

# Annual Report 2019

**Investment Company under Luxembourg Law (SICAV)**

**R.C.S. Luxembourg N° B 181 633**

**Annual report and audited financial statements as of 31 December 2019**

FCS FUND SERVICES SICAV

FCS FUND SERVICES SICAV – FLEX ABLE GROWTH SUB-FUND\*

FCS FUND SERVICES SICAV – FLEX ABLE GROWTH PLUS SUB-FUND

\* dormant since 28.6.2019



# Annual report and audited financial statements as of 31 December 2019

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\* dormant since 28.6.2019

## **Sales restrictions**

Shares of this Fund may not be offered, sold or distributed within the United States of America.

# Management and Administration

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## Registered Office

2C, rue Albert Borschette  
L-1246 Luxembourg

## Management Company

FCS Asset Management Limited  
16/1, Sandra Flats  
Windsor Terrace  
Sliema SLM 1858  
Malta

## Board of Directors

Chairman:

*Carlos Ballesteros* (until 3 July 2019)  
Managing Director  
Co. Head Iberia Market 1875 Finance S.A. Geneva

Directors:

*José Vallbona Mercade* (until 3 July 2019)  
Co. Head Iberia Market 1875 Finance S.A. Geneva

*Oscar Casas*  
Director at Finanswer Luxembourg S.à r.l.  
Luxembourg

*Jaime Agurruza Fatosme* (Chairman)  
Director at FCS Asset Management Limited  
Compliance Officer at FCS Asset Management  
Luxembourg Branch, Luxembourg

*Oscar Garcia Arroyo* (since 3 March 2020)  
C/Jorge Juan 8, 4H, 28001-Madrid, Spain

## Investment Manager

FCS Asset Management Ltd  
16/1, Sandra Flats  
Windsor Terrace  
Sliema SLM 1858  
Malta

## Depository and Paying Agent

UBS Europe SE, Luxembourg Branch  
33A, avenue J.F. Kennedy  
L-1855 Luxembourg

## Administrative, Registrar, Domiciliation and Transfer Agent

Northern Trust Global Services SE  
6, rue Lou Hemmer  
L-1748 Senningerberg

## Independent Auditor of the Fund

ERNST & YOUNG S.A.  
35E, avenue J.F. Kennedy  
L-1855 Luxembourg

The sales prospectus, the articles of incorporation of the Fund, annual and semi-annual reports as well as the portfolio movements of the Fund mentioned in this publication are available free of charge at the sales agencies and at the registered office of the Fund.

# Features of the Fund

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FCS Fund Services SICAV (the “Fund”) is an open-end investment fund with multiple Compartments (société d’investissement à capital variable (SICAV) à compartiments multiples) governed by Part I of the law of 17 December 2010 on undertakings for collective investment, as may be amended from time to time (the “Law”). The Fund was converted from a Luxembourg partnership limited by shares (“Société en commandite par actions”) into a Luxembourg public limited company (“Société anonyme”), both governed by the law of 10 August 1915 on commercial companies.

The Fund was incorporated for an indefinite period on 6 November 2013, with an initial capital of EUR 31 000. Its articles of incorporation (the “Articles of Incorporation”) have been published in the Mémorial number 2975 on 26 November 2013. The Articles of Incorporation were last amended on 16 March 2016. The Fund is registered with the Registre de Commerce et des Sociétés of Luxembourg under number B 181 633. The Fund was originally registered as a Luxembourg specialised investment fund under the law of 13 February 2007 on specialised investment funds (the “2007 Law”) and converted into a Luxembourg undertaking for collective investment in transferrable securities under the Law as of 16 March 2016.

The Fund’s capital shall at all times be equal to the value of its total net assets. The minimum capital required by the Law is EUR 1 250 000 or its equivalent in another currency.

The Fund is an umbrella fund and as such may provide investors the choice of investment in a range of several separate Compartments each of which relates to a separate portfolio of eligible assets.

Ordinary Shares may be issued in one or more Classes in each Compartment.

The Board of Directors may launch additional Compartments or Classes, the offering terms and conditions of which will be described for each Compartment in the relevant Appendix to the Prospectus.

The Board of Directors will maintain for each Compartment a separate portfolio of assets. As between shareholders, each portfolio of assets will be invested for the exclusive benefit of the relevant Compartment.

The Fund constitutes one single legal entity. However, with regard to third parties, in particular towards the Fund’s creditors, each Compartment will be exclusively responsible for all liabilities attributable to it.

Classes of Shares may be sub-divided into two Categories: accumulation of income and distribution of income.

The following Classes of Shares are available:

- Class A shares are reserved for institutional investors.
- Class B shares are available to all types of investors. Fractions of Class B Shares cannot be issued.
- Class C shares are reserved for investors who instruct the Management Company, at the time of subscription, to make a donation to “Fundacion Colores de Calcuta” equal to 0.5% of the Management Fee charged.

The Reference Currency of the Fund is Euro.

The financial year of the Fund ends on 31 December of each year.

As at 31 December 2019, the following Compartment is active:

<b>FCS FUND SERVICES SICAV</b>	<b>Currency of account</b>
FCS FUND SERVICES SICAV	
– FLEX ABLE GROWTH PLUS SUB-FUND	EUR

The annual and semi-annual reports are available free of charge to shareholders at the registered office of the Fund and the Depositary.

No subscription may be accepted on the basis of the financial reports. Subscriptions are accepted only on the basis of the current prospectus accompanied by the latest annual or semi-annual report if available.

The figures stated in this report are historical and not necessarily indicative of future performance.

# Investment Management Report

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## Market Overview year 2019

Throughout 2019, one notes the magnificent behaviour of financial markets (equities and bonds) that contrasts with the lower global growth of the last decade. This disparity is mainly explained by the actions of the central banks. It has been the year of “failed normalization” of monetary policy. Both the Federal Reserve Board (the FED) and the European Central Bank (the ECB) have had to reverse their intention to raise interest rates and stop acquiring bonds in the market.

The messages transmitted by both the ECB and the Fed and their ongoing interventions erase the risk premiums of the assets as soon as the smallest symptom of economic slowdown occurs.

There are increasing doubts that monetary policy can really be normalized without causing severe damage to the economy and financial markets. At the slightest attempt to reduce liquidity or the announcement of an upcoming rise in interest rates, the economy suffers as do the financial markets, forcing central banks to recycle and postpone monetary normalization measures.

Financial markets usually act cyclothymically, alternating phases of appetite for risk with phases of total risk aversion. The doses of anaesthesia of the ECB and the Fed manage to postpone the latter, but fail to make the risks disappear. For now, anaesthesia works, and you can continue to do so for a while, but you should not forget that it is anaesthesia.

When an extraordinary and exceptional measure remains in effect for a long period of time, it ends up being considered normal and ordinary, losing its initial qualification of extraordinary. The danger of changing the behaviour of economic agents when considering negative rates as normal and ordinary, is what has led the Bank of Sweden to abandon negative rates.

The extension of negative rates has even reached the 6-month Greek Treasury. Most five-year European sovereign bonds have negative rates. In other words, the buyer of these bonds will incur in losses at maturity.

With a return on fixed income in minimum or even negative, fixed income has ceased to be a refuge to preserve the value of money.

Despite the good news of the end of the year regarding Brexit and the foreseeable signing of the (partial) trade agreement between the US and China, both issues will once again be a matter of attention, and concern, in 2020. The approval by the British parliament of a definitive exit from the EU at the end of 2020 clashes with the extreme difficulty mentioned by Brussels of negotiating all extremes of the agreement in just one year. Phase I of the trade agreement, not yet signed, between the US and China does not face the most conflicting extremes of the commercial war, such as intellectual property or technology.

Although a recession is not visible in the near future, the foreseeable scenario for the coming years is low growth, low inflation, low interest rates and low returns on investments.

## Manager's approach to markets in 2019

The markets, despite the undisputed upward trend in which they moved for almost the entire year (both fixed income and equities) have been mainly supported by the interventions of the two main Central Banks, the FED and the ECB, as we mentioned in the market overview, and therefore any change of course in their forward guidance could bring a sharp correction of the market in the future.

We have to acknowledge that the current rally of the American Stock Exchanges, probably the most spectacular that has been lived on Wall Street in its history, is largely associated with Trump. If anyone had any doubts, just remember that since their unexpected election in November 2016 the S&P has risen 50%<sup>1</sup> and that over the past three years, which are those of the Trump presidency, the rise of the American stock exchanges has far exceeded the rest of the world stock exchanges.

This does not mean that the policies put in place by Trump have been successful, or that they will work in the long term but that we took them into account on our approach to every investment across the year. The deglobalization undertaken by Trump under the slogan “America first”, the forced reflation of the economy generating a gigantic fiscal deficit and an enormous growth of the federal government's debt, the commercial war with China, or the pressure on the Fed to put their monetary policy at the service of its electoral interests, are deep burdens on the global economy, which generate risks that are difficult to assess and that could have devastating effects

<sup>1</sup> Bloomberg

on stability and growth in the coming years. Many of the imbalances that led to the great financial crisis of 2008 have been reproduced even more intensely under Trump's mandate, rather than being corrected.

In short, the strong revaluation of stock markets has been very aggressive in the year, reaching return targets that in some cases were not expected at all. The American indices have already returned to their historical average of PER 12M<sup>2</sup> while others still maintain a significant discount, as is the case in Europe and China. Tactically, it would be advisable to maintain a greater cash position in the face of future increases in volatility but without forgetting that markets are immersed in an upward trend underpinned by factors unrecommended to analyse under a fundamental or technical view, but rather under the faith in central banks as final guarantor of the markets.

We remind our clients when we invest we must do it with a business vision, our time horizon should always be the long term alignment of our interests to that of the 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 to be defensive, with a low exposure to market changes, diversifying through different asset classes and looking to maximise our main goal, capital preservation.

#### **The Investment objective for FCS FUND SERVICES SICAV – FLEX ABLE GROWTH PLUS SUB-FUND:**

The performance of the FCS Flex Able Growth Plus during the year 2019 was negative in both classes (Class A: -11.35%, Class B: -3.67%). The performance of the portfolio is mainly due to the ownership changes that the fund has undergone across the year, mostly in Class A, with the consequent liquidation of the assets and the following recomposition of the portfolio. Class A maintained a bear view of the market by investing

in structured products in order to hedge the downside risk of the market. These investments resulted in considerable losses regarding the endless upward trend the markets have shown throughout the year. The sharp increase in the prices of the securities within the portfolio forced us to dispose of some equities before time and that affected the portfolio negatively.

As per Class B, it was set up in September 2019 and is comprised of the same assets as Class A. Therefore a longer time horizon is needed in order for the portfolio to reflect the intended performance of the underlying assets.

As of last day of 2019 the portfolio is comprised of bonds (70%), equities (13.5%), and cash/others (14%).

We must be cautious and will continue to find 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 FUND SERVICES SICAV**

The sub-funds of the FCS FUND SERVICES SICAV, namely the FLEX ABLE GROWTH SUB-FUND, (which was subsequently liquidated and made dormant in June 2019) and FCS FUND SERVICES SICAV – FLEX ABLE GROWTH PLUS SUB-FUND, strictly followed the SICAV's risk management methodology under the UCITS 'commitment approach' and UCITS 'permitted investment instruments' requirements. Aside from one breach in the FCS FUND SERVICES SICAV – FLEX ABLE GROWTH PLUS SUB-FUND in October 2019, the sub-funds of the SICAV complied with the UCITS 'investment restrictions' and also strictly followed FCS Asset Management's risk management policies and procedures during the year 2019.



Dario Herrero

<sup>2</sup> Bloomberg and FCS analysis.

# Independent auditor's report

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To the Shareholders of

## **FCS FUND SERVICES SICAV**

2C, rue Albert Borschette  
L-1246 Luxembourg

### **Opinion**

We have audited the financial statements of FCS FUND SERVICES SICAV (the "Fund") and of each of its sub-funds, which comprise the statement of net assets and the statement of investments in securities and other net assets as at 31 December 2019, and the statement of operations and the statement of changes in net assets for the year then ended, and the 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 Fund and of each of its sub-funds as at 31 December 2019, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

### **Basis for Opinion**

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other information**

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 this fact. We have nothing to report in this regard.

### **Responsibilities of the Board of Directors of the Fund for the financial statements**

The Board of Directors of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines 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 Board of Directors of the Fund is responsible for assessing the Fund's and each of its sub-funds' 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 Board of Directors of the Fund either intends to liquidate the Fund or any of its sub-funds, or to cease operations, or has no realistic alternative but to do so.



## **Responsibilities of the “réviseur d’entreprises agréé” 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 a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, 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 Fund’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund.
- Conclude on the appropriateness of the Board of Directors of the Fund’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Fund’s or any of its sub-funds’ ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “réviseur d’entreprises agréé” 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 report of the “réviseur d’entreprises agréé”. However, future events or conditions may cause the Fund or any of its sub-funds to cease to continue as a going concern.

- 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Luxembourg, 27 April 2020

Ernst & Young  
Société Anonyme  
Cabinet de révision agréé



Jean-Marc Cremer

# FCS FUND SERVICES SICAV

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## Combined Statement of Net Assets

	EUR
<b>Assets</b>	<b>31.12.2019</b>
Investments in securities, cost	1 472 649.36
Investments in securities, unrealized appreciation (depreciation)	-8 571.36
Total investments in securities (Note 1)	1 464 078.00
Cash at banks, deposits on demand and deposit accounts	150 356.69*
Interest receivable on securities	7 380.11
Receivable on dividends	208.45
Other receivables	8 829.64
Formation expenses, net (Note 2)	18 599.60
<b>Total Assets</b>	<b>1 649 452.49</b>
<b>Liabilities</b>	
Bank overdraft	-105.03
Payable on redemptions	-3 618.69
Provisions for investment management fees (Note 2)	-3 342.87
Provisions for administration fees (Note 2)	-3 452.05
Provisions for formation expenses (Note 2)	-3 690.16
Provisions for depositary fees (Note 2)	-2 301.27
Provisions for distribution fees (Note 2)	-2 500.00
Provisions for taxe d'abonnement (Note 3)	-166.95
Provisions for regulatory fees	-5 261.29
Provisions for audit fees, legal and economic advice (Note 2)	-22 402.53
Provisions for publications, printing costs and publicity (Note 2)	-507.27
Provisions for other commissions and fees (Note 2)	-14 934.82
Total provisions	-58 559.21
<b>Total Liabilities</b>	<b>-62 282.93</b>
<b>Net assets at the end of the financial year</b>	<b>1 587 169.56</b>

## Combined Statement of Operations

	EUR
<b>Income</b>	<b>1.1.2019-31.12.2019</b>
Interest on liquid assets	16 070.49
Interest on securities	325 537.86
Dividends	11 897.33
Other income	29 986.85
<b>Total income</b>	<b>383 492.53</b>
<b>Expenses</b>	
Investment Management fees (Note 2)	-73 771.02
Administration fees (Note 2)	-43 725.80
Depositary fees (Note 2)	-29 149.23
Distribution fees (Note 2)	-40 639.59
Taxe d'abonnement (Note 3)	-1 034.37
Regulatory fees	-11 209.14
Audit fees, legal and economic advice (Note 2)	-94 614.32
Publications, printing costs and publicity (Note 2)	-10 007.27
Amortization of formation expenses (Note 2)	-30 388.80
Other commissions and fees (Note 2)	-128 414.43
Interest on cash and bank overdraft	-24 926.30
Other expenses	-23 987.14
<b>Total expenses</b>	<b>-511 867.41</b>
<b>Net income (loss) on investments</b>	<b>-128 374.88</b>
<b>Realized gain (loss) (Note 1)</b>	
Realized gain (loss) on market-priced securities without options	-2 917 179.35
Realized gain (loss) on financial futures	-172 374.31
Realized gain (loss) on forward foreign exchange contracts	-965.73
Realized gain (loss) on foreign exchange	152 614.01
<b>Total realized gain (loss)</b>	<b>-2 937 905.38</b>
<b>Net realized gain (loss) of the financial year</b>	<b>-3 066 280.26</b>
<b>Changes in unrealized appreciation (depreciation) (Note 1)</b>	
Unrealized appreciation (depreciation) on market-priced securities without options	1 830 921.77
Unrealized appreciation (depreciation) on yield-evaluated securities and money market instruments	-88.18
Unrealized appreciation (depreciation) on financial futures	-87 586.93
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>1 743 246.66</b>
<b>Net increase (decrease) in net assets as a result of operations</b>	<b>-1 323 033.60</b>

\* See note 5

# FCS FUND SERVICES SICAV – FLEX ABLE GROWTH SUB-FUND

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## Most important figures

Date	ISIN	28.6.2019	31.12.2018	31.12.2017
Net assets in EUR		577 165.06	19 589 146.99	21 470 561.92
<b>Class A</b>	<b>LU0979702627</b>			
Shares outstanding		6 868.1320	212 362.0000	212 362.0000
Net asset value per share in EUR		84.04	92.24	101.10

## Structure of the Securities Portfolio

As FCS FUND SERVICES SICAV – FLEX ABLE GROWTH SUB-FUND has been totally redeemed as at 28 June 2019, there is no securities portfolio or securities portfolio structure at the end of the reporting period. See note 5.

## Statement of Operations

	EUR
	1.1.2019-31.12.2019
<b>Income</b>	
Interest on liquid assets	7 673.64
Interest on securities	33 658.19
Other income	29 986.85
<b>Total income</b>	<b>71 318.68</b>
<b>Expenses</b>	
Investment Management fees (Note 2)	-36 928.72
Administration fees (Note 2)	-14 712.26
Depository fees (Note 2)	-9 807.77
Distribution fees (Note 2)	-13 306.45
Taxe d'abonnement (Note 3)	-300.37
Regulatory fees	-5 947.85
Audit fees, legal and economic advice (Note 2)	-48 232.25
Publications, printing costs and publicity (Note 2)	-500.00
Amortization of formation expenses (Note 2)	-24 494.20
Other commissions and fees (Note 2)	-31 000.10
Interest on cash and bank overdraft	-18 744.98
Other expenses	-51.75
<b>Total expenses</b>	<b>-204 026.70</b>
<b>Net income (loss) on investments</b>	<b>-132 708.02</b>
<b>Realized gain (loss) (Note 1)</b>	
Realized gain (loss) on market-priced securities without options	-1 524 165.37
Realized gain (loss) on foreign exchange	132 057.40
<b>Total realized gain (loss)</b>	<b>-1 392 107.97</b>
<b>Net realized gain (loss) of the financial year</b>	<b>-1 524 815.99</b>
<b>Changes in unrealized appreciation (depreciation) (Note 1)</b>	
Unrealized appreciation (depreciation) on market-priced securities without options	1 248 347.49
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>1 248 347.49</b>
<b>Net increase (decrease) in net assets as a result of operations</b>	<b>-276 468.50</b>

## Statement of Changes in Net Assets

	EUR
	1.1.2019-31.12.2019
Net assets at the beginning of the financial year	19 589 146.99
Redemptions	-19 312 678.49
Total redemptions	-19 312 678.49
Net income (loss) on investments	-132 708.02
Total realized gain (loss)	-1 392 107.97
Total changes in unrealized appreciation (depreciation)	1 248 347.49
Net increase (decrease) in net assets as a result of operations	-276 468.50
<b>Net assets at the end of the financial year</b>	<b>0.00</b>

## Changes in the Number of Shares outstanding

	EUR
	1.1.2019-31.12.2019
<b>Class</b>	<b>A</b>
Number of shares outstanding at the beginning of the financial year	212 362.0000
Number of shares issued	0.0000
Number of shares redeemed	-212 362.0000
<b>Number of shares outstanding at the end of the financial year</b>	<b>0.0000</b>

# FCS FUND SERVICES SICAV

## – FLEX ABLE GROWTH PLUS SUB-FUND

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### Three-year comparison

Date	ISIN	31.12.2019	31.12.2018	31.12.2017
Net assets in EUR		1 587 169.56	18 161 076.94	19 747 607.84
<b>Class A</b>	<b>LU0979703195</b>			
Shares outstanding		2 999.0000	145 873.8890	145 873.8890
Net asset value per share in EUR		109.44	124.50	135.37
<b>Class B<sup>1</sup></b>	<b>LU1720052098</b>			
Shares outstanding		13 277.0000	-	-
Net asset value per share in EUR		94.82	-	-

<sup>1</sup> First NAV: 4.9.2019

### Structure of the Securities Portfolio

Geographical Breakdown as a % of net assets	
United States	49.84
Germany	13.63
Canada	8.85
Ireland	6.32
Switzerland	6.12
Singapore	4.26
The Netherlands	3.22
<b>Total</b>	<b>92.24</b>

Economic Breakdown as a % of net assets	
Countries & central governments	53.10
Investment funds	6.32
Internet, software & IT services	6.70
Mining, coal & steel	4.26
Tobacco & alcohol	3.75
Computer hardware & network equipment providers	3.47
Insurance	3.47
Banks & credit institutions	3.40
Pharmaceuticals, cosmetics & medical products	2.73
Food & soft drinks	2.69
Miscellaneous consumer goods	2.35
<b>Total</b>	<b>92.24</b>

## Statement of Net Assets

	<b>EUR</b>
<b>Assets</b>	<b>31.12.2019</b>
Investments in securities, cost	1 472 649.36
Investments in securities, unrealized appreciation (depreciation)	-8 571.36
<b>Total investments in securities (Note 1)</b>	<b>1 464 078.00</b>
Cash at banks, deposits on demand and deposit accounts	146 738.00
Interest receivable on securities	7 380.11
Receivable on dividends	208.45
Other receivables	8 829.64
Formation expenses, net (Note 2)	18 599.60
<b>Total Assets</b>	<b>1 645 833.80</b>
<b>Liabilities</b>	
Bank overdraft	-105.03
Provisions for investment management fees (Note 2)	-3 342.87
Provisions for administration fees (Note 2)	-3 452.05
Provisions for formation expenses (Note 2)	-3 690.16
Provisions for depositary fees (Note 2)	-2 301.27
Provisions for distribution fees (Note 2)	-2 500.00
Provisions for taxe d'abonnement (Note 3)	-166.95
Provisions for regulatory fees	-5 261.29
Provisions for audit fees, legal and economic advice (Note 2)	-22 402.53
Provisions for publications, printing costs and publicity (Note 2)	-507.27
Provisions for other commissions and fees (Note 2)	-14 934.82
<b>Total provisions</b>	<b>-58 559.21</b>
<b>Total Liabilities</b>	<b>-58 664.24</b>
<b>Net assets at the end of the financial year</b>	<b>1 587 169.56</b>

## Statement of Operations

	<b>EUR</b>
<b>Income</b>	<b>1.1.2019-31.12.2019</b>
Interest on liquid assets	8 396.85
Interest on securities	291 879.67
Dividends	11 897.33
<b>Total income</b>	<b>312 173.85</b>
<b>Expenses</b>	
Investment Management fees (Note 2)	-36 842.30
Administration fees (Note 2)	-29 013.54
Depositary fees (Note 2)	-19 341.46
Distribution fees (Note 2)	-27 333.14
Taxe d'abonnement (Note 3)	-734.00
Regulatory fees	-5 261.29
Audit fees, legal and economic advice (Note 2)	-46 382.07
Publications, printing costs and publicity (Note 2)	-9 507.27
Amortization of formation expenses (Note 2)	-5 894.60
Other commissions and fees (Note 2)	-97 414.33
Interest on cash and bank overdraft	-6 181.32
Other expenses	-23 935.39
<b>Total expenses</b>	<b>-307 840.71</b>
<b>Net income (loss) on investments</b>	<b>4 333.14</b>
<b>Realized gain (loss) (Note 1)</b>	
Realized gain (loss) on market-priced securities without options	-1 393 013.98
Realized gain (loss) on financial futures	-172 374.31
Realized gain (loss) on forward foreign exchange contracts	-965.73
Realized gain (loss) on foreign exchange	20 556.61
<b>Total realized gain (loss)</b>	<b>-1 545 797.41</b>
<b>Net realized gain (loss) of the financial year</b>	<b>-1 541 464.27</b>
<b>Changes in unrealized appreciation (depreciation) (Note 1)</b>	
Unrealized appreciation (depreciation) on market-priced securities without options	582 574.28
Unrealized appreciation (depreciation) on yield-evaluated securities and money market instruments	-88.18
Unrealized appreciation (depreciation) on financial futures	-87 586.93
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>494 899.17</b>
<b>Net increase (decrease) in net assets as a result of operations</b>	<b>-1 046 565.10</b>

## Statement of Changes in Net Assets

	EUR
	<b>1.1.2019-31.12.2019</b>
Net assets at the beginning of the financial year	18 161 076.94
Subscriptions	2 568 118.86
Redemptions	-18 095 461.14
Total net subscriptions (redemptions)	-15 527 342.28
Net income (loss) on investments	4 333.14
Total realized gain (loss)	-1 545 797.41
Total changes in unrealized appreciation (depreciation)	494 899.17
Net increase (decrease) in net assets as a result of operations	-1 046 565.10
<b>Net assets at the end of the financial year</b>	<b>1 587 169.56</b>

## Changes in the Number of Shares outstanding

	1.1.2019-31.12.2019
<b>Class</b>	<b>A</b>
Number of shares outstanding at the beginning of the financial year	145 873 8890
Number of shares issued	10 888 1870
Number of shares redeemed	-153 763 0760
<b>Number of shares outstanding at the end of the financial year</b>	<b>2 999.0000</b>
<b>Class</b>	<b>B</b>
Number of shares outstanding at the beginning of the financial year	0.0000
Number of shares issued	13 277.0000
Number of shares redeemed	0.0000
<b>Number of shares outstanding at the end of the financial year</b>	<b>13 277.0000</b>

## Statement of Investments in Securities and other Net Assets as of 31 December 2019

Description	Quantity/ Nominal	Valuation in EUR (Note 1)	as a % of net assets
<b>Transferable securities and money market instruments listed on an official stock exchange</b>			
<b>Bearer shares</b>			
<b>Singapore</b>			
USD VOLITIONRX LIMITED COM USD0.001	16 000.00	67 563.47	4.26
<b>Total Singapore</b>		<b>67 563.47</b>	<b>4.26</b>
<b>United States</b>			
USD PEPSICO INC CAP USD0.016666	350.00	42 614.25	2.68
<b>Total United States</b>		<b>42 614.25</b>	<b>2.68</b>
<b>Total Bearer shares</b>		<b>110 177.72</b>	<b>6.94</b>
<b>Other shares</b>			
<b>Switzerland</b>			
CHF ROCHE HLDGS AG GENUSSSCHEINE NPV	150.00	43 331.35	2.73
<b>Total Switzerland</b>		<b>43 331.35</b>	<b>2.73</b>
<b>Total Other shares</b>		<b>43 331.35</b>	<b>2.73</b>
<b>Registered shares</b>			
<b>Germany</b>			
EUR HANNOVER RUECKVERS ORD NPV(REGD)	320.00	55 136.00	3.47
<b>Total Germany</b>		<b>55 136.00</b>	<b>3.47</b>
<b>Total Registered shares</b>		<b>55 136.00</b>	<b>3.47</b>
<b>Certificates on commodities</b>			
<b>Switzerland</b>			
USD BANK JULIUS BAER & CO LTD/AUF JB PHYSILVER AX 13-02.06.23	3 700.00	53 893.10	3.40
<b>Total Switzerland</b>		<b>53 893.10</b>	<b>3.40</b>
<b>Total Certificates on commodities</b>		<b>53 893.10</b>	<b>3.40</b>
<b>Notes, fixed rate</b>			
<b>USD</b>			
USD ALPHABET INC 1.99800% 16-15.08.26	120 000.00	106 373.00	6.70
USD ALTRIA GROUP INC 4.80000% 19-14.02.29	60 000.00	59 581.20	3.75
USD APPLE INC 2.85000% 17-11.05.24	60 000.00	55 292.95	3.48
USD PROCTER & GAMBLE CO 3.10000% 13-15.08.23	40 000.00	37 226.97	2.35
<b>Total USD</b>		<b>258 474.12</b>	<b>16.28</b>
<b>Total Notes, fixed rate</b>		<b>258 474.12</b>	<b>16.28</b>
<b>Bonds, fixed rate</b>			
<b>CAD</b>			
CAD CANADA, GOVERNMENT 2.25000% 18-01.03.24	200 000.00	140 484.85	8.85
<b>Total CAD</b>		<b>140 484.85</b>	<b>8.85</b>
<b>EUR</b>			
EUR NETHERLANDS, KINGDOM OF THE-144A-REG-S 3.50000% 10-15.07.20	50 000.00	51 088.50	3.22
<b>Total EUR</b>		<b>51 088.50</b>	<b>3.22</b>
<b>Total Bonds, fixed rate</b>		<b>191 573.35</b>	<b>12.07</b>
<b>Bonds, zero coupon</b>			
<b>EUR</b>			
EUR GERMANY, REPUBLIC OF 0.00000% 19-12.03.21	160 000.00	161 283.84	10.16
<b>Total EUR</b>		<b>161 283.84</b>	<b>10.16</b>
<b>Total Bonds, zero coupon</b>		<b>161 283.84</b>	<b>10.16</b>



Description	Quantity/ Nominal	Valuation in EUR (Note 1)	as a % of net assets
<b>Treasury notes, fixed rate</b>			
<b>USD</b>			
USD AMERICA, UNITED STATES OF 2.75000% 18-15.09.21	126 000.00	114 402.35	7.21
USD AMERICA, UNITED STATES OF 1.87500% 17-31.01.22	140 000.00	125 452.38	7.90
USD AMERICA, UNITED STATES OF 1.50000% 19-15.09.22	140 000.00	124 434.16	7.84
<b>Total USD</b>		<b>364 288.89</b>	<b>22.95</b>
<b>Total Treasury notes, fixed rate</b>		<b>364 288.89</b>	<b>22.95</b>
<b>Total Transferable securities and money market instruments listed on an official stock exchange</b>		<b>1 238 158.37</b>	<b>78.00</b>
<b>Transferable securities and money market instruments traded on another regulated market</b>			
<b>Treasury notes, fixed rate</b>			
<b>USD</b>			
USD AMERICA, UNITED STATES OF 2.25000% 14-31.03.21	140 000.00	125 671.63	7.92
<b>Total USD</b>		<b>125 671.63</b>	<b>7.92</b>
<b>Total Treasury notes, fixed rate</b>		<b>125 671.63</b>	<b>7.92</b>
<b>Total Transferable securities and money market instruments traded on another regulated market</b>		<b>125 671.63</b>	<b>7.92</b>
<b>UCITS/Other UCIs in accordance with Article 41 (1) e) of the amended Luxembourg law of 17 December 2010</b>			
<b>Investment funds, open end</b>			
<b>Ireland</b>			
EUR FCS GLB FD SERVICES ICAV-ACCURATE QUANT FD-EUR-A-CAP	1 200.00	100 248.00	6.32
<b>Total Ireland</b>		<b>100 248.00</b>	<b>6.32</b>
<b>Total Investment funds, open end</b>		<b>100 248.00</b>	<b>6.32</b>
<b>Total UCITS/Other UCIs in accordance with Article 41 (1) e) of the amended Luxembourg law of 17 December 2010</b>		<b>100 248.00</b>	<b>6.32</b>
<b>Total investments in securities</b>		<b>1 464 078.00</b>	<b>92.24</b>
<b>Cash at banks, deposits on demand and deposit accounts and other liquid assets</b>		<b>146 738.00</b>	<b>9.25</b>
<b>Bank overdraft and other short-term liabilities</b>		<b>-105.03</b>	<b>-0.01</b>
<b>Other assets and liabilities</b>		<b>-23 541.41</b>	<b>-1.48</b>
<b>Total net assets</b>		<b>1 587 169.56</b>	<b>100.00</b>

# Notes to the Financial Statements

Annual report and audited financial statements as of 31 December 2019  
FCS FUND SERVICES SICAV

## Note 1 – Summary of significant accounting policies

The financial statements have been prepared in accordance with the generally accepted accounting principles for investment funds in Luxembourg. The significant accounting policies are summarised as follows:

### a) Calculation of the Net Asset Value

The Net Asset Value will be expressed in the Reference Currency of each class within the relevant Compartment and will be determined as of any valuation day.

The frequency of the Net Asset Value calculation is detailed for each Compartment in the appendices of the prospectus.

The Net Asset Value per Share of each Class or Category of Shares is determined by dividing the value of the total assets of that Compartment properly allocable to such Class or Category less the liabilities of such Compartment properly allocable to such Class or Category by the total number of Shares of such Class or Category outstanding on the relevant Valuation Day.

The assets of the Fund, in relation to each Compartment, shall be deemed to include:

- (i) All cash on hand or on deposit, including any interest accrued thereon;
- (ii) all bills and demand notes payable and accounts receivable (including proceeds of securities sold but not delivered);
- (iii) all bonds, time notes, certificates of deposit, shares, stock, debentures, debenture stocks, subscription rights, warrants, options and other securities, financial instruments and similar assets owned by the Fund or contracted by the Investment Manager on behalf of the Fund (provided that the Investment Manager may make some adjustments in a manner not inconsistent with paragraph below regarding determination of value of assets with regards to fluctuations in the market value of securities caused by trading ex-dividends, ex-rights, or by similar practices);
- (iv) all stock dividends, cash dividends and cash distributions receivable by the Fund to the extent information thereon is reasonably available to the Fund;
- (v) all interest accrued on any interest bearing assets owned by the Fund except to the extent that the same is included or reflected in the principal amount of such asset;

- (vi) the preliminary expenses of the Fund, including the cost of issuing and distributing Shares of the Fund, insofar as the same have not been written off;
- (vii) the liquidating value of all forward contracts and all call or put options the Fund has an open position in; and
- (viii) all other assets of any kind and nature including expenses paid in advance.

The value of such assets shall be determined as follows:

- The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, pre-paid expenses, cash dividends and interest declared or accrued and not yet received, is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof;
- the value of securities and money market instruments listed or dealt in on a Regulated Market, stock exchange or other regulated markets will be valued at the last available price on such markets. If a security is listed or traded on several markets, the closing price at the market which constitutes the main market for such securities, will be determining;
- in the event that the securities and money market instruments are not listed or dealt in on a Regulated Market, stock exchange or other regulated markets or if, in the opinion of the Fund, the latest available price does not truly reflect the fair market value of the relevant securities, the value of such securities will be defined by the Fund based on the reasonably foreseeable sales proceeds determined prudently and in good faith by the Fund who may use commonly used valuation guidelines as a basis or any other method if it believes that such method better reflects the value of the relevant asset;
- units and shares of Underlying Funds are based on the last available value provided by the Central Administrator, the manager or any other reliable party involved with the Underlying Target Funds. For the purpose of Calculating the Net Asset Value of the Compartment, the Fund may allow the use of an estimate of value of the relevant underlying target funds;
- the liquidating value of futures, forward or options contracts not dealt in on Regulated Markets, stock exchange or other regulated markets shall mean their net liquidating value determined, pursuant to the policies established by the Fund, on a basis consistently applied for each different variety of

contracts. The liquidating value of futures, forward or options contracts dealt in on Regulated Markets, stock exchange or other regulated markets shall be based upon the last available settlement prices of these contracts on Regulated Markets, stock exchange or other regulated markets on which the particular futures, forward or options contracts are dealt in by the Fund; provided that if a futures, forward or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Fund may deem fair and reasonable;

- the Net Asset Value per Share of any Compartment may be determined by using an amortised cost method for all investments with a known short term maturity date. This involves valuing an investment at its cost and thereafter assuming a constant amortisation to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the investments. While this method provides certainty in valuation, it may result in periods during which value, as determined by amortisation cost, is higher or lower than the price such Compartment would receive if it sold the investment. The Fund will continually assess this method of valuation and recommend changes, where necessary, to ensure that the relevant Compartment's investments will be valued at their fair value as determined in good faith by the Fund. If the Fund believes that a deviation from the amortised cost per Share may result in material dilution or other unfair results to shareholders, the Fund shall take such corrective action, if any, as they deem appropriate to eliminate or reduce, to the extent reasonably practicable, the dilution or unfair results;
- the relevant Compartment shall, in principle, keep in its portfolio the investments determined by the amortisation cost method until their respective maturity date unless another method is employed upon decision of the Board of Directors in the best interest of the investors;
- interest rate swaps will be valued at their market value established by reference to the applicable interest rates curve. Index and financial instruments related swaps will be valued at their market value established by reference to the applicable index or financial instrument. The valuation of the index or financial instrument related swap agreement shall be based upon the market value of such swap transaction established in good faith pursuant to procedures established by the Fund;

- all other assets will be valued at fair market value as determined in good faith pursuant to procedures established by the Fund;
- the Fund, in its discretion, may permit some other method of valuation to be used if it considers that such valuation better reflects the fair value of any asset of the Fund.

In the event that extraordinary circumstances render valuations as aforesaid impracticable or inadequate, the Fund is authorized, prudently and in good faith, to follow other rules in order to achieve a fair valuation of the assets of the Fund.

*b) Net realized gain (loss) on sales of securities*

The realized gains or losses on the sales of securities are calculated on the basis of the average cost of the securities sold.

*c) Valuation of forward foreign exchange contracts*

The unrealized gain (loss) of outstanding forward foreign exchange contracts is valued on the basis of the forward exchange rates prevailing at valuation date.

*d) Valuation of financial futures contracts*

Financial futures contracts are valued based on the latest available published price applicable on the valuation date. Realized gains and losses and the changes in unrealized gains and losses are recorded in the statement of operations. The realized gains and losses are calculated in accordance with the FIFO method, i.e. the first contracts acquired are regarded as the first to be sold.

*e) Swaps*

The Fund may enter into interest rate swap contracts, forward rate agreements on interest rates swaptions, credit default swaps and total return swaps if they are executed with first-class financial institutions that specialize in transactions of this kind.

Changes in unrealized profits and losses are reflected in the statement of operations under "Unrealized appreciation (depreciation) on Swaps".

Gains or losses on swaps incurred when closed-out or matured are recorded as "Realized gain (loss) on Swaps" in the statement of operations.

*f) Conversion of foreign currencies*

Bank accounts, other net assets and the valuation of the investments in securities held denominated in currencies other than the currency of account of the different Compartments are converted at the mid closing spot rates on the valuation date. Income and expenses

denominated in currencies other than the currency of the different Compartments are converted at the mid closing spot rates at payment date. Gain or loss on foreign exchange is included in the statement of operations.

The cost of securities denominated in currencies other than the currency of account of the different Compartments is converted at the mid closing spot rate prevailing on the day of acquisition.

*g) Receivable on securities sales,  
Payable on securities purchases*

The position "Receivable on securities sales" can also include receivables from foreign currency transactions. The position "Payable on securities purchases" can also include payables from foreign currency transactions.

Receivables and payables from foreign exchange transactions are netted.

*h) Combined statements*

The Combined statements of the Fund are expressed in EUR. The various items of the Combined statement of net assets and the Combined statement of operations as of 31 December 2019 of the Fund are equal to the sum of the corresponding items in the financial statements of each Compartment.

## **Note 2 – Fees and expenses**

The Fund shall pay out of the assets of the relevant Compartment all expenses payable by the Compartment which shall include but not be limited to:

- fees payable to and reasonable disbursements and out-of-pocket expenses incurred by the Fund, the Depositary and the Central Administrator, as applicable;
- all taxes which may be due on the assets and the income of the Compartment (in particular, the "taxe d'abonnement" and any stamp duties payable);
- usual banking fees due on transactions involving securities held in the Compartment;
- legal expenses incurred by the Central Administrator, and the Depositary while acting in the interests of the shareholders;
- the cost of any liability insurance or fidelity bonds covering any costs, expenses or losses arising out of any liability of, or claim for damage or other relief asserted against the Fund and/or the Depositary, the

Central Administrator, or other agents of the Fund for violation of any law or failure to comply with their respective obligations under the Articles of Association or otherwise with respect to the Fund;

- the costs and expenses of the preparation and printing of written confirmations of Shares; the costs and expenses of preparing and/or filing and printing of all other documents concerning the Fund, including registration statements and Offering Document and explanatory memoranda with all authorities (including local securities dealers' associations) having jurisdiction over the Fund or the offering of Shares of the Fund; the costs and expenses of preparing, in such languages as are necessary for the benefit of the shareholders, including the beneficial holders of the Shares, and distributing annual reports and such other reports or documents as may be required under the applicable laws or regulations of the above-cited authorities; the cost of accounting, bookkeeping and calculating the Net Asset Value; the cost of preparing and distributing public notices to the shareholders; lawyers' and auditor's fees; and all similar administrative charges, including all advertising expenses and other expenses directly incurred in offering or distributing the Shares.

All recurring charges will be charged first against income, then against capital gains and then against assets. Other charges may be amortised over a period not exceeding five (5) years.

*Formation and launching expenses of the Fund*

The costs and expenses of the formation of the Fund and the initial issue of its Shares will be borne by the Fund and amortised over a period not exceeding 5 years from the formation of the Fund and in such amounts in each year as determined by the Fund on an equitable basis.

*Formation and launching expenses of additional Compartments*

The costs and expenses incurred in connection with the creation of a new Compartment shall be written off over a period not exceeding five (5) years against the assets of such Compartment only and in such amounts each year as determined by the Fund on an equitable basis. The newly created Compartment shall not bear a pro-rata of the costs and expenses incurred in connection with the formation of the Fund and the initial issue of Shares, which have not already been written off at the time of the creation of the new Compartment.

#### *Fees of the Management Company*

Unless otherwise provided in the appendices of the sales prospectus, the Management Company is entitled to a management fee payable at the end of each month.

#### FCS FUND SERVICES SICAV – FLEX ABLE GROWTH SUB-FUND\*

Class A: 0.40% p.a. out of the Compartment's net assets.

Class B: 1% p.a. out of the Compartment's net assets.

Class C: 1.15% p.a. out of the Compartment's net assets

#### FCS FUND SERVICES SICAV – FLEX ABLE GROWTH PLUS SUB-FUND

Class A: 0.375% p.a. out of the Compartment's net assets.

Class B: 1% p.a. out of the Compartment's net assets.

Class C: 1.125% p.a. out of the Compartment's net assets.

Any reasonable disbursements and out-of-pocket expenses (including without limitation legal fees, external service providers fees, telephone, telex, cable and postage expenses) incurred by the Management Company will be borne by the relevant Compartment.

#### *Distribution fee*

The Management Company is entitled to a distribution fee equal to the higher of EUR 2,500 per month, or 0.5% on Net New Assets per annum, on a monthly basis.

#### *Fees for the Central Administrator*

The Central Administration, in consideration for the services rendered is entitled to an administration fee out of the Assets of the relevant Compartment not exceeding 0.06% of the Net Asset Value and payable at the end of each month in accordance with the terms of the Central Administration Agreement, with a minimum of EUR 30,000 p.a. per Compartment.

#### *Fees of the Depositary*

The Fund is entitled to pay out of the assets of the relevant Compartment all fees and expenses payable to its Depositary not exceeding 0.05% of the Net Asset Value in accordance with the terms of the Depositary and Paying Agreement, with a minimum of EUR 20,000 p.a. per Compartment.

Any reasonable disbursements and out-of-pocket expenses (including without limitation telephone, telex, e-mail, website, cable and postage expenses) incurred by the Depositary, and any custody charges of banks and financial institutions to which custody of assets of a Compartment is entrusted, will be borne by the relevant Compartment.

#### *Listing Fees*

All fees and expenses relating to the listing the Shares of the Funds on the Italian Stock Exchange, where applicable, and registering the Funds for sale in various markets will be borne by the FCS Flex Able Growth Sub-Fund\* and FCS Flex Able Growth Plus Sub-Fund. Such fees and expenses are estimated not to exceed EUR 100,000 and may be amortised over the first five Accounting Periods of the Compartments and shall be subject to such adjustment following the establishment of new Funds as the Directors may determine.

#### *Other Operating Expenses*

The costs and expenses in relation to the tasks and activities required to operate the Fund including without limitation, the fees of independent valuers, appraisers and cost associated to the use of special purpose vehicles.

#### *Directors Remuneration*

Each of the Directors of the Board of Directors will be entitled to remuneration for his services at the rate determined by the general meeting of shareholders from time to time. In addition, each Director may be paid reasonable travelling, hotel and other incidental expenses for attending and returning from board meetings or general meetings of shareholders as well as for visiting services providers and delegates of the Fund.

All recurring expenditure is paid when incurred or invoiced from the net assets of the relevant Compartment(s). Other expenditure may be amortised over a period not exceeding five years.

Charges involved in the calculation of the net asset values of the various Compartments shall be spread between the Compartments in proportion to their net assets, except in cases where charges specifically relate to one Compartment, in which case they will be charged to that Compartment.

\* dormant since 28.6.2019

### Note 3 – Taxe d’abonnement

The Fund is subject to a subscription tax (*taxe d’abonnement*) levied at the rate of 0.05% per annum based on its net asset value at the end of the relevant quarter, calculated and paid quarterly. A reduced subscription tax rate of 0.01% *per annum* is applicable to Luxembourg UCIs whose exclusive object is the collective investment in money market instruments, the placing of deposits with credit institutions, or both. A reduced subscription tax rate of 0.01% *per annum* is applicable to UCITS individual Compartments of UCITS with multiple Compartments, as well as for individual classes of securities issued within a UCI or within a Compartment of a UCI with multiple Compartments, provided that the securities of such Compartments or classes are reserved to one or more institutional investors.

The *taxe d’abonnement* is waived for that part of the net assets invested in units or shares of other undertakings for collective investment that have already paid the *taxe d’abonnement* in accordance with the statutory provisions of Luxembourg law.

### Note 4 – Transaction costs

Transaction costs include brokerage fees, stamp duty, local taxes and other foreign charges if incurred during the period. Transaction fees are included in the cost of securities purchased and sold.

For the financial year ended on 31 December 2019, the Company incurred transaction costs relating to purchase or sale of investments in securities and similar transactions as follows:

FCS FUND SERVICES SICAV	Transaction costs
– FLEX ABLE GROWTH SUB-FUND*	24 543.09 EUR
– FLEX ABLE GROWTH PLUS SUB-FUND	25 928.53 EUR

\* dormant since 28.6.2019

### Note 5 – FCS FUND SERVICES SICAV – FLEX ABLE GROWTH SUB-FUND

The 6 868.1320 shares outstanding of Compartment FCS FUND SERVICES SICAV – FLEX ABLE GROWTH SUB-FUND as of 28 June 2019 have been totally redeemed and fully paid. As there were no new subscriptions the Board of Directors of the Company resolved by circular resolution dated 3 July 2019 to keep the Compartment dormant.

As of 31 December 2019 FCS FUND SERVICES SICAV – FLEX ABLE GROWTH SUB-FUND holds the following cash positions:

EUR 3 614.71, GBP 0.20 and USD 3.08 for a total amount of EUR 3 618.69.

### Note 6 – Subsequent Event

As at the end of the Reporting Period, a limited number of cases of an unknown virus had been reported to the World Health Organization. Following the subsequent spread of the virus globally, the World Health Organization declared the COVID-19 outbreak to be a pandemic on 11 March 2020. The identification of the virus after the end of the Reporting Period as a new coronavirus, and its subsequent global outbreak, is considered a non-adjusting subsequent event. At present it is not possible to assess the detailed impact, of this emerging risk, on the portfolios of the Fund but there is growing concern about the impact on the world economy and as a result of this uncertainty the values reflected in these financial statements may materially differ from the value received upon actual sales of those investments. In the light of significant corrections and heightened volatility in the financial markets over the past few weeks, the impact for the Fund might be important in terms of future valuations of its assets, nevertheless the Board and the Investment Manager continue to observe the efforts of governments to contain the spread of the virus in order to monitor and manage the economic impact on the portfolios and the Fund itself.

In addition, there is no indication that the going concern assumption of the Fund is inappropriate.

No other events took place between the end of the Reporting Period and the date of the approval of these financial statements that would require disclosure in or adjustments to the amounts recognized in these financial statements.

### Note 7 – Authoritative language

The English version of these financial statements is the authoritative version and only this version was audited by the auditor.

# Unaudited Information

Annual report and audited financial statements as of 31 December 2019  
FCS FUND SERVICES SICAV

## 1) Global Exposure

### Risk management

Risk management in accordance with the commitment approach is applied pursuant to the applicable laws and regulatory provisions.

### Leverage

Leverage is defined pursuant to the applicable ESMA directives as the total of the nominal values of the derivatives used by the respective Compartment. According to this definition, leverage may result in artificially increased leverage amounts, as some derivatives that can be used for hedging purposes may be included in the calculation. Consequently, this information does not necessarily reflect the precise actual leverage risk that the investor is exposed to.

Compartment	Global risk calculation method
FCS FUND SERVICES SICAV – FLEX ABLE GROWTH PLUS SUB-FUND	Commitment approach

## 2) Directors Remuneration

Each of the Directors of the Board of Directors will be entitled to remuneration for his services at the rate determined by the general meeting of Shareholders from time to time. In addition, each Director may be paid reasonable travelling, hotel and other incidental expenses for attending and returning from board meetings or general meetings of Shareholders as well as for visiting services providers and delegates of the Fund.

## 3) Remuneration Disclosure

The Board of FCS Asset Management Ltd. ('the Company') has considered the application of the proportionality principle and, taking into account the regulatory requirements as well as ESMA and MFSA's Guidelines, has determined that, given the size and internal organisation of the Company and the nature, scope and complexity of its activities, it is able on proportionality grounds to neutralise at the level of the whole Company, the remuneration rules relating to the pay-out-process of the variable remuneration rules relating to the pay-out-process of the variable remuneration (Annex II, point (1),m) to o) of the AIFM Directive and Article 111ter, (1) points m)

to o) of the UCITS Directive), and the requirement to establish a remuneration committee (Annex II, point (3) of the AIFM Law and Article 111ter, (3) of the UCITS Directive).

The Malta Financial Services Authority has granted the Company a derogation from the remuneration requirements on the pay-out-process and to establish a remuneration committee for a period of 2 (two) years, ending October 2021.

The Company has adopted a remuneration policy pursuant to applicable laws and regulations with the objective to ensure that its remuneration structure is in line with its interests and those of the collective investment schemes it manages and to prevent risk-taking which is inconsistent with the risk profiles, rules or articles of incorporation or management regulation of the collective investment schemes it manages. Further details of the remuneration policy of the Company are available at [www.fcs-am.com](http://www.fcs-am.com) or upon request.

With respect to the financial year ended 31 December 2019 the total fixed amount paid by the management company to its employees amounted to EUR 373 552. The company did not pay any variable remuneration to its employees. The total remuneration paid by the management company to senior management and members of its staff whose actions have a material impact on the risk profile of the collective investment schemes managed amounted to EUR 116 398. The remuneration function of the Company has reviewed the implementation of the remuneration policy and has not identified any deficiencies in this respect. An updated remuneration policy will be presented to the Authority in September 2021.

## 4) Transparency of securities financing transactions and their reuse

No securities financing transactions or total return swaps within the meaning of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 ("SFTR") were used in the investment fund's financial year. As a result, no disclosures within the meaning of Article 13 of said Regulation need to be made to investors in the annual report.