holders of redeemable shares	-	-	9,757
	<u>-</u>	<u>-</u>	<u>17,558</u>



# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

### 3. Financial risk management (continued)

#### 3.2 Financial risk factors (continued)

##### (c) Liquidity risk (continued)

#### FCS World Equities Fund

	2015	2015	2015
	More than 6	More than 1	Up to 1
	Months	week up to 6	week and on
	€	months	demand
	€	€	€
Accounts payable and accruals	-	-	15,752
Net asset attributable to holders of redeemable shares	-	-	5,041,214
	<u>-</u>	<u>-</u>	<u>5,056,966</u>

#### FCS Navigator Fund

	2015	2015	2015
	More than 6	More than 1	Up to 1
	Months	week up to 6	week and on
	€	Months	demand
	€	€	€
Accounts payable and accruals	-	-	15,332
Net asset attributable to holders of redeemable shares	-	-	4,441,110
	<u>-</u>	<u>-</u>	<u>4,456,442</u>

### 3.3 Fair values of financial instruments

As at 31 December 2016 and 2015, the fair value of financial assets and liabilities traded in active markets are based on quoted market prices as at reporting date.

The carrying value of receivables and payables are assumed to approximate their fair values due to the short term maturities of these assets and liabilities.

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

### 3. Financial risk management (continued)

#### 3.3 Fair values of financial instruments (continued)

##### Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the IFRS 13 fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

As at 31 December 2016 and 2015, the Funds' financial assets which are designated at fair value through profit or loss are classified as summarised below:

FCS World Equities Fund	2016	2016	2016	2015	2015	2015
	Level 1	Level 2	Total	Level 1	Level 2	Total
	€	€	€	€	€	€
Equity securities	3,587,098	-	3,587,098	1,905,997	-	1,905,997
Exchange traded funds	51,207	-	51,207	277,796	-	277,796
Derivative financial instruments (futures)	6,119	-	6,119	6,770	-	6,770
	<b>3,644,424</b>	<b>-</b>	<b>3,644,424</b>	<b>2,190,563</b>	<b>-</b>	<b>2,190,563</b>
<b>FCS Navigator Fund</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>
	Level 1	Level 2	Total	Level 1	Level 2	Total
	€	€	€	€	€	€
Equity securities	-	-	-	356,899	-	356,899
Debt securities	-	-	-	1,017,410	-	1,017,410
Collective investment schemes	-	-	-	859,071	-	859,071
Exchange traded notes	-	-	-	71,155	-	71,155
Exchange traded options	-	-	-	6,218	-	6,218
	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,310,753</b>	<b>-</b>	<b>2,310,753</b>

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

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### 3. Financial risk management *(continued)*

#### 3.3 Fair values of financial instruments *(continued)*

##### *Fair value hierarchy (continued)*

There were no transfers between levels during the year ended 31 December 2016 (2015: the same).

### 4. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets and liabilities affected in future periods.

In the opinion of the Directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

### 5. Financial assets/liabilities at fair value through profit or loss

	FCS World Equities Fund 2016 Market Value €	FCS World Equities Fund 2016 % of net assets	FCS Navigator Fund 2016 Market value €	FCS Navigator Fund 2016 % of net assets
Equity securities	3,587,098	76.66%	-	-
Exchange traded funds (note 5.1)	51,207	1.09%	-	-
Derivative financial instruments (futures)	6,119	0.13%	-	-
	<b>3,644,424</b>	<b>77.88%</b>	-	-
	FCS World Equities Fund 2015 Market Value €	FCS World Equities Fund 2015 % of net assets	FCS Navigator Fund 2015 Market value €	FCS Navigator Fund 2015 % of net assets
Debt securities	-	-	1,017,410	22.91%
Equity securities	1,905,997	37.81%	356,899	8.04%
Collective investment schemes	-	-	859,071	19.34%
Exchange traded funds	277,796	5.51%	-	-
Exchange traded notes	-	-	71,155	16.02%
Exchange traded options (note 5.1)	6,770	0.13%	6,218	0.14%
	<b>2,190,563</b>	<b>43.45%</b>	<b>2,310,753</b>	<b>52.03%</b>

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

### 5. Financial assets/liabilities at fair value through profit or loss (continued)

#### 5.1 Derivative financial instruments

The table below shows the fair values of derivative financial instruments recorded as assets together with their notional amounts. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amount indicate the volume of transactions outstanding at the year end.

	FCS World Equities Fund 2016 Notional Amounts €	FCS Equities Fund 2016 Market value assets €	FCS World Navigator Fund 2016 Notional amounts €	FCS Navigator Fund 2016 Market value assets €
Exchange traded options	<b>3,000</b>	<b>51,207</b>	-	-
	FCS World Equities Fund 2015 Notional Amounts €	FCS Equities Fund 2015 Market value assets €	FCS World Navigator Fund 2015 Notional amounts €	FCS Navigator Fund 2015 Market value assets €
Exchange traded options	52,788	6,770	48,457	6,218

#### (a) Exchange traded options

The primary difference in the risk associated with OTC contracts and exchange-traded contracts is credit risk. Credit risk from OTC contracts arises when two conditions are present (i) the OTC contract have unrealised gains, net of any collateral and (ii) the counterparty to the contracts defaults. The credit risk related to exchange traded contracts, to which the Company is exposed, is minimal because the exchange ensures that their contracts are always honoured.

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

### 5. Financial assets/liabilities at fair value through profit or loss (continued)

#### 5.2 Net gains and losses on financial instruments at fair value through profit or loss

For the year ended 31 December 2016 and 31 December 2015, the gains and losses on financial instruments at fair value through profit or loss consist of the following:

	FCS World Equities Fund 2016 €	FCS Navigator Fund 2016 €	FCS World Equities Fund 2015 €	FCS Navigator Fund 2015 €
Realized gain/(loss)	230,681	156,772	(10,952)	(155,454)
Unrealised gain/(loss)	294,762	283,670	51,413	(57,411)
Net foreign exchange gain	25,111	72,114	44,587	86,886
	<u>550,554</u>	<u>512,556</u>	<u>85,048</u>	<u>(125,980)</u>

### 6. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following bank balances:

	FCS World Equities Fund 2016 €	FCS World Equities Fund 2016 % of net assets	FCS Navigator Fund 2016 €	FCS Navigator Fund 2016 % of net assets
Cash at bank	<u>1,035,942</u>	<u>22.14%</u>	<u>5,698</u>	<u>58.40%</u>
	FCS World Equities Fund 2015 €	FCS World Equities Fund 2015 % of net assets	FCS Navigator Fund 2015 €	FCS Navigator Fund 2015 % of net assets
Cash at bank	<u>2,852,589</u>	<u>57%</u>	<u>2,115,239</u>	<u>48%</u>

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

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### 7. Share capital and redeemable shares

All issued redeemable shares are fully paid. The Company's capital is represented by these redeemable shares with no par value and with no voting rights. They are entitled to payment of a proportionate share based on the respective Fund's net asset value per share on the redemption date. The Company has no restrictions or specific capital requirements on the redemptions of shares. The relevant movements are shown on the statement of changes in net assets attributable to holders of redeemable shares. The Funds endeavour to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of listed securities where necessary.

#### *Authorised*

The authorised share capital of the Company is 10,000,000,000 shares with no nominal value and which can be issued as shares of different classes. As at 31 December 2016, the Company has issued two classes of shares, being the "Class 'A' Subscriber Shares" and the "Class 'I' Investor shares".

#### *Class 'A' Subscriber Shares*

The Company has issued 100 voting shares of €1 each, fully paid and are held by:

FCS Group Limited	99 Class 'A' Subscriber Shares
Mr Daniel Alonso-Pulpon Nuñez	1 Class 'A' Subscriber Share

The subscriber shares do not form part of the net asset value of the Company. In the opinion of the Directors, this disclosure reflects the nature of the Company's business as an investment Company.

#### *Investor shares*

The net assets attributable to holders of redeemable shares are at all times equal to the net asset value of the Company. Net assets attributable to a shareholder represent a liability in the Statement of Financial Position, and are carried at their fair value as at the Company's reporting date. Investor shares do not carry any voting rights.

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

### 7. Share capital and redeemable shares (continued)

The following table shows the movements during the year end 31 December 2016 and 31 December 2015 for each of the two investor share classes:

	<b>FCS World Equities Fund Class 1 Investors Shares 2016 €</b>	<b>FCS Navigator Fund Class 1 Investors Shares 2016 €</b>	<b>FCS World Equities Fund Class 1 Investors Shares 2015 €</b>	<b>FCS Navigator Fund Class 1 Investors Shares 2015 €</b>
Balance at the beginning of the year	<b>69,095.614</b>	<b>49,315.745</b>	74,770.614	48,385.348
Creation of shares (units)	-	-	-	2,190.397
Redemption of shares (units)	<b>(10,834.238)</b>	<b>(49,315.745)</b>	(5,675.000)	(1,260.000)
Number of units at the end of the year	<b>58,261.376</b>	-	69,095.614	49,315.745

### 8. Net Asset Value

Net assets attributable to holders of redeemable shares represent a liability in the statement of financial position, carried at the redemption amount that would be payable as at the reporting date if the holder had to exercise the right to put the share back to the Company at that time. Differences exist between the valuation of quoted investments as prescribed by the Company's Offering Memorandum as opposed to that prescribed by IFRS as adopted by the EU.

In accordance with the Offering Memorandum, the net asset value of each class of shares in a Company is determined by reference to the market prices of the underlying assets in the Company attributable to such class at the close of business on the 'valuation date'. The net asset value of the Company based on the provisions of the Offering Memorandum is disclosed in the salient statistics.

The Offering Memorandum also stipulates the amortisation of formation expenses over a period of 5 years. In accordance with International Financial Reporting Standards, formation expenses are written off to profit or loss in the period when they are incurred.

In view of the above, as at 31 December 2016, the difference between the net asset value of the Company based on the provisions in the Offering Memorandum and that reported in the financial statements, amounted to €572 (2015: €10,513) as included in the Statement of Financial Position.



# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

### 9. Fees

#### Management fees

The manager is entitled to receive a management fee under the management agreement dated 23 April 2012, of 1.5% per annum in relation to Class 1 Investors Shares and 2% per annum in relation to Class 2 Investors Shares for each Fund. The fee is based on the net asset value of each class payable monthly in arrears. The fees due for the reporting year are disclosed in the statement of comprehensive income and the outstanding management fees as at end of year are detailed in Note 11.

#### Performance fees

The manager receives a performance fee calculated at 10% of the increase in the net asset value per share, if any, achieved by the Fund during such calendar month above the monthly hurdle rate of the 1 month EURIBOR. No performance fees were incurred during the year (2015: €Nil).

#### Administrator fees

The Administrator, FCS Asset Management Ltd, is entitled to fees under the administration agreement calculated based on the net asset value of the Funds, subject to a minimum of fee of €36,000 (2015: €36,000) per annum for FCS World Equities Fund and are payable monthly in arrears; and subject to a minimum of fee of €3,000 (2015: €3,000) per month for FCS Navigator Fund. The fees due by the Company for the reporting year amounted to €67,672 (2015: €75,409), with €4,249 (2015: €6,116) in outstanding accrued fees due to FCS Asset Management Ltd as at the end of year.

#### Custody fees

Custody fee is subject to a minimum fee of €7,500 per annum (2015: the same) per sub-fund.

#### Audit fees

Fees charged by the auditor for services rendered during the financial year ended 31 December 2016 and 31 December 2015, included under other operating expenses in the statement of comprehensive income, are as follows:

	2016	2015
	€	€
Annual statutory fee	5,400	5,400
Tax services and advisory services	1,210	1,210
	<u>6,610</u>	<u>6,610</u>

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

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### 10 Taxation

The tax regime for collective investment schemes is based on the classification of funds into prescribed or non-prescribed funds in terms of the conditions set out in the Collective Investment Schemes (Investment Income) Regulations, 2001 (as amended). In general, a prescribed fund is defined as a resident fund, which has declared that the value of its assets situated in Malta amount to at least 85% of the value of the total assets of the fund, whilst all other funds are classified as non-prescribed.

On the basis that the sub-funds of the Company are classified as non-prescribed funds for Maltese tax purposes, the Company is not subject to tax on its income or gains (other than any income from immovable property situated in Malta) but resident investors therein may be subject to a 15% final withholding tax on capital gains realised on a redemption of units in the Company. However in respect of such capital gain, the resident investor may request the Company not to effect the deduction of the said 15% withholding tax in which case the investor would be required to declare the gains in his/her income tax return and will be subject to tax at the normal rates of tax.

In the case of the Company's foreign investments, any capital gains, dividends, interest and other gains or profits may be subject to tax imposed by the country of origin concerned and such taxes may not be recoverable by the Company or by its shareholders.

During the year under review, the Company paid withholding taxes arising from transactions outside Malta amounting to €500 (2015: €27) as disclosed in the Statement of Comprehensive Income.

# FCS Global Funds SICAV p.l.c.

## Notes to the financial statements

For the financial year ended 31 December 2016

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### 11. Related party transactions

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

Mr Angelo Micallef is a Director of the Company and also a Director of LGA International Ltd, which acts as a Company Secretary to the Company. He resigned on 9 June 2016 from both positions held.

Mr Jaime Agurruza Fatosme is a Director of the Company and up to 4 December 2013, acted as a Director of FCS Asset Management Limited, which in turn acts as the Investment Manager to the Company.

Total Directors' fees for the year amounted to €5,622 (2015: €5,954) out of which €362 (2015: €510) were outstanding as at reporting date.

Total management fees for the year amounted to €126,275 (2015: €152,269) with €6,771 (2015: €12,175) in outstanding accrued fees due to FCS Asset Management Limited as at the end of the year.

Total administrator fees for the year and outstanding accrued fees due to FCS Asset Management Ltd as at the end of the year are disclosed in Note 9.

### 12. Post Balance Sheet Events

During the year ended 31 December 2017, license of FCS Navigator Fund will be suspended.

# FCS Global Funds SICAV p.l.c.

## Portfolio

### FCS World Equities Fund

<u>Description</u>	<u>Holding</u>	<u>CRY</u>	<u>Market price as at 31 December 2016 in accordance with IAS 39</u>	<u>Market price as at 31 December 2016 in accordance with Offering Memorandum</u>
<b><u>Equities</u></b>				
OZ MINERALS LTD - OZL ASX	12500	AUD	7.89	7.89
NOVO NORDISK A/S-B - NOVOB CSED	4550	DKK	254.7	254.7
AIR FRANCE-KLM - AF PAR	5000	EUR	5.174	5.174
ARCELORMITTAL (SM) - MTS SM	5000	EUR	7.026	7.026
AUFEMININ - FEM PAR	4000	EUR	28.5	28.5
BANCO POPULAR ESPANOL - POP SM	55000	EUR	0.918	0.918
BARON DE LEY - BDL SM	1649	EUR	119.5	119.5
BAYERISCHE MOTOREN WERKE AG - BMW ETR	2050	EUR	88.75	88.75
CORTICEIRA AMORIM SA - COR LIS	6300	EUR	8.5	8.5
CTT-CORREIOS DE PORTUGAL - CTT LIS	20000	EUR	6.445	6.445
DIALOG SEMICONDUCTOR PLC - DLG ETR	700	EUR	40.165	40.165
DISTRIBUIDORA INTERNACIONAL - DIA SM	20400	EUR	4.665	4.665
E.ON SE - EOAN ETR	33800	EUR	6.7	6.7
EBRO FOODS SA - EBRO SM	3429	EUR	19.905	19.905
ENCE ENERGIA Y CELULOSA SA - ENC SM	61000	EUR	2.51	2.51
EVONIK INDUSTRIES AG - EVK ETR	3821	EUR	28.38	28.38
FLEURY MICHON SA - FLE PAR	1700	EUR	64.4	64.4
GROUPE GUILLIN - ALGIL PAR	1700	EUR	32.7	32.7
HORNBAACH BAUMARKT AG - HBM ETR	5137	EUR	27.67	27.67
IBERPAPPEL - IBG SM	1750	EUR	22.89	22.89
INTL CONSOLIDATED AIRLINE-DI - IAG SM	12000	EUR	5.129	5.129
L.D.C. SA - LOUP FP PAR	320	EUR	94.49	94.49
MARR SPA - MARR MIL	1702	EUR	17.35	17.35
MIQUEL Y COSTAS - MCM SM	3249	EUR	24.75	24.75
REPLY SPA - REY MIL	300	EUR	118	118
TALGO SA - TLGO SM	58500	EUR	4.518	4.518
TECNICAS REUNIDAS SA - TRE MCE	2910	EUR	38.965	38.965
VISCOFAN SA - VIS SM	2636	EUR	46.85	46.85
ROTORK PLC - ROR LSE	22000	GBP	2.412	2.412
CLEAR MEDIA LTD - 100 HKG	40000	HKD	7.5	7.5
TIME WATCH INVESTMENTS LTD - 2033 HKG	440000	HKD	0.93	0.93

# FCS Global Funds SICAV p.l.c.

## Portfolio

### FCS World Equities Fund

LEROEY SEAFOOD GROUP ASA - LSG OSL	680	NOK	481.1	481.1
TGS NOPEC GEOPHYSICAL CO ASA - TGS OSL	2000	NOK	191.7	191.7
APPLE INC - AAPL US	500	USD	115.82	115.82
CHIPOTLE MEXICAN GRILL INC - CMG US	250	USD	377.32	377.32
GILEAD SCIENCES INC - GILD US US	2500	USD	71.61	71.61
NEVSUN RESOURCES LTD - NSU US US	35000	USD	3.09	3.09
NEWMONT MINING CORP - NEM US US	1700	USD	34.07	34.07
QIWI PLC-SPONSORED ADR - QIWI US	9200	USD	12.77	12.77

### Derivative assets

ECH7 CME Mar 17 - ECH7 CME	5	USD	1.0574	1.0574
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### Exchange traded funds

IPATH S&P 500 VIX S/T FU ETN (US) - VXX US	1000	USD	25.51	25.51
PROSHARES ULTRASHORT DOW30 - DXD US US	2000	USD	14.18	14.18