# FCS Fund Services SICAV

*Société d’investissement à capital variable*

Annual report and audited financial statements
as of 31 December 2023

RCS Luxembourg B 181 633

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## ORGANISATION

| | |
|---|---|
| **Registered office** | 3, rue Gabriel Lippmann<br>L-5365 Munsbach<br>Grand Duchy of Luxembourg |
| **Management Company** | **FCS Asset Management Limited**<br>40/2, Main Street<br>Balzan BZN 1259<br>Malta |
| **Board of Directors** | Jaime Agurruza Fatosme (Chairman)<br>Oscar Casas<br>Oscar Garcia Arroyo |
| **Investment Manager** | **FCS Asset Management Limited**<br>40/2, Main Street<br>Balzan BZN 1259<br>Malta |
| **Depositary bank and Paying agent** | **European Depositary Bank S.A.**<br>3, rue Gabriel Lippmann,<br>L-5365 Munsbach<br>Grand Duchy of Luxembourg |
| **Central administrator and domiciliation agent** | **Apex Fund Services S.A.**<br>3, rue Gabriel Lippmann<br>L-5365 Munsbach<br>Grand Duchy of Luxembourg |
| **Auditor** | **Ernst & Young S.A.**<br>35E, avenue John F. Kennedy<br>L-1855 Luxembourg,<br>Grand Duchy of Luxembourg |
| **Legal Advisers in Luxembourg** | **Simmons & Simmons Luxembourg LLP**<br>26A, Boulevard Royal<br>L-1528 Luxembourg<br>Grand Duchy of Luxembourg |

# FEATURES OF THE FUND

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 specialized 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. Fractions of Class A Shares cannot be issued
– 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. Fractions of Class C Shares cannot be issued

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 2023, the following Compartment is active:
- FCS FUND SERVICES SICAV – FLEX ABLE GROWTH SUB-FUND.

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

Year2023 ended with equities markets experiencing their best year in decades and bond yields back to roughly where they started the year. Q4 2023 was a strong quarter for global shares especially after that the US Federal Reserve during its last meeting held on 13th December signalled that interest rate cuts may be on the way for 2024. After leaving interest rates unchanged at a level of 5.25 – 5.5 percent as a consequence of cooling inflation signs, the FED forecasted 3 cuts of 25 percentage points each for 2024.

Developed markets outperformed emerging markets amid ongoing worries over China's real estate sector. Commodities underperformed in Q4, delivering -4.6% while also being -7.9% overall in 2023. Crude oil prices fell despite some output cuts.

Equities

US shares registered strong gains in the final quarter of the year, buoyed by expectations that interest rate cuts may be approaching.

The Nasdaq-100 registered its best annual performance since 1999, while the S&P 500 was the best performing major equity index over the quarter delivering its best quarterly performance for three years. The Index rose impressively from lows in October to reach new records in December and ended the year just short of its record high set in early 2022.

Leading such surge in the equities sector were technology stocks which benefited from rising expectations of multiple Fed rate cuts in 2024 and the ongoing interest in Artificial Intelligence (AI). Returns for the full year were dominated by the 'magnificent seven' tech and AI stocks, which contributed around 80% of the index returns. Technology was also the best performing sector, registering a performance of +57.8%.

As pointed out by Morningstar, large-growth stocks gained 47.3%, blowing away large-value stocks by 36 percentage points – the second-biggest advantage for growth in 25 years. With expectations that the higher for longer mantra stressed by central banks in Q3 was coming to an end as headline inflation continued to decelerate, growth stocks returned +13.4% over Q4, with value stocks delivering +9.5%.

Energy stocks fell 7% during the fourth quarter of 2023. Basic materials stocks were +9.7% Q4. Developed market equities delivered 11.5% total return.

US

US equities ended the quarter significantly up.

The annual inflation rate in the US (consumer price index) continued to decelerate, falling to 3.1% in November. The core personal consumption expenditure index, which represents Federal Reserve's (Fed) preferred measure of inflation was softer than expected, rising 0.1% month-on-month in November. At the same time, economic growth for Q3 was revised to an annualised rate of 4.9%, down from the previous reading of 5.2%. The unemployment rate was 3.7% in December, the same as in November. The US composite purchasing manager's index (PMI) came in at 50.9 in December 2023, little-changed from November's 50.7.

All this data reinforced market expectations that the Fed has finished its rate hiking cycle and will move towards cuts in 2024. Minutes from the Federal Open Market Committee's (FOMC) latest policy meeting showed policymakers expect rates to end next year at 4.5%-4.75%, down from the current 5.25%-5.5% range.

US shares rallied strongly on expectations of imminent rate cuts. There was a marginal upturn in business activity primarily due to continued growth in the service sector. The sectors most sensitive to interest rates outperformed the others. Such sectors include information technology, real estate, and consumer discretionary. The energy sector posted a negative return with crude oil prices weaker over the quarter.

The economy appeared to be resilient in 2023. The labour market remained tight with 216,00 jobs added in December 2023. Wages are also still strong, coming in at +4.1% year-on-year in December 2023. In addition, the economy was supported by a mix of fiscal and liquidity measures helping to offset the drag from higher rates including the Inflation Reduction Act (IRA) and the CHIPS Act.

# INVESTMENT MANAGEMENT REPORT (continued)

Eurozone

Q4 was a strong quarter for eurozone shares. European equities rose due to rising expectations that there may be no further interest rate rises and despite worries over the negative effects of interest rate rises on economic growth. The MSCI EMU index advanced 7.8%. Top gaining sectors included real estate, amid the prospect of a cheaper cost of debt, and information technology. Other economically sensitive sectors such as industrials and materials registered strong gains, while healthcare and energy were the two main laggards, registering negative returns.

Eurozone annual inflation was at 2.9% in December, up from 2.4% in November. However, such increase from November was widely expected, reflecting base effects and the withdrawal of energy support measures.
Higher interest rates weighed on the eurozone economy throughout Q3 and into Q4. Eurozone GDP fell by 0.1% quarter-on-quarter in Q3 and is likely to have fallen again in Q4, as signalled by the HCOB flash eurozone purchasing managers' index (PMI) fell to 47.0 in December (The PMI indices are based on survey data from companies in the manufacturing and services sectors. A reading below 50 indicates contraction, while above 50 signals expansion).

UK

UK equities rose over the quarter. UK small and mid-cap indices outperformed the broader market as domestically focused stocks performed very strongly. This occurred as hopes built further that interest rates may have peaked and amid a continued pick-up in overseas "inbound" bids for smaller UK companies.

Some of the large internationally exposed and economically sensitive areas of the market also performed well, especially in the industrial and financial sectors. More generally, however, larger companies were held back as sterling performed strongly against a weak US dollar.

Although headline inflation fell to 3.9% in November, the BoE kept rates on hold again in December. Revised data from the ONS revealed UK GDP fell in Q3, having previously shown zero growth. However, the CIPS/S&P Global Composite PMI rose to 52.1 in December of 2023 from 50.7 in the previous month, pointing to a second consecutive expansion, and revised higher from the preliminary reading of 51.7. The CIPS/S&P Global Purchasing Managers' Index (PMI) for the services sector rose to 53.4 in December. The GfK consumer confidence index rose to -22 in December 2023, up by two points from -24 in November.

For 2023 overall, UK Total Retail sales increased by 3.6% from 2022, but the majority of this was due to food sales.

The British Retail Consortium (BRC) said spending in cash terms in December was 1.7% higher than a year earlier, representing a fall in purchases after inflation is taken into account. There is also the concern that wage growth continues to remain high, which may cause an impact on inflation.

Although the Bank of England's Monetary Policy Committee (MPC) left interest rates unchanged at 5.25%, there are concerns that rising wages and potential inflation due to the increased cost of shipping that is feeding into supply chains and will hit the end consumers, could require the BoE to maintain its tight policy stance, therefore high interest rates for longer.

Japan

Despite some weakness in October and December, the gain in November brought the positive total return of Japanese equity market during Q4 by 2.0% for the TOPIX Total Return index.

There were significant changes in the market trend over Q4. October was characterised by worries that US interest rates would have remained higher for longer given still strong inflation which weighted on market sentiment. Heightened geopolitical risks, such as renewed conflict in the Middle East were also a cause for concern. However, weaker-than-expected macroeconomic figures in the US leading to expectations of US rate cuts cause an improvement in investor sentiment.

Although the US market continued to rise in December, the Japanese equity market lagged as investors became concerned about yen appreciation. Due to a reversal of the market trend, the growth stocks outperformed value stocks over the quarter and small caps also regained from the material underperformance against large cap.

## INVESTMENT MANAGEMENT REPORT (continued)

Japan (continued)

From a corporate fundamentals viewpoint, the first half of the fiscal year concluded with reasonably strong earnings results. While yen weakness certainly played a role, pricing power held up well. More companies disclosed management plans to address lower valuations, such as a price-to-book ratio below 1x. Another positive development was the steady progress in unwinding cross-shareholdings.

The overall macroeconomic conditions in Japan continued to improve. Higher inflation associated with slower wage growth caused a somewhat sluggish Q3 GDP data. However, the Bank of Japan (BOJ) tankan survey released in December showed continuous improvement in business sentiment for both the manufacturing and non-manufacturing sectors. Capital expenditure plans also suggested that there would continue to be strong demand in machinery and IT service companies.

The BOJ made gradual steps to normalise its extraordinary monetary easing policy at October end and continued to hint that they are likely to take further actions early 2024.

Emerging markets

Although underperforming developed market equities, overall EM equities were strong in Q4 2023 and they registered a positive performance of +7.9%, despite pressure early in the quarter, when rising bond yields and conflict in the Middle East weighed on emerging market (EM) returns. These were supported by signs of a "soft landing" for the US economy and increased expectations for interest rate cuts in 2024.

China continued to be a drag on broad EM performance. Mounting growth concerns meant Chinese equities fell by 4.8%. Mixed economic data from China continued to suggest a lacklustre economic recovery from the Covid-induced slowdown of prior years and stimulus measures remained limited. The ongoing real estate crisis continued to weigh on sentiment while worries about pressure on tech companies from potential gaming regulation also had a negative impact later in the quarter.

Poland was the top performer over the quarter as markets welcomed Donald Tusk's election as prime minister at the head of a pro-EU liberal coalition government. Peru, Egypt, and Mexico also posted strong double-digit returns in US dollars.

Brazil's outperformance was driven by ongoing signs of disinflation and the central bank's resultant reduction in policy rates. Korea also rallied on the back of tech-related performance.

While Saudia Arabia just outperformed the index, the remaining markets lagged. Those generating negative returns included Kuwait, UAE, China, and Turkey, which was the worst performing index market.

Fixed Income

The final quarter of the year was a very positive one for fixed income markets, marking their best quarterly performance in over two decades, according to the Bloomberg Global Aggregate indices. November and December saw global bond markets rise by about 10%. The major driver of this performance was a perceived shift in monetary policy direction, from a "higher-for-longer" stance to prospective rate cuts. Government bond yields fell sharply, and credit markets rallied, outperforming government bonds. Other possible reasons of such rally in the bond market could be growing concerns of slowing growth in China, a possible Eurozone recession and a slower growth trajectory in the US which weight on market sentiment, renewing interest in owning debt.

As noted by Fidelity, nominal 10-year Treasury bond yields finished 2023 in roughly the same place as the beginning of 2023. The substantial decline in real yields—the inflation-adjusted cost of borrowing—drove most of the steep Q4 drop in nominal yields. In Europe, Germany's 10-year yield, the benchmark for the euro zone, fell about 55 bps in 2023, the biggest drop since 2014, with almost all of the fall in November and December. This was because inflation slowed more than expected.

The US Federal Reserve (Fed) kept rates unchanged throughout the quarter, with a much clearer shift to a more dovish tone in December accelerating the market rally. The revised dot plot – a chart plotting Federal Open Market Committee (FOMC) projections for the federal funds rate - indicated that three rate cuts are now anticipated for 2024, up from the previously expected two. With more encouraging news on PCE inflation (the Fed's most watched measure), the FOMC appears more comfortable with the progress made in bringing inflation back towards the target.

# INVESTMENT MANAGEMENT REPORT (continued)

Fixed Income (continued)

Other major central banks held steady rates, although they appeared more cautious about inflation.

Meanwhile, the Bank of England's Monetary Policy Committee remained divided on further tightening. The latest inflation release surprised to the downside which extended the gilt market rally.

Elsewhere, the Bank of Japan's decision to make only minor adjustments to its yield curve control policy fell short of market expectations.

As markets priced in easing conditions, government bond yields fell across the board. The US 10-year Treasury yield fell from 4.57% at the end of Q3 to 3.87% at the end of Q4. The UK 10-year gilt yield fell from 4.44% to 3.54%, while the German 10-year Bund yield ended the quarter 0.81% lower at 2.03%.

Despite a slowing growth outlook, the corporate bond market staged an impressive rally on hopes that a deep recession could be averted as financial conditions eased. High yield markets outperformed investment grade in both the US and Europe, with a tightening of spreads also marking significant outperformance over government bonds.

Balanced convertible bonds, as measured by the Refinitiv Global Focus index, benefitted from the equity market tailwind, and made a gain of 6% in US dollar hedged terms. Convertibles delivered strong upside participation in market gains in December.

Foreign Exchange

The USD fell throughout Q4 after initially rising in October following on from the attack by Hamas on Israel.

The Fed's pivot towards rate cuts weighed on the US dollar. The ECB, while remaining cautious about when cuts may begin to be considered, has made it clear that the inflation target is in sight. The EUR was +4.41% in Q4. Sterling also continued to strengthen against the USD in Q4 as the Bank of England (BoE) held rates tight and gave no signs of weakening. The GBP was +4.36% in Q4.
The Swedish krona was the top performer among major currencies. Although the Riksbank paused interest rate hikes, the currency benefited from FX hedging operations conducted by the central bank designed to support the currency.

Commodities

The S&P GSCI Index declined in Q4, with price gains for precious metals and industrial metals failing to offset weaker prices for agriculture, energy, and livestock. Energy was the worst performing component, with sharply lower prices for natural gas, crude oil, and gas oil. Oil rose in early Q4 but then fell despite output cuts from Opec+ (the Organization of the Petroleum Exporting Countries, plus some other oil-producing countries). Although global demand is expected to rise in 2024, concerns around demand growth, due to the weak growth in China and Europe's movement toward recession, have weighed on traders. As noted by the IEA, oil market sentiment turned decidedly bearish in November and early December as non-OPEC+ supply strength coincided with slowing global oil demand growth. The extension of OPEC+ output cuts through Q1 2024 did little to propup oil prices.

Within agriculture, higher prices for coffee, cocoa, soybeans, and wheat failed to offset price declines for sugar, cotton, corn, and Kansas Wheat. In industrial metals, nickel and lead prices fell in the quarter, while zinc, copper, and aluminium achieved gains.

In precious metals, both gold and silver achieved robust price gains in the quarter. Gold rose in Q4 as the dollar declined and yields began to fall on rising expectations that the Fed and other major central banks will begin to cut rates in Spring 2024. Rising geopolitical risk put gold on investor radars as a safe haven, with gold reaching new records and demand from emerging market central banks helping to support gold.

## INVESTMENT MANAGEMENT REPORT (continued)

Ongoing Concerns

The escalation of Ukraine War remains a matter of concern in the short and intermedium terms.

Although we have no direct or indirect interest in Russian assets, the escalation of the war has provoked increasingly side wards effects in commodities prices, especially in Gas and Oil and Materials adding to the already seen sticky inflation worldwide.

Renovated tensions in the middle east, over the war in Gaza and broader security issues in the region has also become a matter of concern in the short and medium term as well as effects in commodities prices, mainly in Gas and Oil.

Volatility is also expected to remain high and economic growth to be challenged by the effects of the "higher for longer" monetary policy and the geopolitical risks.

The information stated in the report is historical and is not representative of future results.

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working world

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# Independent auditor's report

To the Shareholders of
FCS Fund Services SICAV
3, rue Gabriel Lippman
L-5365 Munsbach
Grand Duchy of Luxembourg

## Opinion

We have audited the financial statements of FCS Fund Services SICAV (the "Fund"), which comprise the statement of net assets and the statement of investments as at 31 December 2023, and the statement of operations and other 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 as at 31 December 2023, and of the results of its operations and changes in its 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 as adopted for Luxembourg by the CSSF 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 Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for 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.

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## 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 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 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.

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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 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 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.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Jean-Marc Cremer

Luxembourg, 26 April 2024

# STATEMENT OF NET ASSETS

as at 31 December 2023

| | Notes | FLEX ABLE GROWTH EUR |
|---|---|---|
| **ASSETS** | | |
| Investment at market value | | 1,518,461.99 |
| Unrealised gain on futures contracts | 6 | 10,897.12 |
| Cash at banks | | 375,531.51 |
| Dividends receivable | | 393.79 |
| Due from affiliate | | 524.39 |
| **TOTAL ASSETS** | | **1,905,808.80** |
| **LIABILITIES** | | |
| Provision for investment management fees | 2 | 644.24 |
| Provision for administration fees | 2 | 6,527.52 |
| Provision for audit fees | | 20,327.58 |
| Provision for depositary fees | | 18,621.91 |
| Distribution fees payable | | 2,547.93 |
| Directors fee payable | | 18,425.53 |
| Subscription duty ("taxe d'abonnement") | 3 | 220.18 |
| Other payables | 2 | 6,994.19 |
| **TOTAL LIABILITIES** | | **74,309.08** |
| **TOTAL NET ASSETS** | | **1,831,499.72** |



The accompanying notes form an integral part of these financial statements.

# STATEMENT OF OPERATIONS AND OTHER CHANGES IN NET ASSETS

For the year ended 31 December 2023

| | Notes | FLEX ABLE GROWTH EUR |
|---|---|---|
| **INCOME** | | |
| Dividends, net | | 44,887.28 |
| Interest income | | 4,771.49 |
| **TOTAL INCOME** | | **49,658.77** |
| **EXPENSES** | | |
| Investment management fees | 2 | 8,026.86 |
| Administrative agent and transfer agent fees | 2 | 39,662.71 |
| Depositary fees | | 49,118.60 |
| Bank charges and other fees | | 398.00 |
| Audit fees | 2 | 19,051.58 |
| Formation expenses | | 3,149.95 |
| Subscription duty ("taxe d'abonnement") | 3 | 114.17 |
| Transaction costs | 2, 4 | 6,691.01 |
| Interest expense | | 535.13 |
| Distribution fees | | 29,999.86 |
| Directors fees | | 31,460.68 |
| FATCA fees | | 2,046.78 |
| Regulatory fees | | 1,500.15 |
| Licence fees | | 9,250.00 |
| Other expenses | | 22,612.32 |
| **TOTAL EXPENSES** | | **223,617.80** |
| **NET INVESTMENT GAIN/(LOSS)** | | **(173,959.03)** |
| **NET REALISED GAINS/(LOSSES)** | | |
| - on investments | | 375,817.22 |
| - on futures contracts | 6 | 2,497.79 |
| - on options | | 13,259.55 |
| - on forward foreign exchange contracts | | (1,566.12) |
| - on foreign currency transactions | | (821.59) |
| **NET REALISED GAINS/(LOSSES) FOR THE YEAR** | | **215,227.82** |
| **CHANGE IN NET UNREALISED APPRECIATION/ (DEPRECIATION) FOR THE YEAR** | | |
| - on investments | | 86,692.28 |
| - on financial future contracts | 6 | 4,648.58 |
| - on foreign currency transactions | | (57,284.85) |
| **RESULT OF OPERATIONS FOR THE YEAR** | | **249,283.83** |
| Subscriptions | | - |
| Redemptions | | (550,000.00) |
| **TOTAL CHANGES IN NET ASSETS** | | **(300,716.17)** |
| **TOTAL NET ASSETS at the beginning of the year** | | 2,132,215.89 |
| **TOTAL NET ASSETS at the end of the year** | | **1,831,499.72** |

# STATISTICAL INFORMATION

31 December 2023

| | |
|---|---|
| **Total net assets** | |
| - as at 31 December 2023 | EUR 1,831,499.72 |
| - as at 31 December 2022 | EUR 2,132,215.89 |
| - as at 31 December 2021 | EUR 2,789,167.03 |
| | |
| **Number of Class A EUR shares** | |
| - outstanding at the beginning of the year | 24,649.22 |
| - issued | - |
| - redeemed | (5,849.25) |
| - outstanding at the end of the year | 18,799.97 |
| | |
| **Net asset value per Class A EUR shares** | |
| - as at 31 December 2023 | EUR 97.42 |
| - as at 31 December 2022 | EUR 86.50 |
| - as at 31 December 2021 | EUR 105.36 |

## STATEMENT OF INVESTMENTS

As at 31 December 2023

| Currency | Nominal/ Quantity | Description | Cost | Market Value | % of total net assets |
|---|---|---|---|---|---|
| **TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING** | | | | | |
| **Bonds** | | | | | |
| *Spain* | | | | | |
| *EUR* | 100,000.00 | SPAIN GOVERNMENT BOND | 95,903.00 | 95,985.00 | 5.24% |
| | | | *Total Spain* | *95,985.00* | *5.24%* |
| **Equity shares** | | | | | |
| *Belgium* | | | | | |
| *EUR* | 1,800.00 | BEKAERT SA | 71,964.00 | 83,736.00 | 4.57% |
| | | | *Total Belgium* | *83,736.00* | *4.57%* |
| *Canada* | | | | | |
| *USD* | 2,300.00 | TECK RESOURCES LTD | 88,678.65 | 88,010.68 | 4.81% |
| | | | *Total Canada* | *88,010.68* | *4.81%* |
| *China* | | | | | |
| *USD* | 400.00 | ALIBABA GROUP HOLDING- SP ADR | 46,164.85 | 28,066.81 | 1.53% |
| | | | *Total China* | *28,066.81* | *1.53%* |
| *France* | | | | | |
| *EUR* | 10,000.00 | DERICHEBOURG SA | 100,478.59 | 50,800.00 | 2.77% |
| *EUR* | 600.00 | ERAMET | 63,006.10 | 42,900.00 | 2.34% |
| | | | *Total France* | *93,700.00* | 5.11% |
| *Germany* | | | | | |
| *EUR* | 1,525.00 | BAYER AG | 50,050.50 | 51,285.75 | 2.80% |
| *EUR* | 1,500.00 | FRESENIUS SE & CO KGAA | 55,163.40 | 42,105.00 | 2.30% |
| *EUR* | 1,000.00 | INFINEON TECHNOLOGIES AG | 38,000.00 | 37,800.00 | 2.06% |
| | | | *Total Germany* | *131,190.75* | *7.16%* |
| *Italy* | | | | | |
| *EUR* | 4,000.00 | IVECO GROUP NV | 41,600.00 | 32,584.00 | 1.78% |
| | | | *Total Italy* | *32,584.00* | 1.78% |
| *Luxembourg* | | | | | |
| *EUR* | 1,924.00 | APERAM SA | 68,689.74 | 63,261.12 | 3.45% |
| | | | *Total Luxembourg* | *63,261.12* | 3.45% |
| *Netherlands* | | | | | |
| *EUR* | 3,695.00 | SHELL PLC | 70,452.48 | 110,111.00 | 6.01% |
| | | | *Total Netherlands* | *110,111.00* | 6.01% |
| *Spain* | | | | | |
| *EUR* | 12,500.00 | BANCO SANTANDER SA - (EUR) | 38,930.73 | 47,243.76 | 2.58% |
| *EUR* | 8,000.00 | REPSOL SA | 104,185.75 | 107,600.00 | 5.87% |
| | | | *Total Spain* | *154,843.76* | 8.45% |
| *Switzerland* | | | | | |
| *GBP* | 8,800.00 | GLENCORE PLC | 52,489.56 | 47,943.98 | 2.62% |
| | | | *Total Switzerland* | *47,943.98* | 2.62% |
| *United Kingdom* | | | | | |
| *GBP* | 17,007.00 | BP PLC | 66,236.81 | 91,489.40 | 5.00% |
| | | | *Total United Kingdom* | *91,489.40* | 5.00% |



The accompanying notes form an integral part of these financial statements.

## STATEMENT OF INVESTMENTS (Continued)

As at 31 December 2023

| Currency | Nominal/ Quantity | Description | Cost | Market Value | % of total net assets |
|---|---|---|---|---|---|
| **TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING** | | | | | |
| **Equity shares (continued)** | | | | | |
| *United States* | | | | | |
| *USD* | 1,100.00 | ALPHABET INC | 135,948.82 | 139,101.98 | 7.60% |
| *USD* | 1,000.00 | APA CORP | 38,436.61 | 32,480.88 | 1.77% |
| *USD* | 600.00 | ARCH RESOURCES INC | 91,209.83 | 90,131.71 | 4.93% |
| *USD* | 4,200.00 | BAUSCH HEALTH COS INC | 104,596.79 | 30,492.92 | 1.66% |
| *USD* | 1,000.00 | DEVON ENERGY CORP | 65,967.50 | 41,008.46 | 2.25% |
| *USD* | 1,000.00 | FREEPORT-MCMORAN INC | 38,659.67 | 38,537.10 | 2.10% |
| *USD* | 5,000.00 | NOV INC | 93,667.68 | 91,793.78 | 5.02% |
| *USD* | 1,000.00 | PARAMOUNT GLOBAL | 37,395.29 | 13,388.85 | 0.73% |
| *USD* | 2,000.00 | WARNER BROS DISCOVERY INC | 52,478.92 | 20,603.81 | 1.12% |
| | | | *Total United States* | *497,539.49* | 27.18% |
| **TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING** | | | **1,710,355.27** | **1,518,461.99** | **82.91%** |



The accompanying notes form an integral part of these financial statements.

## INDUSTRIAL AND GEOGRAPHICAL CLASSIFICATION OF INVESTMENTS

As at 31 December 2023

| Sector | % of net assets |
|---|---|
| Energy | 30.86 |
| Communications | 9.45 |
| Industrial | 7.34 |
| Basic Materials | 7.06 |
| Consumer, Non-cyclical | 6.76 |
| Government | 5.24 |
| Materials | 4.80 |
| Non financial corporations | 3.45 |
| Other financial intermediaries | 2.58 |
| Technology | 2.06 |
| Industrials | 1.78 |
| Consumer Discretionary | 1.53 |
| **TOTAL** | **82.91** |

| Country | % of net assets |
|---|---|
| United States | 27.20 |
| Spain | 13.69 |
| Germany | 7.16 |
| Netherlands | 6.01 |
| France | 5.11 |
| United Kingdom | 4.99 |
| Canada | 4.80 |
| Belgium | 4.57 |
| Luxembourg | 3.45 |
| Switzerland | 2.62 |
| Italy | 1.78 |
| China | 1.53 |
| **TOTAL** | **82.91** |

# NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2023

## 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, money market instruments, financial instruments and similar assets owned by the Fund or contracted by the management company on behalf of the Fund (provided that the management company may make some adjustments in a manner not inconsistent with paragraph below 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, prepaid 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 appropriated 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 or a money market instrument is listed or traded on several markets, the closing price at the market which constitutes the main market for such securities and money market instruments, 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 and money market instruments, 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 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;

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

### NOTE 1 - Summary of significant accounting policies (Continued)

*a) Calculation of the Net Asset Value (Continued)*

- 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 liquidation 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 exchanges or other regulated markets shall be based upon the last available settlement prices of these contracts on Regulated Markets, stock exchanges 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 rate 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 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 Board of Directors may authorize the Management Company to prudently and in good faith, 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.

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

## NOTE 1 - Summary of significant accounting policies (Continued)

*e) Valuation of financial options contracts*

Financial options contracts are valued based on the latest available published price applicable on the valuation date. Realised and unrealised profits and losses are recorded in the statement of operations and other changes in net assets.

*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.

## 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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

### NOTE 2 - Fee and Expenses (Continued)

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.

*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 Compartments' 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.

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 the Net New Assets per annum, on a monthly basis.

*Fees for the Central Administrator*

Apex Fund Services S.A. ("Apex") is acting as the Central administration. In consideration for the services rendered, Apex is entitled to a minimum fee of EUR 36,000 per annum, per Compartment, or the below, whichever is greater :
Up to EUR 200 million of aggregate Compartment value : 0.05%
From EUR 200 million and above : 0.04%

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

## NOTE 2 - Fee and Expenses (Continued)

*Fees of the Depositary*

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.

European Depositary Bank S.A. (“EDB”) is acting as depositary.

In consideration for the services rendered, EDB is entitled to a minimum fee of EUR 30,000 per annum, per Compartment, or the below, whichever is greater :

From EUR 0 to EUR 200 million of aggregate Compartment value : 0.025%
From EUR 200 million and above : 0.015%

*Listing Fees*

All fees and expenses relating to the listing of the Shares of Compartments on the Italian Stock Exchange, where applicable, and registering the Compartments for sale in various markets will be borne by the FCS Flex Able Growth 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 adjustments 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 valuators, 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).

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.

*Foreign Exchange translation*

Values expressed in a currency other than the currency of denomination of the Net Asset Value of the relevant Sub-Fund are translated into that currency of denomination at the average of the last available buying and selling price for such currency.

The exchange rate prevailing as at 31 December 2023 was the following:

| | |
|---|---|
| 1 EUR = | 1.1046 USD |
| 1 EUR = | 0.8666 GBP |

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

## 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 2023, the Company incurred transaction costs relating to purchase or sale of investments in securities and similar transactions as follows:

| FCS FUND SERVICES SICAV | |
|---|---|
| - FLEX ABLE GROWTH SUB-FUND | 6,691.01 |

## NOTE 5 – Authoritative language

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

## NOTE 6 – Futures contracts

FCS Fund Services SICAV – Flex Global Growth Sub-Fund

Unrealised gain on financial futures contracts as at 31 December 2023 was as follows:

| Currency | Counterparty | No. of Contracts | Underlying Securities | Expiration Date | Notional value in EUR | Unrealised gain in EUR |
|---|---|---|---|---|---|---|
| USD | European Depositary Bank | 9.00 | Euro FX Curr | March, 2024 | 1,117,005.39 | 10,897.12 |
| | | | | | **Total** | **10,897.12** |

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

### NOTE 7 - Significant events

The escalation of Ukraine War remains a matter of concern in the short and intermedium terms.

Although we have no direct or indirect interest in Russian assets, the escalation of the war has provoked increasingly side wards effects in commodities prices, especially in Gas and Oil and Materials adding to the already seen sticky inflation worldwide.

The situation, together with growing turmoil from fluctuations in commodity prices and foreign exchange rates, and the potential to adversely impact global economies, has driven a sharp increase in volatility across markets.

Although we have no direct or indirect interest in Russian assets, the approved broader economic sanctions against Russia have provoked increasingly side wards effects in commodities prices, especially in Gas and Oil and Materials adding to the already seen sticky inflation worldwide.

Renovated tensions in the middle east, over the war in Gaza and broader security issues in the region has also become a matter of concern in the short and medium term as well as effects in commodities prices, mainly in Gas and Oil.

Volatility is also expected to remain high and economic growth to be challenged by the effects of the “higher for longer” monetary policy and the geopolitical risks.

Although neither the Fund’s and any of its sub-fund’s performance and going concern nor operations, at the date of this report, have been significantly impacted by the above, the Directors continues to monitor the evolving situation and its impact on the financial position of the Fund and any of its sub-funds.

### NOTE 8 - Subsequent events

No  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.

# Unaudited information

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 | 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).

On 25 April 2022, the Company has requested the Malta Financial Services Authority to renew its derogation, which expired on 21 October 2021, from the remuneration requirements on the pay-out process and to establish a remuneration committee.

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 with 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 or upon request.

With respect to the financial year ended 31 December 2023 the total fixed amount paid by the management company to its employees amounted to EUR 311,573. 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 257,549. 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 May 2023.

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.

# Unaudited information (continued)

**5. Information concerning the SFDR disclosures**

The classification of the Sub-Funds as Article 6 Funds means that the Sub-Funds do not promote environmental or social characteristics in a way that meets the specific criteria contained in Article 8 of SFDR or have sustainable investment as their objective in a way that meet the specific criteria contained in Article 9 of SFDR.

Consequently, each Sub-Fund that is classified as an Article 6 Fund shall not be expected to pursue an investment approach that explicitly promotes environmental or social characteristics or to have sustainable investment as its objective. Accordingly, the investments underlying the Sub-Funds do not take into account the EU criteria for environmentally sustainable economic activities.

In line with Article 7 of Regulation (EU) 2020/852 (“Taxonomy Regulation”), the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities

Sustainability risk would not in itself prevent the Management Company from making an investment. Instead, sustainability risk forms part of Company’s overall risk management processes, and is one of many risks which may, depending on the specific investment opportunity, be relevant to the Management Company determination of risk.

The financial position of investments in the portfolios managed by the Management Company may deteriorate due to material sustainability related risks, depending on the investment universe. Sustainability risks can be described using Environmental, Social and Governance ("ESG") factors.