

**PRAUDE FUNDS ICAV**  
**(an umbrella type Irish Collective Asset-management Vehicle)**  
**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**

**For the year ended 31 December 2019**

# **PRAUDE FUNDS ICAV**

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## **PRAUDE FUNDS ICAV**

### **ICAV and Other Information**

#### **Directors of the ICAV**

Aoife Connolly (Irish resident)\*  
Janice Moore (Irish resident)\*  
Robert Azzopardi\*

#### **Registered Office**

28-32 Upper Pembroke Street  
Dublin 2  
Ireland

#### **Alternative Investment Fund Manager**

European & Global Investments Limited  
28-32 Upper Pembroke Street  
Dublin 2  
Ireland

#### **Investment Manager**

Praude Asset Management Limited  
Level 14, Portomaso Business Tower  
St. Julians STJ 4011  
Malta

#### **Independent Auditors**

Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House  
29 Earlsfort Terrace  
Dublin 2  
Ireland

#### **Administrator, Registrar and Transfer Agent**

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

#### **Depository**

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

#### **Secretary**

Tudor Trust Limited  
33 Sir John Rogerson's Quay  
International Financial Services Centre  
Dublin 2  
Ireland

#### **Legal Advisors to the ICAV as to Irish Law**

Dillon Eustace  
33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

\*Non-executive Director.

# **PRAUDE FUNDS ICAV**

## **Directors' Report For the year ended 31 December 2019**

The Directors present their report and the financial statements for Praude Funds ICAV (the "ICAV") for the year ended 31 December 2019.

Except where otherwise stated, defined terms shall have the same meaning herein as in the Prospectus of the ICAV.

### **Business review, principal activities and significant changes during the year**

The ICAV is an umbrella type Irish Collective Asset-management Vehicle with segregated liability between its Sub-Funds established under the laws of Ireland on 5 March 2018 and regulated by the Central Bank of Ireland (the "Central Bank") under registration number C178344. It is authorised in Ireland by the Central Bank pursuant to Part 2 of the ICAV Act 2015, as a Qualifying Investor Alternative Investment Fund on 6 April 2018.

The ICAV has established two Sub-Fund's, the Praude Total Return Fund which was authorised on 6 April 2018 and commenced operations on 2 May 2018 and the Praude Pure Equity Fund which was authorised on 17 July 2018 and commenced operations on 19 December 2018 (individually the "Sub-Fund", together the "Sub-Funds").

The investment objective of the Praude Total Return Fund is to seek the highest level of long-term total return which includes capital growth, interest and dividends received.

The investment objective of the Praude Pure Equity Fund is to achieve long-term appreciation principally through value investing in the major equity markets.

Praude Asset Management Limited acts as the Investment Manager (the "Investment Manager") to the ICAV.

European & Global Investments Limited acts as the Alternative Investment Fund Manager (the "AIFM") to the ICAV.

The business of the ICAV is reviewed in detail in the Investment Manager's Report on pages 9 to 13.

### **Principal risks and uncertainties**

The principal risks and uncertainties which the ICAV faces relate to the investments in equity securities, equity-related securities and derivative financial instruments by the Sub-Funds and are discussed in note 8 "Financial instruments and associated risks".

The Directors have monitored on an ongoing basis the developments in relation to Brexit. Due consideration has been given to the impact of Brexit on investors, on the day to day operations of the ICAV including its Sub-Funds, on the investments of the ICAV and to the delivery of each investment strategy.

### **Covid-19**

Since the financial year end we have seen the development of the coronavirus Covid-19 outbreak initially in China and now reaching most continents. It has been declared a global pandemic by the World Health Organisation. The nature and extent of the impact of such an event is difficult to predict but it may adversely affect the return on each Fund and its investments and there is growing concern about the impact on the world economy. There has been a significant correction in the financial markets. The Directors and the Investment Manager continue to monitor the efforts of governments to contain the spread of the virus and monitor the economic impact on the investments in the portfolios.

Investors should be aware of the liquidity risk presented by this global pandemic. There is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Market disruptions or closures may result in the Investment Manager being unable to accurately value the assets of a sub Fund, or in the event of high levels of redemption, the Directors may use certain liquidity management tools permitted by the Central Bank, including deferred redemptions, the implementation of fair value pricing or temporarily suspension of a sub Fund.

## **PRAUDE FUNDS ICAV**

### **Directors' Report (continued) For the year ended 31 December 2019**

#### **Future developments in the business of the ICAV**

The ICAV will continue to pursue its investment objectives as set out in the Prospectus.

#### **Results for the period**

The results for the year are set out on page 20.

#### **Directors and Secretary's interests**

The Directors and Secretary are as stated on page 3.

The following Directors served throughout the year:

Aoife Connolly  
Janice Moore  
Robert Azzopardi

None of the Directors nor the Secretary had any interest in the share capital of the ICAV as at 31 December 2019.

Aoife Connolly is the Financial Controller and Janice Moore is the Compliance Officer and the Money Laundering Reporting Officer of the AIFM.

Robert Azzopardi was the Chief Financial Officer of the Investment Manager up to 14 June 2019.

#### **Related party transactions**

For details of related party transactions during the period, please refer to note 10.

#### **Connected person transactions**

As at 31 December 2019, the Directors of the AIFM are satisfied that: (i) there are arrangements in place, to ensure that the obligations set out in paragraph 1 of Section 1.viii 'Dealings by management company, general partner, depositary, AIFM, investment manager or by delegates or group of these of this Part' are applied to all transactions with connected persons; (ii) and that transactions with connected persons entered into during the year complied with the obligations set out in that paragraph.

Note 10 to these financial statements details related party transactions during the period. Details of fees paid to related parties and certain connected persons are also set out in note 10.

#### **Significant events after the period end**

For details of significant events after the period end, please refer to note 18.

#### **Adequate accounting records**

To ensure that adequate accounting records are kept in accordance with the Irish Collective Asset-management Vehicles Act 2015 (the "ICAV Act 2015"), the Directors of the ICAV have employed a service organisation: CACEIS Ireland Limited (the "Administrator"). The accounting records are located at the offices of the Administrator as stated on page 3.

#### **Political donations**

The ICAV did not make any political donations during the period.

#### **Independent Auditors**

Deloitte Ireland LLP were appointed during the financial year ended 31 December 2018 in accordance with Section 125 of the ICAV Act 2015, and have expressed their willingness to continue in office.

## **PRAUDE FUNDS ICAV**

Directors' Report (continued)  
For the year ended 31 December 2019

### **Directors' Responsibilities Statement**

The Directors are responsible for preparing the Directors' Report and financial statements, in accordance with applicable law and regulations.

The Irish Collective Asset-management Vehicles Act 2015 (the "ICAV Act 2015") requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards, as permitted by Section 116(4) of the ICAV Act 2015 and applicable law.

The financial statements are required to give a true and fair view of the assets, liabilities and financial position of the ICAV at the end of the financial year and of the profit or loss of the ICAV for the financial year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies in accordance with International Financial Reporting Standards as adopted by the European Union and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the ICAV will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the ICAV and enable them to ensure that the financial statements comply with the ICAV Act 2015. The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the ICAV. In this regard, the Directors have entrusted the assets of the ICAV to CACEIS Bank, Ireland Branch (the "Depositary") for safekeeping. The Directors have general responsibility for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the ICAV Act 2015.

# **PRAUDE FUNDS ICAV**

## **Directors' Report (continued) For the year ended 31 December 2019**

### **Statement of Corporate Governance**

#### **(a) General Requirements**

The ICAV is subject to the requirements of the Irish Collective Asset-management Vehicles Act 2015 (the "ICAV Act 2015") and the AIF Rulebook. The ICAV is subject to corporate governance practices imposed by:

- (i) the ICAV Act 2015 which may be obtained from the Irish statute book website at [www.irishstatutebook.ie](http://www.irishstatutebook.ie) and are available for inspection at the registered office of the ICAV;
- (ii) the Instrument of Incorporation of the ICAV (the "Instrument") which may be obtained at the ICAV's Registration Office in Ireland and is available for inspection at the registered office of the ICAV; and
- (iii) the Central Bank of Ireland (the "Central Bank") in their Central Bank AIF Rulebook which may be obtained from the Central Bank website at:  
<http://www.centralbank.ie/regulation/industry-sectors/funds/aifmd/Pages/default.aspx>

In addition to the above, the ICAV has adopted the Irish Funds Corporate Governance Code for Collective Investment Schemes and Management Companies (the "IF Code"). The Directors have put in place a framework for corporate governance which it believes is suitable for an investment company with variable capital and which enables the ICAV to comply voluntarily with the requirements of the IF Code, which sets out principles of good governance and a code of best practice.

#### **(b) Board of Directors**

In accordance with the ICAV Act 2015 and the Instrument unless otherwise determined by an ordinary resolution of the ICAV in general meeting, the number of Directors may not be less than two. The Board of Directors (the "Board") currently comprises three Directors. Details of the current Directors are set out in the "ICAV and Other Information" section on page 3, under the heading "Directors of the ICAV".

In respect of the composition of the Board of Directors, the Corporate Governance code states the following:

"It is recommended that the Board comprise a majority of non-executive directors, and at least one independent director."

There are currently no independent Directors. The Board of Directors believes it has appropriate arrangements in place to address the lack of an independent Director including a Conflicts of Interests Policy. The Board also believes that the current Directors possesses all the necessary skills and experience to ensure effective governance and oversight of the Company.

Otherwise, the Board of Directors has assessed the measures included in the IF Code as being consistent with its corporate governance practices and procedures for the financial year.

The Board has delegated management of the ICAV to certain delegate service providers. These delegate service providers are set out in the "ICAV and Other Information" section on page 3.

Board materials, including a detailed agenda of items for consideration at each Board meeting, minutes of the previous Board meeting and reports from various internal and external stakeholders, including delegate service providers, are generally circulated in advance of the Board meeting to allow all Directors adequate time to consider the material.

## PRAUDE FUNDS ICAV

### Directors' Report (continued)

For the year ended 31 December 2019

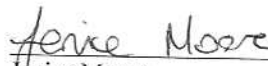
#### **(c) Internal Control and Risk Management Systems in Relation to Financial Reporting**

The Board is responsible for establishing and maintaining adequate internal control and risk management systems of the ICAV in relation to the financial reporting process. The Board has entrusted the administration of the accounting records to an independent administrator, CACEIS Ireland Limited (the "Administrator"). The Board, through delegation to the Administrator, has put in place a formal procedure to ensure that adequate accounting records for the ICAV are properly maintained and are readily available, and includes the procedure for the production of audited annual financial statements for the ICAV. The audited annual financial statements of the ICAV are prepared by the Administrator and presented to the Board for approval, prior to applicable filing, such as with the Central Bank.

From time to time, the Board will examine and evaluate the Administrator's financial accounting and reporting routines, and will monitor and evaluate the Independent Auditors' performance, qualifications and independence.

Signed on behalf of the Board of Directors:

\_\_\_\_\_  
Aoife Connolly Director  
18 June 2020

  
\_\_\_\_\_  
Janice Moore Director  
18 June 2020

## PRAUDE FUNDS ICAV

### Directors' Report (continued)

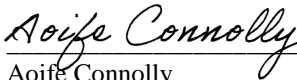
For the year ended 31 December 2019

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From time to time, the Board will examine and evaluate the Administrator's financial accounting and reporting routines, and will monitor and evaluate the Independent Auditors' performance, qualifications and independence.

Signed on behalf of the Board of Directors:

 Director  
Aoife Connolly  
18 June 2020

\_\_\_\_\_  
Janice Moore Director  
18 June 2020

# **PRAUDE FUNDS ICAV**

## **Investment Manager's Report For the year ended 31 December 2019**

### **Praude Total Return Fund Manager Report Financial Year 2019**

During the period under review from 1st January 2019 until 31st December 2019, Praude Total Return Fund gained 18.72%. In accordance with the Investment Policy, the Fund primarily invested in equities whilst also building up to a 10% exposure to bonds by year end. As the Fund is an absolute return fund, it is not managed in accordance with any benchmark.

The Manager believes that the main factor driving the markets is the disappearance of inflation. Ever since 2008, the relationship between the money supply and the price level no longer works the way it had been working in the last centuries. This allows for Central Banks to intervene more or less ad libitum. Central Banks print money and buy a continuously extended variety of financial assets. As a result, Italy can issue bonds at a rate that is unrelated to its financial strength or financial discipline. The mere promise of a remuneration makes a bond attractive to investors desperate to find nominal returns, as the idea that it will be refinanced if things go wrong is the main driver of the bond's risk assessment. High quality bonds and especially high quality government bonds with negative yields are no longer the safe haven for long term prudent investors as the main driver for the free and rational buyers (outside of the manipulated investment portfolios of the commercial banks) is the capital appreciation that would be realised upon the expected further downward movement of market interest rates. The Japanese Central Bank is now the main buyer of ETFs on the Japanese market - another way to invest regardless of the quality of the issuers. All in all, there is no way to earn a risk-free positive return and the liquidity provided by Central Banks is by far the most important factor behind the performance of asset classes.

In this environment, the asset management industry, pension funds, insurance companies and any other parties who have always existed in an environment where positive risk-free returns on investments was the indisputable rule, are now struggling to justify their existence as for any prudent investor, holding cash would be more rational than buying any fixed income security.

The asset management system reacted by a) emphasising ETFs as a much more cost-effective way of investing in comparison to costly actively managed funds and b) promoting the type of illiquid instruments where NAVs are not periodically calculated but where the investors only find out about the quality of the performance after a long period and massive amounts of management fees, whilst in the meantime being a prisoner trapped inside a very illiquid instrument.

ETFs and private equity have in common an enormous advantage for the asset manager: performance, at least for a few years, is not important. In fact, ETFs perform in line with a set index or basket of assets and the chosen reference indices or baskets of assets are likely to outperform the market as the industry is pushing to move investors out of actively managed funds and into ETFs which are, in turn, benefitting from the consequent flows of liquidity. In the case of private equity, being a long-term investment by definition and without liquidity, the performance can only be assessed in the medium term. In the short term it allows for both the investor and the asset manager to deal with the stress and responsibility otherwise naturally connected with third party money management.

Therefore, large money flows drive the performance of investments but at the same time, the connection between quality of the assets and their value is fading. Most investors still see this correlation as strong but we are not able to share this view.

We went against the tide by continuing to look for value where we believe it can be clearly detected: in small companies with good fundamentals – exactly the asset class not included in ETFs, suffering from the competition of private equity.

For the above-mentioned reasons, we see bonds as even more dangerous and where the disconnection between price and value is even clearer.

## PRAUDE FUNDS ICAV

### Investment Manager's Report (continued) For the year ended 31 December 2019

#### **Praude Total Return Fund Manager Report Financial Year 2019 (continued)**

With specific reference to equities, one factor which contributed to the underperformance of the Fund is that markets preferred growth stocks over value stocks during the financial year. To illustrate this point, the MSCI Europe Growth Index gained 30% during 2019 whilst the MSCI Europe Value Index only gained 14.5% during the year.

We will now individually examine the worst and best performers held by the Fund during 2019.

The worst performer during the financial year was K+S – a provider of mineral products, operating in an oligopolistic industry. The position in K+S was bought shortly after the results for 2018 had been released. 2018 figures had been negatively impacted by a prolonged heat wave and severe drought. At this point in time, a significant recovery in profitability was expected for 2019 as well as substantial deleveraging and the generation of positive free cash flow. Whilst the first half of the year developed well, the second half of the year was impacted by the weakening of the potash market. Due to weather conditions as well as a temporary import ban on potash in China, there was a major fall in demand and prices. As a result, K+S, along with its peers, had to cut production and therefore, revise their earnings estimates downwards. Due to concerns about the company's leverage in an increasingly deteriorating environment, this holding was reduced in 2020 and eventually closed when the share temporarily rallied upon positive news flow related to the sale of a part of the business.

The position in Orsero was increased at the beginning of the financial year, making it the second largest holding in the portfolio. The H1 results showed a reduction in the profitability of Orsero's distribution segment which overshadowed the significant improvement in the import & shipping segment. As a result, the share lost around 12% until year end. A positive development for the share was the move from the AIM to the STAR segment in December 2019, improving the company's visibility amongst investors. At the time of writing, Orsero is trading at a P/E of 7.2x in a defensive sector which should see a relatively limited impact on demand during the COVID-19 crisis and therefore the Manager will continue to hold the position.

The position in Koenig & Bauer lost 23% over 2019. Despite the negative sentiment surrounding the company, we believe that it is a financially sound, world-class technological company that will not be displaced in the foreseeable future and is trading at attractive multiples (a 2020 P/E of 11 and a 2021 P/E of 6.5 at the time of writing). The critical nature of Koenig & Bauer's operations has been highlighted during the COVID-19 crisis as the German Federal Ministry of Food and Agriculture has listed "enterprises producing packaging and packaging materials for products" as critical suppliers to the food industry throughout Europe. As stated by the company "board packaging, folding cartons, plastic films, bottles, cans and the necessary labelling ensure that food and pharmaceutical products reach the end user efficiently and in hygienic condition."

On the positive side, the most profitable trade during the financial year was Eckert & Ziegler. The price at the start of the year was €61.70 and the Manager sold the position at an average price of €129. Eckert & Ziegler have an attractive business model with a strong industrial segment in isotope products as well as exposure to an emerging field in radiopharmaceuticals – an industry where billion dollar M&A's were being carried out at 10 x revenue. At the average selling price, the position had a P/E of 32 and the Manager therefore decided to realise the substantial profit made on this position.

Secondly, the third largest position in the fund – Hamburger Hafen und Logistik – rose 42% during the year. Despite the negative sentiment surrounding trade war news flow, the company continued to release strong results throughout the year and even upgraded its guidance upon release of their Q3 results. For 2020, HHHLA expects "strong decreases in revenue and earnings due to the dramatic changes in the macroeconomic environment". However, the company is confident that its liquidity position will be sufficient to meet its obligations at all times during the crisis.

## **PRAUDE FUNDS ICAV**

### **Investment Manager's Report (continued) For the year ended 31 December 2019**

#### **Praude Total Return Fund Manager Report Financial Year 2019 (continued)**

The third most profitable trade done during the financial year was on Telecom Italia. The Manager built up a position in Telecom Italia Risp. shares in January and February. Two of the shareholders (Cassa Depositi e Prestiti SpA and Elliott Management) were increasing their stakes in the share ahead of the EGM on 29th March, pushing up the share price. A 17% return was made in 3 months on these shares.

Other equity positions which performed well during the financial year were: CPL Resources (33% increase in the share price due to exceptional earnings growth and strong cash generation), Avio SpA (24% increase in the share price) and OHB SE (41% increase in the share price), with the latter two both benefitting from the European Space Agency substantially increasing its budget for the next 3 year period.

With regards to the Fund's bond exposure, two bonds were held by the Fund – the Greenyard 2021 convertible bond and the Superstrada Pedemontana Veneta SpA 2047 bond. Greenyard is a Belgian seller of fresh, frozen and prepared fruit and vegetables. After a Listeria outbreak in one of their factories, adverse weather conditions, a guidance cut and a breach of their bank covenants, their bond was trading at distressed levels and the Fund managed to build a position at an average price of €61.78. The Manager believes in the importance of the business in the supply chain and in Greenyard's plan to become a vertically integrated partner for its retail customers. In fact, throughout 2019, a number of partnerships have been announced with, for example, REWE Group and Tesco. By year end, the price of the bond was €73.79. On the other hand, the proceeds of the Superstrada Pedemontana Veneta SpA bond are being used to fund the construction of the Superstrada Pedemontana Veneta toll road in the Veneto Region in the northeast of Italy. The project is being carried out pursuant to a concession agreement entered into with the Veneto Region. As the works proceed, funds are being drawn down from the escrow account which holds the proceeds of the bonds. 5% interest is paid out on the portion drawn down whilst 0.65% interest is paid on the undrawn portion. By the end of 2021, the company expects to have drawn down the full amount. The position was built at an average price of €99.91 and therefore, the Manager believes that this bond offers a very attractive yield compared to Italian government bonds, even more so when considering that the highly creditworthy Veneto Region provides a warranty on the minimum level of return by taking on the traffic risk.

#### **Conclusion**

At the time of writing, the COVID-19 pandemic and its economic and policy implications have taken hold of the markets. Due to Italy's weak public debt position, it will be in an unfavourable position relative to its peers and, at best, it will be unable to adequately support the struggling Italian enterprises. For this reason, the Manager has covered the Fund's long position in Italy by shorting FTSE MIB futures. As soon as the perspectives will become clearer, the Manager will reshape the portfolio to the customary long positions without any hedge. Overall, the Manager believes that the companies invested in have a solid solvency and liquidity profile to be able to weather the storm. Furthermore, care is always taken to choose stocks which have shown resilience in past crises and which operate in industries which are vital and well-established.

## PRAUDE FUNDS ICAV

### Investment Manager's Report (continued) For the year ended 31 December 2019

#### **Praude Pure Equity Fund Manager Report Financial Year December 2019**

The investment objective of Pure Equity Fund is to achieve long-term appreciation principally through investments in equity securities listed on the major stock exchanges, taking a value investing approach. During the period under review, Praude Pure Equity Fund returned +17.33%.

At the beginning of the year, the Manager was building up the portfolio, so the Fund was not 100% invested. The investment policy of the Fund was more focused on small cap value stocks as we think that there is a big disconnection between the value of these companies and the price where they trade.

We decided not to invest in the bond market as we think that the risk/return of this asset class is extremely mispriced in the current market environment. Central Banks started printing money after the 2008 crisis and they are buying government bonds in the market, making the yield on this asset class negative or very low. The result of that is that high-quality bonds and especially high-quality government bonds are no longer a safe haven for long-term prudent investors as the negative return that they grant is such that now they are not the main driver for rational buyers. This creates a further distortion in the market because all the big investors that are looking for stable and predictable returns, that today they cannot find in the bond market, are looking for it in the equity market. The problem is that these investors are buying equity mostly with ETFs because they want a liquid instrument that tracks the equity index. The ETFs are composed of liquid shares and the shares that are in the main equity indexes will benefit a lot from the flow of money coming into this asset class. Large money flows drive the performance of ETFs but at the same time the connection between the quality of the assets and their value is fading. Most investors see this correlation still as strong but we are not able to share this view. We went against the tide by continuing to look for value where we believe it can be clearly detected: in small companies with good fundamentals, exactly the asset class that are not being included in ETFs. As we said before we see bonds as even more dangerous and where that disconnection between price and value is even clearer.

Coming to the composition of the portfolio, the largest country exposure was Italy, with an allocation close to 50%. The main positions in Italy were Ferrovie Nord Milano and Safilo. With regards to Ferrovie Nord Milano, the Manager likes the fact that the business is very stable (80% of the EBITDA of the company comes from fixed and multiple-year contracts with Regione Lombardia) and the valuations were very appealing in the Manager's view (P/book value around 0.5 with a P/E ratio of around 8), especially in an environment of low interest rates. The position performed very well in 2019, especially in the second part of the year (with the share price going up from 0.50 to 0.70 euro) due to the possible acquisition of "Milano Serravalle – Milano Tangenziali SPA" that, in the Manager's view, can be an important catalyst for the company as we think that in a deal like that the company has to be valued at least one time the book value (0.95 euro per share). The other main position in the Italian portfolio was Safilo. This is a restructuring story; the company performed very badly in the past years and during 2019 there was an inversion of the trend in the company's results thanks to a new management team. Unfortunately, in December 2019 the company presented a new business plan to the market that was below analyst consensus.

On the positive side, we can name also Buzzi Unicem that outperformed the market thanks to the strong demand for cement products in the US. The Manager decided to invest in the saving shares that traded with an average discount of 35% to the ordinary shares during 2019 as we think that sooner or later there will be a conversion into ordinary shares. We can also mention Sesa, an IT company with attractive multiples around 15x price/earnings, which delivered very good result thanks to a booming Italian market. On the negative side, the main underperformer was Orsero that delivered negative results due to an operational problem in France. This position remains a core holding of the Fund as the Manager thinks that the valuation is very compelling (below ten times earnings) as the strategic position of the company (main player in the fruit distribution market in Southern Europe) can justify a share price that is at least double the current one.

## PRAUDE FUNDS ICAV

### Investment Manager's Report (continued) For the year ended 31 December 2019

#### **Praude Pure Equity Fund Manager Report Financial Year December 2019 (continued)**

The Fund also had a significant portion in Germany (25%). The positions in Germany are industrial stocks in the “value” segment. Amongst the best performers we can name OHB, that was exposed to the big investment programme of the European Space Agency, and Adesso - a company that provides information technology services that benefit a lot from IT demand. Amongst the worst performers, we can mention Wacker Neuson - a company that is in the construction machinery industry, which had problems related to a weak demand for goods. The Manager still thinks that the market overreacted as the share trades around ten times earnings at the bottom of the economic cycle.

The remaining part of the portfolio was invested in Ireland, Switzerland, Austria, Spain, Poland, Norway and the Netherlands. Amongst the best performers we can name Lastminute listed in Switzerland which benefitted a lot from the company's turnaround and from the travel market that was doing very well in 2019. In Ireland, the Fund had a positive performance in CPL, one of the most compelling equity stories of the portfolio with a very cheap valuation (the company has a P/E around 7 and a cash position of €45m and the average market capitalization of 2019 was around €180m) and a very interesting cash generation. Among the negative performers in Ireland we can name Dalata Hotel Group which suffered from the decrease of the Dublin hotel market and from the Brexit implementation.

During the year we decided to switch a part of our portfolio from the airport industry, because of the high market valuations and the regulatory pressure on the segment, to companies exposed to train manufacturing. We think that the new ESG policies will drive huge infrastructure investment programmes from governments in sustainable mobility and we think the train sector will be the main beneficiary of these policies. We decided to close the position in Flughafen Zurich and to reduce the position in Flughafen Wien, and to increase the position in Schaltbau in Germany and to open a new position in the Spanish train manufacturer Talgo.

At the end of 2019, the very low interest rates continue, and we don't see much room for investments in the bond sector where the Manager perceives the value to be much lower than in the equity sector. The Manager believes that the negative sentiment surrounding industrial companies has been priced in whilst the loose monetary policy of the Central Banks has yet to be fully factored in by the markets. From the financial results which are being released by the companies held by the Fund, we can only conclude that 2019 was a year with steady profitable growth.

#### **Conclusion**

At the time of writing, the COVID-19 pandemic and its economic and policy implications have taken hold of the markets. Due to Italy's weak public debt position, it will be in an unfavourable position relative to its peers and, at best, it will be unable to adequately support the struggling Italian enterprises. For this reason, the Manager has covered the Fund's long position in Italy by shorting FTSE MIB futures. As soon as the perspectives will become clearer, the Manager will reshape the portfolio to the customary long positions without any hedge. Overall, the Manager believes that the companies invested in have a solid solvency and liquidity profile to be able to weather the storm. Furthermore, care is always taken to choose stocks which have shown resilience in past crises and which operate in industries which are vital and well-established.

**PRAUDE FUNDS ICAV**

**Report of the Depositary to the Shareholders  
For the year ended 31 December 2019**

We, CACEIS Bank, Ireland Branch, appointed Depositary to Praude Funds ICAV (the “ICAV”) provide this report solely in favour of the Shareholders of the ICAV for the year ended 31 December 2019 (the “Period”). This report is provided in accordance with current Depositary Regulations<sup>1</sup>. We do not, in the provision of this report, accept nor assume responsibility for any other purpose or person to whom this report is shown.

In accordance with our Depositary obligations, we have enquired into the conduct of the Alternative Investment Fund Manager, European & Global Investments Limited for this Period and we hereby report thereon to the shareholders of the ICAV as follows;

We are of the opinion that the ICAV has been managed during the Period, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the ICAV by the constitutional document and by the Central Bank of Ireland (“CBI”) under the powers granted to the CBI by the investment fund legislation; and
- (ii) otherwise in accordance with the provisions of the constitutional document and the investment fund legislation.

CACEIS Bank, Ireland Branch

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**CACEIS Bank, Ireland Branch**  
**18 June 2020**

<sup>1</sup> AIFM Regulations – European Union (Alternative Investment Fund Managers) Regulations 2013 (SI No 257 of 2013) which implemented Directive 2011/61/EU into Irish Law: Chapter 4. Commission Delegated Regulation (EU) No 231/2013: Articles 83-102. Chapter 6: AIF Depositary Requirements: AIF Rulebook

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PRAUDE FUNDS ICAV

### Report on the audit of the annual accounts

#### Opinion on the annual accounts of Praude Funds ICAV (the 'ICAV')

In our opinion the annual accounts:

- give a true and fair view of the assets, liabilities and financial position of the ICAV as at 31 December 2019 and of the profit for the financial period then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and the applicable Regulations.

The annual accounts we have audited comprise:

- the Statement of Comprehensive Income;
- Statement of Financial Position;
- the Statement of Changes in Equity;
- the Statement of Cash Flows; and
- the related notes 1 to 20, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in their preparation is the Irish Collective Asset-management Vehicles Act 2015 ("the ICAV Act") and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework").

The applicable regulations that have been applied in their preparation is the European Union (Alternative Investment Fund Managers) Regulations 2013 (as amended) and Commission Delegated Regulation (EU) No.231/2013 ("the applicable Regulations").

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "*Auditor's responsibilities for the audit of the annual accounts*" section of our report.

We are independent of the ICAV in accordance with the ethical requirements that are relevant to our audit of the annual accounts in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in preparation of the annual accounts is not appropriate; or
- the directors have not disclosed in the annual accounts any identified material uncertainties that may cast significant doubt about the ICAV's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the annual accounts are authorised for issue.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the annual accounts and our auditor's report thereon. Our opinion on the annual accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PRAUDE FUNDS ICAV**

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the annual accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of annual accounts that give a true and fair view and have been properly prepared in accordance with the ICAV Act, and for such internal control as the directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the annual accounts**

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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 annual accounts.

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

- Identify and assess the risks of material misstatement of the annual accounts, 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 ICAV's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ICAV's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) 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.

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## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PRAUDE FUNDS ICAV**

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 the auditor identifies during the audit.

This report is made solely to the ICAV's shareholders, as a body, in accordance with Section 120(1)(b) of the ICAV Act. Our audit work has been undertaken so that we might state to the ICAV's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the ICAV and the ICAV's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

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

#### **Matters on which we are required to report by the ICAV Act and the applicable Regulations**

In our opinion, the information given in the directors' report is consistent with the annual accounts and the directors' report has been prepared in accordance with the ICAV Act.

#### **Matters on which we are required to report by exception**

Based on the knowledge and understanding of the ICAV and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the ICAV Act which require us to report to you if, in our opinion, the disclosures of directors' remuneration specified by the ICAV Act are not made.

#### **Opinion on other matters prescribed by the applicable Regulations**

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the ICAV were sufficient to permit the annual accounts to be readily and properly audited.
- The annual accounts are in agreement with the accounting records.



Christian MacManus  
For and on behalf of Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

22 June 2020

# PRAUDE FUNDS ICAV


## Statement of Financial Position

		Praude Total Return Fund	Praude Pure Equity Fund
		31 December 2019	31 December 2019
	Note	EUR	EUR
<b>Current Assets</b>			
Financial assets at fair value through profit or loss	3 (a), 4 (a)	36,472,091	25,470,582
Cash and cash equivalents	3 (f)	2,992,145	719,954
Interest receivable		1,844	738
Other assets		1,027	544
<b>Total Current Assets</b>		<u>39,467,107</u>	<u>26,191,818</u>
<b>Current Liabilities</b>			
Subscription received in advance	3 (j)	(2,500,000)	-
Bank overdraft	3 (f)	(31,341)	-
Payable for securities purchased		-	(27,774)
Investment management fees payable	5	(32,353)	(29,304)
AIFM fees payable	5	(4,906)	(2,500)
Performance fees payable	5	-	(447,272)
Administration fees payable	5	(3,104)	(3,012)
Depository fees payable	5	(2,000)	(2,000)
Directors' fees payable	5	-	-
Auditors' remuneration payable	5	(9,225)	(9,225)
Other payables		(44,600)	(12,321)
<b>Total Current Liabilities</b>		<u>(2,627,529)</u>	<u>(533,408)</u>
<b>Net assets attributable to redeemable participating shareholders</b>		<u><u>36,839,578</u></u>	<u><u>25,658,410</u></u>

Signed on behalf of the Board of Directors:

\_\_\_\_\_  
Aoife Connolly  
18 June 2020

Director

  
Janice Moore  
18 June 2019

Director

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

# PRAUDE FUNDS ICAV

## Statement of Financial Position

		<b>Praude Total Return Fund 31 December 2019</b>	<b>Praude Pure Equity Fund 31 December 2019</b>
	<b>Note</b>	<b>EUR</b>	<b>EUR</b>
<b>Current Assets</b>			
Financial assets at fair value through profit or loss	3 (a), 4 (a)	36,472,091	25,470,582
Cash and cash equivalents	3 (f)	2,992,145	719,954
Interest receivable		1,844	738
Other assets		1,027	544
<b>Total Current Assets</b>		<b>39,467,107</b>	<b>26,191,818</b>
<b>Current Liabilities</b>			
Subscription received in advance	3 (j)	(2,500,000)	-
Bank overdraft	3 (f)	(31,341)	-
Payable for securities purchased		-	(27,774)
Investment management fees payable	5	(32,353)	(29,304)
AIFM fees payable	5	(4,906)	(2,500)
Performance fees payable	5	-	(447,272)
Administration fees payable	5	(3,104)	(3,012)
Depository fees payable	5	(2,000)	(2,000)
Directors' fees payable	5	-	-
Auditors' remuneration payable	5	(9,225)	(9,225)
Other payables		(44,600)	(12,321)
<b>Total Current Liabilities</b>		<b>(2,627,529)</b>	<b>(533,408)</b>
<b>Net assets attributable to redeemable participating shareholders</b>		<b>36,839,578</b>	<b>25,658,410</b>

Signed on behalf of the Board of Directors:

*Aoife Connolly* Director  
Aoife Connolly  
18 June 2020

\_\_\_\_\_  
Janice Moore  
18 June 2019

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

# PRAUDE FUNDS ICAV

## Statement of Financial Position

		<b>Praude Total Return Fund 31 December 2018</b>	<b>Praude Pure Equity Fund 31 December 2018</b>
	<b>Note</b>	<b>EUR</b>	<b>EUR</b>
<b>Current Assets</b>			
Financial assets at fair value through profit or loss	3 (a), 4 (a)	21,798,389	2,446,173
Cash and cash equivalents	3 (f)	1,114,589	4,056,967
Other assets		1,602	-
<b>Total Current Assets</b>		<u>22,914,580</u>	<u>6,503,140</u>
<b>Current Liabilities</b>			
Bank overdraft	3 (f)	-	(638,318)
Payable for securities purchased		-	(128,073)
Investment management fees payable	5	(19,357)	(2,452)
AIFM fees payable	5	(5,000)	(2,500)
Performance fees payable	5	-	(4,363)
Administration fees payable	5	(879)	(1,250)
Depository fees payable	5	(8,000)	(1,000)
Auditors' remuneration payable	5	(10,455)	-
Other payables		(19,397)	(460)
<b>Total Current Liabilities</b>		<u>(63,088)</u>	<u>(778,416)</u>
<b>Net assets attributable to redeemable participating shareholders</b>		<u><u>22,851,492</u></u>	<u><u>5,724,724</u></u>

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

# PRAUDE FUNDS ICAV

## Statement of Comprehensive Income

		<b>Praude Total Return Fund For the year ended 31 December 2019 EUR</b>	<b>Praude Pure Equity Fund For the year ended 31 December 2019 EUR</b>
	<b>Note</b>		
<b>Income</b>			
Net realised and unrealised gain on financial assets and financial liabilities at fair value through profit or loss and foreign exchange	4 (b)	4,728,714	2,927,740
Interest income	3 (c)	66,958	28,945
Dividend income	3 (j)	819,244	459,708
Withholding tax	3 (j)	(4,953)	(1,760)
<b>Total investment expense</b>		<u>5,609,963</u>	<u>3,414,633</u>
<b>Operating expenses</b>			
Investment management fees	5	(317,118)	(259,353)
AIFM fees	5	(32,406)	(30,000)
Performance fees	5	-	(442,909)
Administration fees	5	(47,696)	(31,793)
Depository fees	5	(36,680)	(33,340)
Directors' fees	5	(12,815)	(7,998)
Auditors' remuneration	5	(9,225)	(9,225)
Transaction costs	3 (h)	(40,617)	(35,229)
Interest expense	3 (c)	(5,467)	(5,716)
Establishment expenses	3 (i)	(16,618)	(28,686)
Other operating expenses	3 (e), 5	(48,240)	(41,499)
<b>Total operating expenses</b>		<u>(566,882)</u>	<u>(925,748)</u>
<b>Increase in net assets attributable to redeemable participating shareholders resulting from operations</b>		<u><u>5,043,081</u></u>	<u><u>2,488,885</u></u>

Gains and losses arose solely from continuing operations. There are no gains or losses other than those dealt with in the Statement of Comprehensive Income.

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

# PRAUDE FUNDS ICAV

## Statement of Comprehensive Income

		<b>Praude Total Return Fund</b>	<b>Praude Pure Equity Fund</b>
		<b>For the period from 2 May 2018* to 31 December 2018</b>	<b>For the period from 19 December 2018* to 31 December 2018</b>
	<b>Note</b>	<b>EUR</b>	<b>EUR</b>
<b>Income</b>			
Net realised and unrealised (loss)/gain on financial assets and financial liabilities at fair value through profit or loss and foreign exchange	4 (b)	(3,369,729)	39,042
Dividend income	3 (j)	157,389	-
Withholding tax	3 (j)	(40,840)	-
<b>Total investment expense</b>		<u>(3,253,180)</u>	<u>39,042</u>
<b>Operating expenses</b>			
Investment management fees	5	(149,065)	(2,452)
AIFM fees	5	(19,678)	(2,500)
Performance fees	5	-	(4,363)
Administration fees	5	(17,494)	(1,250)
Depositary fees	5	(8,000)	(1,000)
Directors' fees	5	(7,370)	-
Auditors' remuneration	5	(10,455)	-
Transaction costs	3 (h)	(32,338)	(1,888)
Interest expense	3 (c)	(14,789)	(865)
Establishment expenses	3 (i)	(26,969)	-
Other operating expenses	3 (e), 5	(37,163)	-
<b>Total operating expenses</b>		<u>(323,321)</u>	<u>(14,318)</u>
<b>(Decrease)/Increase in net assets attributable to redeemable participating shareholders resulting from operations</b>		<u><b>(3,576,501)</b></u>	<u><b>24,724</b></u>

\*Launch date of the Sub-Fund.

Gains and losses arose solely from continuing operations. There are no gains or losses other than those dealt with in the Statement of Comprehensive Income.

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

# PRAUDE FUNDS ICAV

## Statement of Changes in Equity

		Praude Total Return Fund For the year ended 31 December 2019 EUR	Praude Pure Equity Fund For the year ended 31 December 2019 EUR
	Note		
<b>Net assets attributable to redeemable participating shareholders as at beginning of the year</b>		22,851,492	5,724,724
Net increase in net assets attributable to redeemable participating shareholders resulting from operations		5,043,081	2,488,885
<b>Share Capital Transactions</b>			
Proceeds from redeemable participating shares issued	9	8,945,005	17,513,964
Payments for redeemable participating shares redeemed		-	(69,163)
Net increase in net assets resulting from share transactions		8,945,005	17,444,801
<b>Net assets attributable to redeemable participating shareholders as at 31 December</b>		<b>36,839,578</b>	<b>25,658,410</b>

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

# PRAUDE FUNDS ICAV

## Statement of Changes in Equity

		Praude Total Return Fund For the period from 2 May 2018* to 31 December 2018 EUR	Praude Pure Equity Fund For the period from 19 December 2018* to 31 December 2018 EUR
	Note		
<b>Net assets attributable to redeemable participating shareholders as at beginning of period</b>		-	-
Net (decrease)/increase in net assets attributable to redeemable participating shareholders resulting from operations		(3,576,501)	24,724
<b>Share Capital Transactions</b>			
Proceeds from redeemable participating shares issued	9	26,427,993	5,700,000
Net increase in net assets resulting from share transactions		26,427,993	5,700,000
<b>Net assets attributable to redeemable participating shareholders as at 31 December</b>		<b>22,851,492</b>	<b>5,724,724</b>

\*Launch date of the Sub-Fund.

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

# PRAUDE FUNDS ICAV

## Statement of Cash Flows

	<b>Praude Total Return Fund For the year ended 31 December 2019 EUR</b>	<b>Praude Pure Equity Fund For the year ended 31 December 2019 EUR</b>
<b>Cash flows from operating activities</b>		
Increase in net assets attributable to holders of redeemable participating shares resulting from operations	5,043,081	2,488,885
<b>Cash flows generated by operations:</b>		
(Increase) in receivables and other assets	(1,269)	(1,282)
Increase in other payables and accrued expenses	33,100	493,609
Increase in subscriptions received in advance	2,500,000	-
Net change in financial assets and financial liabilities at fair value through profit or loss	(14,673,702)	(23,124,708)
<b>Net cash (used in) operating activities</b>	<b>(7,098,790)</b>	<b>(20,143,496)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of redeemable participating shares	8,945,005	17,513,964
Payments for redemption of redeemable participating shares	-	(69,163)
<b>Net cash provided by financing activities</b>	<b>8,945,005</b>	<b>17,444,801</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,846,215</b>	<b>(2,698,695)</b>
Cash and cash equivalents as at the beginning of the period	1,114,589	3,418,649
<b>Cash and cash equivalents as at the end of the period (net of overdraft)</b>	<b>2,960,804</b>	<b>719,954</b>
<b>Cash and cash equivalents is comprised of:</b>		
Cash at bank	2,992,145	719,954
Bank overdraft	(31,341)	-
	<b>2,960,804</b>	<b>719,954</b>
<b>Net cash flow from operating activities and financing activities includes:</b>		
Dividend received	819,244	459,708
Interest paid	(19,585)	(6,581)
Interest received	65,119	28,207

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

# PRAUDE FUNDS ICAV

## Statement of Cash Flows

	Praude Total Return Fund For the period from 2 May 2018* to 31 December 2018 EUR	Praude Pure Equity Fund For the period from 19 December 2018* to 31 December 2018 EUR
<b>Cash flows from operating activities</b>		
(Decrease)/Increase in net assets attributable to holders of redeemable participating shares resulting from operations	(3,576,501)	24,724
<b>Cash flows generated by operations:</b>		
(Increase) in receivables and other assets	(1,602)	-
Increase in other payables and accrued expenses	63,088	12,025
Net change in financial assets and financial liabilities at fair value through profit or loss	(21,798,389)	(2,318,100)
<b>Net cash (used in) operating activities</b>	<u>(25,313,404)</u>	<u>(2,281,351)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of redeemable participating shares	26,427,993	5,700,000
<b>Net cash provided by financing activities</b>	<u>26,427,993</u>	<u>5,700,000</u>
<b>Net increase in cash and cash equivalents</b>	1,114,589	3,418,649
Cash and cash equivalents as at the beginning of the period	-	-
<b>Cash and cash equivalents as at the end of the period (net of overdraft)</b>	<u><b>1,114,589</b></u>	<u><b>3,418,649</b></u>
<b>Cash and cash equivalents is comprised of:</b>		
Cash at bank	1,114,589	4,056,967
Bank overdraft	-	(638,318)
	<u><b>1,114,589</b></u>	<u><b>3,418,649</b></u>
<b>Net cash flow from operating activities and financing activities includes:</b>		
Dividend received	157,389	-

\*Launch date of the Sub-Fund.

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

# **PRAUDE FUNDS ICAV**

## **Notes to the Financial Statements For the year ended 31 December 2019**

### **1 Reporting entity**

The ICAV is an umbrella type Irish Collective Asset-management Vehicle with segregated liability between its Sub-Funds established under the laws of Ireland on 5 March 2018 and regulated by the Central Bank of Ireland (the “Central Bank”) under registration number C178344. It is authorised in Ireland by the Central Bank pursuant to Part 2 of the ICAV Act 2015, as a Qualifying Investor Alternative Investment Fund on 6 April 2018.

The ICAV has established two Sub-Fund’s, the Praude Total Return Fund which was authorised on 6 April 2018 and commenced operations on 2 May 2018 and the Praude Pure Equity Fund which was authorised on 17 July 2018 and commenced operations on 19 December 2018.

The investment objective of the Praude Total Return Fund is to seek the highest level of long-term total return which includes capital growth, interest and dividends received.

The investment objective of the Praude Pure Equity Fund is to achieve long-term appreciation principally through value investing in the major equity markets.

Praude Asset Management Limited acts as the Investment Manager (the “Investment Manager”) to the ICAV.

European & Global Investments Limited acts as the Alternative Investment Fund Manager (the “AIFM”) to the ICAV.

### **2 Basis of preparation**

#### **(a) Statement of compliance**

The financial statements of the ICAV for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

#### **(b) Standards and amendments to existing standards**

The ICAV applied certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2019. The nature and the impact of each new standard and amendment is described below:

IFRIC 23, “Uncertainty over income tax treatments” (effective from 1 January 2019). The new interpretation clarifies how the recognition and measurement requirements of IAS 12 “Income taxes”, are applied where there is uncertainty over income tax treatments. The Directors have determined that IFRIC 23 does not have a significant impact on its financial statements.

There were no other newer revised standards or interpretations that are not yet effective that would be expected to have a material impact on the ICAV.

#### **(c) Basis of measurement**

The financial statements have been prepared on an historical cost basis, except for financial assets and financial liabilities classified at fair value through profit and loss which have been measured at fair value.

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

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

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

Functional currency is the currency of the primary economic environment in which the ICAV operates. When indicators of the primary economic environment are mixed, management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. Management have determined that the functional currency of the ICAV is the Euro ("EUR"). The majority of the ICAV's investments and transactions are denominated in EUR. Investor subscriptions and redemptions are received and paid in the currency of the share class.

#### **(e) Use of estimates and judgements**

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of financial assets, financial liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Information about significant areas of estimation and uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 8.

### **3 Significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

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

##### *(i) Classification*

Financial assets:

The ICAV classifies its investments based on both the ICAV's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The ICAV is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The ICAV has not taken the option to irrevocably designate any equity securities or investment funds as fair value through other comprehensive income. Consequently, all investments are measured at fair value through profit or loss.

Financial assets measured at amortised cost:

The ICAV includes in this category short-term non-financing receivables including cash, accrued income and other receivables. The ICAV holds only trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade receivables.

Financial liabilities:

Derivative financial instruments that have a negative fair value are presented as financial liabilities at fair value through profit or loss. As such, the ICAV classifies all of its investment portfolio as financial assets or financial liabilities as fair value through profit or loss.

The ICAV policy requires the Investment Manager and the Board of Directors to evaluate the information about these financial assets and financial liabilities on a fair value basis together with other related financial information.

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

### 3 Significant accounting policies (continued)

#### (a) Financial assets and financial liabilities at fair value through profit or loss (continued)

##### *(ii) Recognition*

Financial assets and financial liabilities at fair value through profit or loss are recognised when the ICAV becomes party to the contractual provisions of the instrument.

Recognition takes place on the trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

##### *(iii) Measurement*

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at cost. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss are presented in the Statement of Comprehensive Income in the year in which they arise.

##### *(iv) Fair value measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and financial liabilities traded in active markets (such as publicly traded derivative financial instruments and trading securities) are based on quoted market prices at the close of trading on the reporting date.

##### *(v) Derecognition*

The ICAV derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the ICAV neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the ICAV is recognised as a separate asset or liability in the Statement of Financial Position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Statement of Comprehensive Income.

##### *(vi) Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when and only when the ICAV has a legal right to offset the amounts and it intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### *(vii) Listed equity securities and investment funds*

For investments in listed equity securities and investment funds, the fair value is based on their quoted market price on a recognised exchange or sourced from a reputable broker/counterparty in the case of non-exchange traded investments, as at the Statement of Financial Position date without any deduction for estimated future selling costs. The ICAV utilises the last available price of the relevant stock exchange or regulated market on which these securities are traded or admitted for trading. If the market for a financial instrument is not active, an entity establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in the actual market. No valuation techniques were used as at 31 December 2019.

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

### 3 Significant accounting policies (continued)

#### (a) Financial assets and financial liabilities at fair value through profit or loss (continued)

##### *(viii) Futures*

Futures are contracts for delayed delivery of commodities, securities or money market instruments in which the seller agrees to make delivery at a specified future date of a specified commodity or instrument, at a specified price or yield. Gains and losses on futures are recorded by the Sub-Funds based upon market fluctuations and are recorded as realised or unrealised gains or losses in the Statement of Comprehensive Income.

##### *(ix) Options*

An option gives the purchaser the right, but not the obligation, upon exercise of the option, either (i) to buy or sell a specific amount of the underlying security or commodity/currency interest at a specific price (the “strike” price or “exercise” price), or (ii) in the case of a stock index option, to receive a specified cash settlement. To purchase an option, the purchaser must pay a “premium,” which consists of a single, non-refundable payment. Premiums received from writing options are marked-to-market and the resulting gains or losses are recorded in the Statement of Comprehensive Income.

##### *(x) Government/Private Bonds*

A government/private bond is a debt security issued by a government/private company to support spending. The fair value of the government/private bonds is determined by active market prices.

##### *(xi) Income and expenses*

Income and expenses are presented separately in the Statement of Comprehensive Income. Net realised gain/(loss) from financial assets and financial liabilities at fair value through profit or loss and net unrealised gain/(loss) from financial assets and financial liabilities at fair value through profit or loss are presented net in the Statement of Comprehensive Income in the net realised and unrealised gain/(loss) from financial assets and financial liabilities at fair value through profit or loss and foreign exchange line.

#### (b) Foreign currency

Transactions in foreign currencies are translated into EUR at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated into EUR at the foreign currency closing exchange rate ruling at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss are translated into EUR at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into EUR using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation and on derivative financial instruments at fair value through profit or loss are recognised in the Statement of Comprehensive Income in the net realised and unrealised gain/(loss) from financial assets and financial liabilities at fair value through profit or loss and foreign exchange line.

#### (c) Interest income

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss includes interest from debt securities. Interest expense includes expense on bank overdraft positions.

# **PRAUDE FUNDS ICAV**

## **Notes to the Financial Statements (continued) For the year ended 31 December 2019**

### **3 Significant accounting policies (continued)**

#### **(d) Taxation**

The ICAV is an investment undertaking as defined in section 739B of the Taxes Consolidation Act, 1997. Therefore, the ICAV will not be liable to Irish tax in respect of its income and gains, other than on the occurrence of a chargeable event. A chargeable event includes any distribution payments to shareholders or any encashment, redemption or transfer of Shares or the ending period for which the investments was held.

Generally, a chargeable event arises on any distributions, redemption, repurchase, cancellation, transfer of Shares or the ending of a “relevant period”. A relevant period is an eight-year period beginning with the acquisition of the Shares by the shareholder and each subsequent period of eight years beginning immediately after the preceding relevant period.

A gain on a chargeable event does not arise in respect of:

- i) a shareholder who is not an Irish resident and not ordinarily resident in Ireland at the time of the chargeable event, provided the necessary signed statutory declarations are held by the ICAV;
- ii) certain exempted Irish tax resident investors who have provided the ICAV with the necessary signed statutory declarations;
- iii) an exchange of Shares arising on a qualifying amalgamation or reconstruction of the ICAV with another fund;
- iv) any transaction in relation to Shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland;
- v) certain exchanges of Shares between spouses and former spouses on the occasion of judicial separation and/or divorce;
- vi) an exchange by a shareholder, effected by way of an arm’s length bargain where no payment is made to the shareholder of shares in the ICAV for other Shares in the ICAV.

Capital gains, dividends and interest (if any) received on investments made by the ICAV may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the ICAV or its shareholders.

In the absence of an appropriate declaration, the ICAV will be liable for Irish tax on the occurrence of a chargeable event, and the ICAV reserves its right to withhold such taxes from the relevant shareholders. There were no chargeable events in the period under review.

#### **(d) Fees, commissions and other operating expenses**

Fees, commissions and other operating expenses are recognised in Statement of Comprehensive Income on an accrual basis.

#### **(e) Cash and cash equivalents and bank overdrafts**

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the ICAV in the management of its short-term commitments. As at 31 December 2019, cash and cash equivalents and bank overdrafts are held with CACEIS Bank, Ireland Branch (31 December 2018: Same).

# **PRAUDE FUNDS ICAV**

## **Notes to the Financial Statements (continued) For the year ended 31 December 2019**

### **3 Significant accounting policies (continued)**

#### **(f) Shares**

All redeemable shares issued by the Sub-Funds provide the investors with the right to require redemption for cash at the value proportionate to the investors share in the respective Sub-Fund's Net Asset Value at the redemption date. In accordance with IAS 32, "Financial Instruments: Presentation", such instruments give rise to a financial liability for the present value of the redemption amount.

#### **(g) Transaction costs**

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value through profit or loss plus, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on the purchase and sale of some derivative financial instruments are included in the purchase and sale price of the investment. The transaction costs on these investments cannot be practically or reliably gathered as they are embedded in the cost of the investment and cannot be separately verified or disclosed.

#### **(h) Establishment expenses**

All fees and expenses relating to the establishment and organisation of the ICAV and the initial Sub-Funds including regulatory fees and the fees of the ICAV's professional advisers (including legal, accounting and taxation advisers) will be borne by the ICAV and amortised over the first three years of the ICAV's operation and charged to the initial Sub-Funds (and at the discretion of the Directors, any other Sub-Funds established by the ICAV within such three year period), on such terms and in such manner as the Directors may in their discretion determine. The cost of establishing subsequent Sub-Funds will be charged to that Sub-Fund and disclosed in the relevant Sub-Fund's Supplement.

However, as required by IFRS, this expense must be written off when incurred and as a result, these financial statements have been adjusted accordingly. This is for financial statements purposes only and it has no impact on the Dealing Net Asset Value. Please refer to note 15 for further details.

#### **(i) Dividend income**

Dividend income arising on the equity securities held by the ICAV is recognised as income of the ICAV on the ex-dividend date. Dividend income is shown gross of any non-recoverable withholding taxes, which is disclosed separately in the Statement of Comprehensive Income, and net of any tax credits.

#### **(j) Subscription received in advance**

Subscriptions receivable and redemptions payable represent amounts due from or to investors for share dealing contracted but unsettled at Statement of Financial Position date.

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

### 4 Financial assets and financial liabilities at fair value through profit or loss (continued)

#### (a) Categories of financial assets at fair value through profit or loss (continued)

	Praude Total Return Fund 31 December 2019 EUR	Praude Pure Equity Fund 31 December 2019 EUR
<b>Financial assets at fair value through profit or loss</b>		
Listed equity securities	32,533,753	24,313,390
Investment funds	59,810	69,380
Corporate bonds	3,863,780	1,087,812
Warrants	14,748	-
	<u>36,472,091</u>	<u>25,470,582</u>
	Praude Total Return Fund 31 December 2018 EUR	Praude Pure Equity Fund 31 December 2018 EUR
<b>Financial assets at fair value through profit or loss</b>		
Listed equity securities	21,751,139	2,432,943
Investment funds	47,250	13,230
	<u>21,798,389</u>	<u>2,446,173</u>

#### (b) Net gains and losses on financial assets and financial liabilities at fair value through profit or loss and foreign exchange

	Praude Total Return Fund For the year ended 31 December 2019 EUR	Praude Pure Equity Fund For the year ended 31 December 2019 EUR
<b>Net realised gain from financial assets and financial liabilities at fair value through profit or loss and foreign exchange:</b>		
Listed equity securities	855,411	869,014
Derivative financial instruments:		
Futures	(33,790)	-
Options	25,150	-
Foreign exchange	500	2,874
	<u>847,271</u>	<u>871,888</u>
<b>Net unrealised gain from financial assets and financial liabilities at fair value through profit or loss:</b>		
Listed equity securities	3,633,706	1,977,700
Investment funds	12,560	14,990
Corporate bonds	230,380	63,162
Warrants	4,797	-
	<u>3,881,443</u>	<u>2,055,852</u>
<b>Net realised and unrealised gain on financial assets and financial liabilities at fair value through profit or loss and foreign exchange</b>	<u>4,728,714</u>	<u>2,927,740</u>

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

### 4 Financial assets and financial liabilities at fair value through profit or loss (continued)

(b) *Net gains and losses on financial assets and financial liabilities at fair value through profit or loss and foreign exchange (continued)*

	Praude Total Return Fund For the period from 2 May 2018* to 31 December 2018 EUR	Praude Pure Equity Fund For the period from 19 December 2018* to 31 December 2018 EUR
<b>Net realised gain/(loss) from financial assets and financial liabilities at fair value through profit or loss and foreign exchange:</b>		
Listed equity securities	90,293	-
Derivative financial instruments:		
Futures	240,037	-
Options	110,844	-
Foreign exchange	(516)	(2,605)
	<b>440,658</b>	<b>(2,605)</b>
<b>Net unrealised (loss)/gain from financial assets and financial liabilities at fair value through profit or loss:</b>		
Listed equity securities	(3,810,387)	41,647
	<b>(3,810,387)</b>	<b>41,647</b>
<b>Net realised and unrealised (loss)/gain on financial assets and financial liabilities at fair value through profit or loss and foreign exchange</b>	<b>(3,369,729)</b>	<b>39,042</b>

### 5 Fees

#### *Investment management fees*

The ICAV shall pay to the Investment Manager out of the assets of each Sub-Fund a monthly fee of up to 1.00% of the Net Asset Value of the Praude Total Return Fund and a monthly fee of 1.30% of the Net Asset Value of the Praude Pure Equity Fund, accrued at each valuation point and payable monthly in arrears (plus VAT, if any).

The Investment Manager shall also be entitled to be reimbursed out of the assets of the Sub-Funds for reasonable out-of-pocket expenses incurred by it in the performance of its duties (plus VAT, if any).

The investment management fees charged for the year ended 31 December 2019 to the Praude Total Return Fund amounted to EUR 317,118 (31 December 2018: EUR 149,065) of which EUR 32,353 (31 December 2018: EUR 19,357) was payable as at the year end.

The investment management fees charged for the year ended 31 December 2019 to the Praude Pure Equity Fund amounted to EUR 259,353 (31 December 2018: EUR 2,452) of which EUR 29,304 (31 December 2018: EUR 2,452) was payable as at the year end.

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

### 5 Fees (continued)

#### *AIFM fees*

The AIFM is entitled to receive out of the assets of the Sub-Funds an AIFM fee, accrued and calculated at each valuation day and payable monthly in arrears at a rate of 0.10% per annum of the Net Asset Value where the asset size of the respective Sub-Fund is up to EUR 50 million and 0.05% of the Net Asset Value in excess of EUR 50 million. The AIFM fee is subject to an overall minimum fee of EUR 30,000 per annum per Sub-Fund.

The AIFM fees charged to the ICAV for the year ended 31 December 2019 amounted to EUR 62,406 (31 December 2018: EUR 22,178) of which EUR 7,406 (31 December 2018: EUR 7,500) was payable as at the year end.

#### *Performance fees*

In addition to the investment management fees payable to Investment Manager as set out above, the Investment Manager shall be entitled to receive out of the assets of the Sub-Funds a fee based on the performance of the Sub-Funds (the “Performance Fee”).

The Performance Fee shall be calculated on the basis of the Net Asset Value per Share. The Performance Fee shall be equal to 15% of the amount by which the Net Asset Value per Share (before the deduction of the Performance Fee) has exceeded the Net Asset Value Target Per Share during the Performance Period multiplied by the average number of Shares in issue taken at each Valuation Point during that Performance Period.

The “NAV Target Per Share” is equal to the highest of (i) the highest NAV per Share as at the end of any previous accounting period on which a Performance Fee was paid (the “Highest NAV”) or (ii) the Initial Offer Price. The Performance Period shall run from the first business day of the accounting period to the last Business Day of the accounting period or in the case of the first Performance Period, the Performance Period will commence on the first Business Day subsequent to the Initial Offer Period and will end on the last Business Day of the accounting period.

The Performance Fee will accrue on each Valuation Day and be payable annually in arrears at the end of each Performance Period within four months of the Performance Period.

The Directors waived the performance fee for the Praude Total Return Fund during the year. Therefore the Praude Total Return Fund did not incur any performance fees for the year ended 31 December 2019 or the period ended 31 December 2018.

The performance fees charged for the year ended 31 December 2019 to the Praude Pure Equity Fund amounted to EUR 442,909 (31 December 2018: EUR 4,363). There was EUR 447,272 (31 December 2018: EUR 4,363) payable as at the year end.

#### *Administration fees*

The Administrator is entitled to receive out of the assets of the Sub-Funds an annual fee, accrued at each valuation point and payable monthly in arrears at a rate of:

- (i) 0.07% per annum on the first EUR 100 million of the Net Asset Value of the Sub-Fund; and
- (ii) 0.06% per annum on the Net Asset Value of the respective Sub-Fund between EUR 100 million and EUR 300 million; and
- (iii) 0.05% per annum on the Net Asset Value of the respective Sub-Fund in excess of EUR 300 million.

The administration fee is subject to a minimum fee of EUR 30,000 per annum per Sub-Fund.

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

### 5 Fees (continued)

#### *Administration fees (continued)*

The Administrator is also entitled to recover any out-of-pocket expenses (plus VAT thereon, if any) reasonably incurred on behalf of the Sub-Funds out of the assets of the Sub-Funds on an actual cost basis.

The administration fees charged to the ICAV for the year ended 31 December 2019 amounted to EUR 79,489 (31 December 2018: EUR 18,744) of which EUR 6,116 (31 December 2018: EUR 2,129) was payable as at the year end.

#### *Depositary fees*

CACEIS Bank, Ireland Branch (the “Depositary”) is entitled to receive an annual fee of up to a maximum of 0.035% of the Net Asset Value of the Sub-Funds, accrued at each valuation point and payable monthly in arrears. The depositary fee is subject to a minimum fee of EUR 24,000 per annum per Sub-Fund.

The depositary fees charged to the ICAV for the year ended 31 December 2019 amounted to EUR 70,020 (31 December 2018: EUR 9,000) of which EUR 4,000 (31 December 2018: EUR 9,000) was payable as at the year end.

The Depositary is also entitled to transaction and cash service charges and to recover properly vouched out-of-pocket expenses out of the assets of the Sub-Funds (plus VAT thereon, if any) which shall be payable quarterly in arrears.

#### *Directors’ fees*

The Directors (other than such persons who are directors or officers or employees of other companies affiliated to the AIFM) are authorised to charge a fee for their services at a rate determined by the Directors and may be entitled to special remuneration if called upon to perform any special or extra services to the ICAV. The maximum pre-tax fee payable to each Director, in any one calendar year, is currently EUR 50,000.

The Directors’ fees charged to the ICAV for the year ended 31 December 2019 amounted to EUR 20,813 (31 December 2018: EUR 7,370) of which EUR 343 (31 December 2018: EUR Nil) was payable as at the year end.

#### *Auditors’ remuneration*

The auditors’ remuneration charged to the ICAV for the year ended 31 December 2019 was EUR 18,450 (31 December 2018: EUR 10,455) of which EUR 18,450 (31 December 2018: EUR 10,455) was payable as at the year end. Except for statutory audit fees, there were no other fees paid to Deloitte Ireland LLP.

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

### 5 Fees (continued)

#### *Other operating expenses*

The total other operating expenses charged for the year ended 31 December 2019 are as follows:

	<b>Praude Total Return Fund For the year ended 31 December 2019 EUR</b>	<b>Praude Pure Equity Fund For the year ended 31 December 2019 EUR</b>
Secretary fees	9,337	5,423
Legal fees	14,313	11,451
VAT services fees	896	1,356
Central Bank fees	2,461	3,429
Transfer Agency fees	1,991	1,991
Consultancy fees	8,400	8,400
Other expenses	10,842	9,449
	<b>48,240</b>	<b>41,499</b>

The total other operating expenses charged for the period ended 31 December 2018 are as follows:

	<b>Praude Total Return Fund For the period from 2 May 2018* to 31 December 2018 EUR</b>
Secretary fees	9,827
Legal fees	4,913
VAT services fees	3,329
Central Bank fees	2,532
Transfer Agency fees	1,332
Other expenses	15,230
	<b>37,163</b>

The Praude Pure Equity Fund did not incur any other operating expenses for the period ended 31 December 2018.

### 6 Derivative financial instruments

Typically, derivative financial instruments serve as components of the Sub-Funds' investment strategies and are utilised primarily to structure and economically hedge investments to enhance performance and reduce the risk to the Sub-Funds. The Sub-Funds record their derivative activities on a mark-to-market basis.

During the period ended 31 December 2019 and the period ended 31 December 2018, the Praude Total Return Fund entered into futures and options and the Praude Pure Equity Fund did not enter into any derivative financial instruments.

As at 31 December 2019 and 31 December 2018, the Praude Total Return Fund and the Praude Pure Equity Fund did not hold any derivative financial instruments.

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

### 7 Efficient portfolio management

Subject to the conditions and within the limits from time to time laid down by the Central Bank, and except as otherwise stated in the investment objective and policies of the ICAV, the Investment Manager may employ investment techniques and instruments such as forward foreign exchange contracts, futures, swaps and options for efficient portfolio management purposes. Furthermore, new techniques and instruments may be developed which may be suitable for use by the ICAV in the future, and the ICAV may employ such techniques and instruments subject to the prior approval of, and any restrictions imposed by, the Central Bank. During the year ended 31 December 2019, the Praude Total Return Fund entered into futures and options for the purpose of hedging and speculation in order to re-position the portfolio of the ICAV in light of changing market conditions. The Praude Pure Equity Fund did not enter into any derivative financial instruments during the year ended 31 December 2019.

Realised and unrealised gains and losses on derivative financial instruments entered into during the year ended 31 December 2019 and the period ended 31 December 2018 are as below:

<b>Praude Total Return Fund</b>		
<b>31 December 2019</b>		
	<b>Realised Gain</b>	<b>Net Unrealised Gain</b>
	<b>EUR</b>	<b>EUR</b>
Futures	(33,790)	-
Options	25,150	-
	<b>(8,640)</b>	<b>-</b>
<b>Praude Total Return Fund</b>		
<b>31 December 2018</b>		
	<b>Realised Gain</b>	<b>Net Unrealised Gain</b>
	<b>EUR</b>	<b>EUR</b>
Futures	240,037	-
Options	110,844	-
	<b>350,881</b>	<b>-</b>

Transaction costs are embedded in the cost of the derivative financial instruments and therefore cannot be separately disclosed.

As at 31 December 2019 and 31 December 2018, the Praude Total Return Fund and the Praude Pure Equity Fund did not hold any derivative financial instruments.

### 8 Financial instruments and associated risks

#### (a) Overall risk management

The ICAV is exposed to a number of risks due to the nature of its activities. These risks include credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The risks detailed below should be considered in conjunction with the risks detailed in the Prospectus.

The ICAV is also exposed to operational risk such as depositary/counterparty risk. Depositary/counterparty risk is the risk of loss being incurred on securities in custody as a result of the counterparty's or the Depositary's insolvency, negligence, misuse of assets, fraud, poor administration or inadequate record keeping. In the event that one of the ICAV's counterparties or the Depositary becomes bankrupt and/or fails to segregate the ICAV's assets on deposit as required, the ICAV may be subject to a risk of loss.

All securities investments present a risk of loss of capital. The maximum loss of capital on equity securities is limited to the fair value of those positions. On short future positions, the maximum loss of capital can be unlimited and on long future positions, it is limited to the notional contract values of those positions.

## **PRAUDE FUNDS ICAV**

### **Notes to the Financial Statements (continued) For the year ended 31 December 2019**

#### **8 Financial instruments and associated risks (continued)**

##### **(a) Overall risk management (continued)**

The ICAV's Investment Manager is responsible for managing these risks in line with the ICAV's investment objectives. The Directors supervise the Investment Manager and are ultimately responsible for the overall risk management of the ICAV. The policies employed by the ICAV to measure, monitor and manage these risks are discussed below.

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

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the ICAV. There is a possibility that an issuer will be unable to make interest payments and repay principal when due. Changes in an issuer's financial strength or in a financial instrument's credit rating may affect a financial instrument's value.

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

Bankruptcy or insolvency of the Depositary or counterparties may cause the ICAV's rights with respect to securities held by the Depositary or counterparty to be delayed or limited in certain cases. The ICAV monitors its risk by monitoring the credit quality and financial positions of the Depositary and counterparties the ICAV uses.

The credit risk on cash transactions and transactions involving derivative financial instruments is mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, or with counterparties with high credit ratings assigned by a recognised rating agency.

The ICAV was exposed to credit risk on cash, equity securities, futures, corporate bonds and options that it held during the year ended 31 December 2019 and the period ended 31 December 2018. The Investment Manager monitors the ICAV's credit position on an ongoing basis.

As at 31 December 2019, the Praude Total Return Fund held two corporate bonds both with a credit risk classification of Non Rated.

As at 31 December 2019, the Praude Pure Equity Fund held two corporate bonds both with a credit risk classification of Non Rated.

##### **(c) Counterparties risk**

Cash deposits and investments are held with the Depositary. The ICAV was also exposed to counterparty risk in respect of the derivative financial instruments entered into during the year ended 31 December 2019 and the period ended 31 December 2018. The Depositary had a credit rating of A+ as at 31 December 2019 (31 December 2018: A+) with Standard and Poor's.

## **PRAUDE FUNDS ICAV**

### **Notes to the Financial Statements (continued) For the year ended 31 December 2019**

#### **8 Financial instruments and associated risks (continued)**

##### **Offsetting financial assets and financial liabilities**

Transactions with counterparties are governed by agreements. Under IFRS 7 Financial Instruments Disclosures, the ICAV is required to disclose both gross and net information for derivatives and other financial instruments that are either offset in the Statement of Financial Position or subject to an enforceable master netting agreement or similar agreement.

Under the terms of the master netting agreement, collateral can only be seized by a party in the event of default of the other party. An event of default includes the following:

- failure by a party to make a payment when due;
- failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied by the end of the business day following the business day after notice of such failure is given to the party; or
- bankruptcy.

The ICAV does not offset financial assets and financial liabilities that are subject to master netting arrangements or similar agreements in the Statement of Financial Position.

As at 31 December 2019, the Praude Total Return Fund and the Praude Pure Equity Fund did not hold any derivative financial instruments (31 December 2018: Same).

##### **(d) Liquidity risk**

Liquidity risk is the risk that the ICAV may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Sub-Funds redeemable Shares are redeemable at the shareholder's option fortnightly for cash equal to a proportionate share of the applicable Sub-Fund's Net Asset Value. The Sub-Funds are therefore potentially exposed to fortnightly redemptions by their shareholders.

The Sub-Funds invest in marketable highly liquid securities and other financial instruments, which under normal market conditions are readily convertible to cash. The liquidity profile of the investments of the Sub-Funds are appropriately aligned with the ICAV's redemption policy.

Some markets, on which the Sub-Funds may invest in, may prove at time to be insufficiently liquid or illiquid. This affects the market price of the Sub-Funds securities and therefore their Net Asset Value. Furthermore, there is a risk that, because of a lack of liquidity and efficiency in certain markets due to unusual market conditions or unusual high volumes of repurchase requests or other reason, the Sub-Funds may experience some difficulties in purchasing or selling holdings of securities and, therefore, meeting subscriptions and redemptions in the time scale indicated in the relevant supplement. In such circumstances, the Directors may, in accordance with the ICAV's Instrument and in the Shareholders' interests, suspend subscriptions and redemptions or extend the settlement timeframe.

The Investment Manager monitors the Sub-Funds' liquidity risk on a daily basis in accordance with the Sub-Funds' investment objectives, policies and investment guidelines. The ICAV's overall liquidity positions are reviewed on a daily basis for the Sub-Funds.

The tables overleaf detail the Sub-Funds remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Sub-Funds can be required to pay.

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

### 8 Financial instruments and associated risks (continued)

#### (d) Liquidity risk (continued)

The following tables set out the Sub-Fund's total exposure to liquidity risk:

As at 31 December 2019

<b>Praude Total Return Fund</b>	<b>&lt;1 Month EUR</b>	<b>1 - 3 Months EUR</b>	<b>3 - 12 Months EUR</b>	<b>Over 12 Months EUR</b>	<b>Total EUR</b>
<b>Liabilities</b>					
Subscription received in advance	(2,500,000)	-	-	-	(2,500,000)
Bank overdraft	(31,341)	-	-	-	(31,341)
Investment management fees payable	(32,353)	-	-	-	(32,353)
AIFM fees payable	(4,906)	-	-	-	(4,906)
Administration fees payable	(3,104)	-	-	-	(3,104)
Depository fees payable	-	-	(2,000)	-	(2,000)
Auditors' remuneration payable	(14,760)	-	-	-	(14,760)
Other payables	(39,065)	-	-	-	(39,065)
Net Asset Value attributable to holders of redeemable participating shares	-	(36,839,578)	-	-	(36,839,578)
<b>Total financial liabilities</b>	<b>(2,625,529)</b>	<b>(36,839,578)</b>	<b>(2,000)</b>	<b>-</b>	<b>(39,467,107)</b>
<b>Praude Pure Equity Fund</b>	<b>&lt;1 Month EUR</b>	<b>1 - 3 Months EUR</b>	<b>3 - 12 Months EUR</b>	<b>Over 12 Months EUR</b>	<b>Total EUR</b>
<b>Liabilities</b>					
Securities payable	(27,774)	-	-	-	(27,774)
Investment management fees payable	(29,304)	-	-	-	(29,304)
AIFM fees payable	(2,500)	-	-	-	(2,500)
Performance fees payable	(4,363)	-	(442,909)	-	(447,272)
Administration fees payable	(3,012)	-	-	-	(3,012)
Depository fees payable	-	-	(2,000)	-	(2,000)
Directors' fees payable	-	-	-	-	-
Auditors' remuneration payable	(14,760)	-	-	-	(14,760)
Other payables	(6,786)	-	-	-	(6,786)
Net Asset Value attributable to holders of redeemable participating shares	-	(25,658,410)	-	-	(25,658,410)
<b>Total financial liabilities</b>	<b>(88,499)</b>	<b>(25,658,410)</b>	<b>(444,909)</b>	<b>-</b>	<b>(26,191,818)</b>

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

### 8 Financial instruments and associated risks (continued)

#### (d) Liquidity risk (continued)

The following tables set out the Sub-Fund's total exposure to liquidity risk:

#### As at 31 December 2018

<b>Praude Total Return Fund</b>	<b>&lt;1 Month EUR</b>	<b>1 - 3 Months EUR</b>	<b>3 - 12 Months EUR</b>	<b>Over 12 Months EUR</b>	<b>Total EUR</b>
<b>Liabilities</b>					
Investment management fees payable	(19,357)	-	-	-	(19,357)
AIFM fees payable	(5,000)	-	-	-	(5,000)
Administration fees payable	(879)	-	-	-	(879)
Depository fees payable	-	-	(8,000)	-	(8,000)
Auditors' remuneration payable	(10,455)	-	-	-	(10,455)
Other payables	(19,397)	-	-	-	(19,397)
Net Asset Value attributable to holders of redeemable participating shares	-	(22,851,492)	-	-	(22,851,492)
<b>Total financial liabilities</b>	<b>(55,088)</b>	<b>(22,851,492)</b>	<b>(8,000)</b>	<b>-</b>	<b>(22,914,580)</b>

<b>Praude Pure Equity Fund</b>	<b>&lt;1 Month EUR</b>	<b>1 - 3 Months EUR</b>	<b>3 - 12 Months EUR</b>	<b>Over 12 Months EUR</b>	<b>Total EUR</b>
<b>Liabilities</b>					
Bank overdraft	(638,318)	-	-	-	(638,318)
Securities payable	(128,073)	-	-	-	(128,073)
Investment management fees payable	(2,452)	-	-	-	(2,452)
AIFM fees payable	(2,500)	-	-	-	(2,500)
Performance fees payable	-	-	(4,363)	-	(4,363)
Administration fees payable	(1,250)	-	-	-	(1,250)
Depository fees payable	-	-	(1,000)	-	(1,000)
Other payables	(460)	-	-	-	(460)
Net Asset Value attributable to holders of redeemable participating shares	-	(5,724,724)	-	-	(5,724,724)
<b>Total financial liabilities</b>	<b>(773,053)</b>	<b>(5,724,724)</b>	<b>(5,363)</b>	<b>-</b>	<b>(6,503,140)</b>

#### (e) Market risk

Despite not having any Value at Risk (VaR) limitation, the ICAV employs an advanced risk management methodology which monitors global exposure using a risk management process which, aims to ensure that on any day the absolute VaR of the Sub-Funds will be limited and kept in an acceptable range. The daily VaR will be calculated using 99% confidence level, and the historical observation period will not be less than one year unless a shorter period is justified.

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

### 8 Financial instruments and associated risks (continued)

#### (c) Market risk (continued)

Sub-Fund	VaR 31 December 2019	VaR 31 December 2018
Praude Total Return Fund	1.62%	2.07%
Praude Pure Equity Fund	1.73%	0.97%

Some limitations of VaR/sensitivity analysis are:

- (a) the models are based on historical data and cannot take account of the fact that future market price movements, correlations between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- (b) the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- (c) the market price information represents a hypothetical outcome and is not intended to be predictive (in the case of probability-based methods, such as VaR, profits and losses are almost certain to exceed the reported amount with a frequency depending on the confidence interval chosen); and
- (d) future market conditions could vary significantly from those experienced in the past.

#### (i) Global exposure and leverage

The use of derivative financial instruments may expose the Sub-Funds to a higher degree of risk, in particular derivative financial instruments can be highly volatile, and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivative financial instruments than on standard instruments. Leveraged derivative financial instruments can therefore increase the volatility of the Sub-Funds.

The Sub-Funds will typically gain leverage through the use of derivatives and may transfer, mortgage, charge or encumber any assets or cash forming part of its assets for the purpose of providing margin or collateral in respect of the Sub-Fund's investment activities.

The maximum leverage of the Praude Total Return Fund, calculated in accordance with the Level 2 Regulation, will be a maximum of 3 times the Net Asset Value of the Sub-Fund, using the "commitment" method, and 6 times the Net Asset Value of the Sub-Fund, using the "gross" method.

The maximum leverage of the Praude Pure Equity Fund, calculated in accordance with the Level 2 Regulation, will be a maximum of 300 times the Net Asset Value of the Sub-Fund, using the "commitment" method, and 600 times the Net Asset Value of the Sub-Fund, using the "gross" method.

Disclosed in the table below is the total leverage employed during the year ended 31 December 2019 and the period ended 31 December 2018:

Sub-Fund	Total leverage employed using the commitment method during the year ended 31 December 2019	Total leverage employed using the commitment method during the period ended 31 December 2018
Praude Total Return Fund	Nil	Nil
Praude Pure Equity Fund	Nil	Nil

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

### 8 Financial instruments and associated risks (continued)

#### (e) Market risk (continued)

##### (ii) Price risk

Market price risk arises mainly from uncertainty about future prices of investments held, which are classified as financial assets at fair value through profit or loss. It represents the potential loss that the ICAV might suffer, through its holdings in the face of price movements. The Investment Manager of the Sub-Funds reviews the positions and gains and losses on a daily basis to monitor the underlying risks. Market price risk is managed by the Investment Manager through careful selection of securities and other financial instruments within the Sub-Funds' mandates and specified limits. The Investment Manager maintains the Sub-Funds overall exposures making sure they fall within the diversification limits of the Sub-Funds.

The following table details the movement in net assets that would result if market prices of the investments held by the Sub-Funds had increased/(decreased) by 5% as at 31 December 2019 and as at 31 December 2018:

	<b>Praude Total Return Fund EUR</b>	<b>Praude Pure Equity Fund EUR</b>
<b>31 December 2019</b>		
Net financial assets and financial liabilities at fair value through profit or loss	36,472,091	25,470,582
Net financial assets and financial liabilities movement if market prices had increased/(decreased) by 5%	+/- 1,823,605	+/- 1,273,529
	<b>Praude Total Return Fund EUR</b>	<b>Praude Pure Equity Fund EUR</b>
<b>31 December 2018</b>		
Net financial assets and financial liabilities at fair value through profit or loss	21,798,389	2,446,173
Net financial assets and financial liabilities movement if market prices had increased/(decreased) by 5%	+/- 1,089,919	+/- 122,309

Limitations to sensitivity analysis:

This sensitivity analysis is not necessarily indicative of the effect on the Sub-Funds' Net Asset Values as future market movements are impossible to predict. The analysis is based on historical data and cannot take into account of the fact that future market price movements and the portfolio of the Sub-Funds may bear no relation to historical patterns.

##### (iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following tables overleaf detail the interest rate risk associated with the assets and liabilities of the ICAV as at 31 December 2019. The ICAV did not have significant exposure to interest rates as at 31 December 2018, apart from cash and cash equivalents.

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

### 8 Financial instruments and associated risks (continued)

#### (c) Market risk (continued)

##### (iii) Interest rate risk (continued)

31 December 2019

<b>Praude Total Return Fund</b>	<b>Fixed Rate Interest EUR</b>	<b>Floating Rate Interest EUR</b>	<b>Non Interest Bearing EUR</b>	<b>Total EUR</b>
<b>Assets</b>				
Financial assets at fair value through profit or loss				
Listed equity securities	-	-	32,533,753	32,533,753
Investment funds	-	-	59,810	59,810
Futures	-	-	-	-
Corporate bonds	1,475,780	2,388,000	-	3,863,780
Warrants	-	-	14,748	14,748
Cash and cash equivalents	2,992,145	-	-	2,992,145
Interest receivable	-	-	1,844	1,844
Other assets	-	-	1,027	1,027
<b>Total Assets</b>	<b>4,467,925</b>	<b>2,388,000</b>	<b>32,611,182</b>	<b>39,467,107</b>

<b>Praude Total Return Fund (continued)</b>	<b>Fixed Rate Interest</b>	<b>Floating Rate Interest</b>	<b>Non Interest Bearing</b>	<b>Total</b>
<b>Liabilities</b>				
Bank overdraft	(31,341)	-	-	(31,341)
Subscription received in advance	-	-	(2,500,000)	(2,500,000)
Investment management fees payable	-	-	(32,353)	(32,353)
AIFM fees payable	-	-	(4,906)	(4,906)
Administration fees payable	-	-	(3,104)	(3,104)
Depositary fees payable	-	-	(2,000)	(2,000)
Directors' fees payable	-	-	-	-
Auditors' remuneration payable	-	-	(9,225)	(9,225)
Other payables	-	-	(44,600)	(44,600)
<b>Total Liabilities</b>	<b>(31,341)</b>	<b>-</b>	<b>(2,596,188)</b>	<b>(2,627,529)</b>
<b>Total interest sensitivity gap</b>	<b>4,436,584</b>	<b>2,388,000</b>	<b>30,014,994</b>	<b>36,839,578</b>

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

### 8 Financial instruments and associated risks (continued)

#### (e) Market risk (continued)

##### (iii) Interest rate risk (continued)

31 December 2019

Praude Pure Equity Fund	Fixed Rate Interest EUR	Floating Rate Interest EUR	Non Interest Bearing EUR	Total EUR
<b>Assets</b>				
Financial assets at fair value through profit or loss				
Listed equity securities	-	-	23,288,740	23,288,740
Investment funds	-	-	69,380	69,380
Corporate bonds	523,400	501,250	1,087,812	2,112,462
Cash and cash equivalents	719,954	-	-	719,954
Interest receivable	-	-	738	738
Other assets	-	-	544	544
<b>Total Assets</b>	<b>1,243,354</b>	<b>501,250</b>	<b>24,447,214</b>	<b>26,191,818</b>
<b>Liabilities</b>				
Securities payable	-	-	(27,774)	(27,774)
Investment management fees payable	-	-	(29,304)	(29,304)
AIFM fees payable	-	-	(2,500)	(2,500)
Performance fees payable	-	-	(447,272)	(447,272)
Administration fees payable	-	-	(3,012)	(3,012)
Depositary fees payable	-	-	(2,000)	(2,000)
Directors' fees payable	-	-	-	-
Auditors' remuneration payable	-	-	(9,225)	(9,225)
Other payables	-	-	(12,321)	(12,321)
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>(533,408)</b>	<b>(533,408)</b>
<b>Total interest sensitivity gap</b>	<b>1,243,354</b>	<b>501,250</b>	<b>23,913,806</b>	<b>25,658,410</b>

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

### 8 Financial instruments and associated risks (continued)

#### (e) Market risk (continued)

##### (iv) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The ICAV may invest in financial instruments denominated in currencies other than the base currency or in financial instruments which are determined with references to currencies other than the base currency.

The Sub-Funds, however, will invest a portion of their assets in financial instruments denominated in EUR or in financial instruments which are determined with references to EUR. To the extent that the base currency is a denomination other than the denomination of the financial instruments owned by the Sub-Funds and no hedge is utilised, the value of the Sub-Funds' net assets will fluctuate based on fluctuations of the exchange rates as well as with price changes of their investments in the various local markets and currencies.

An increase in the value of the EUR compared to the other currencies in which the Sub-Funds may make investments will reduce the effect of increases and magnify the EUR equivalent of the effect of decreases in the prices of the Sub-Funds' financial instruments in their local markets.

Conversely, a decrease in the value of the EUR will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of the Sub-Funds' non-EUR financial instruments. It may not be possible or practical to hedge against the consequent currency risk exposure and in certain instances the Investment Manager may consider it desirable not to hedge against such risk.

Currency risk is managed in the Sub-Funds by monitoring their overall currency exposures and ensuring they fall within the Sub-Funds' specified mandates and limits. The Investment Manager uses futures and options for hedging purposes at portfolio level.

The carrying amount of the Sub-Fund's foreign denominated financial assets and financial liabilities as at 31 December 2019 is as follows:

#### Praude Total Return Fund

	Financial Assets/Liabilities EUR	Other Assets/ (Liabilities) Net EUR	Exposure EUR	Impact to Net Assets EUR	Impact to Net Assets %
CHF	-	4,664	4,664	466	0.00%
NOK	390,202	(31,521)	358,681	35,868	0.09%
PLN	1,245,936	20,446	1,266,382	126,638	0.32%
USD	-	1,027	1,027	103	0.00%

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

### 8 Financial instruments and associated risks (continued)

#### (e) Market risk (continued)

#### (iv) Currency risk (continued)

##### Praude Pure Equity Fund

	Financial Assets/Liabilities EUR	Other Assets/ (Liabilities) Net EUR	Exposure EUR	Impact to Net Assets EUR	Impact to Net Assets %
CHF	1,405,377	43,330	1,448,707	144,871	0.56%
NOK	306,121	14,727	320,848	32,085	0.12%
PLN	499,911	12,013	511,924	51,192	0.20%
USD	-	544	544	54	0.00%

The carrying amount of the Sub-Fund's foreign denominated financial assets and financial liabilities as at 31 December 2018 is as follows:

##### Praude Total Return Fund

	Financial Assets/Liabilities EUR	Other Assets/ (Liabilities) Net EUR	Exposure EUR	Impact to Net Assets EUR	Impact to Net Assets %
CHF	-	4,592	4,592	459	0.00%
NOK	628,079	468	628,547	62,855	0.28%
PLN	1,200,244	987	1,201,231	120,123	0.53%
USD	-	(1,329)	(1,329)	(133)	(0.00%)

##### Praude Pure Equity Fund

	Financial Assets/Liabilities EUR	Other Assets/ (Liabilities) Net EUR	Exposure EUR	Impact to Net Assets EUR	Impact to Net Assets %
CHF	646,200	9,477	655,677	65,568	1.15%

#### (f) Fair value of financial instruments

The ICAV is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. In accordance with IFRS 13, the inputs have been categorised into a three-level hierarchy which gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to significant unobservable inputs (Level 3). If the inputs used to value an investment fall within different levels of the hierarchy, the categorisation is based on the lowest level input that is significant to the fair value measurement of the investment.

The tables overleaf provide an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3 based on the degree to which the inputs to estimate the fair value are observable.

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

### 8 Financial instruments and associated risks (continued)

#### (f) Fair value of financial instruments (continued)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as a price) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs) and which are significant to the valuation.

Investments typically classified within Level 1 include active listed equity securities, exchange traded derivative financial instruments and certain Government bonds. Investments typically classified within Level 2 include investments in corporate bonds, certain Government bonds, certain listed equity securities and over-the-counter derivative financial instruments. Investment funds are also considered Level 2 investments if there is evidence that redemptions occurred during the period and there were no restrictions preventing redemptions as at the period end. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability. Such adjustments are generally based on available market information. Investments typically classified within Level 3 include certain corporate bonds, private equity securities and investment funds that have suspended redemptions, created side pocket classes or imposed gates. Within Level 3, the use of the market approach generally consists of using comparable market transactions.

There were no Level 3 investments held by the Sub-Funds as at 31 December 2019 (31 December 2018: Same).

The Sub-Funds' investments in listed equity securities are classified within Level 1 – quoted prices in active markets that are accessible at the measurement date for identical, unrestricted investments.

The Sub-Funds' investments in investment funds are classified within Level 2 - other significant observable inputs.

The tables below summarise the Sub-Funds' classification of investments, into the above hierarchy levels as at 31 December 2019 and 31 December 2018:

#### As at 31 December 2019

<b>Praude Total Return Fund</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Financial assets at fair value through profit or loss</b>				
Listed equity securities	32,533,753	-	-	32,533,753
Investment funds	59,810	-	-	59,810
Corporate bonds	-	3,863,780	-	3,863,780
Warrants	-	14,748	-	14,748
	<b>32,593,563</b>	<b>3,878,528</b>	<b>-</b>	<b>36,472,091</b>

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

### 8 Financial instruments and associated risks (continued)

#### (f) Fair value of financial instruments (continued)

<b>Praude Pure Equity Fund</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Financial assets at fair value through profit or loss</b>				
Listed equity securities	24,313,390	-	-	24,313,390
Investment funds	69,380	-	-	69,380
Corporate bonds	-	1,087,812	-	1,087,812
	<b>24,382,770</b>	<b>1,087,812</b>	<b>-</b>	<b>25,470,582</b>

There were no transfers between the levels for the period ended 31 December 2019.

#### As at 31 December 2018

<b>Praude Total Return Fund</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Financial assets at fair value through profit or loss</b>				
Listed equity securities	21,751,139	-	-	21,751,139
Investment funds	47,250	-	-	47,250
	<b>21,798,389</b>	<b>-</b>	<b>-</b>	<b>21,798,389</b>

<b>Praude Pure Equity Fund</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Financial assets at fair value through profit or loss</b>				
Listed equity securities	2,432,943	-	-	2,432,943
Investment funds	13,230	-	-	13,230
	<b>2,446,173</b>	<b>-</b>	<b>-</b>	<b>2,446,173</b>

There were no transfers between the levels for the period ended 31 December 2018.

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

### 9 Shares

The ICAV issues ordinary participating shares (“Shares”) and management shares of no par value. Only holders of the management shares have the right to vote at any general meeting of the ICAV.

There are two management shares currently in issue which are held by the AIFM (31 December 2018: Same).

Share capital transactions for the period ended 31 December 2019 are summarised in the table below:

	Redeemable Participating Shares			
	In issue as at beginning of period	Issued during the period	Redeemed during the period	In issue as at end of period
<b>Praude Total Return Fund</b>				
Class A EUR	26,674	9,554	-	36,228
<b>Praude Pure Equity Fund</b>				
Class A EUR	5,700	16,243	(63)	21,880

Share capital transactions for the period ended 31 December 2018 are summarised in the table below:

	Redeemable Participating Shares			
	In issue as at beginning of period	Issued during the period	Redeemed during the period	In issue as at end of period
<b>Praude Total Return Fund</b>				
Class A EUR	-	26,674	-	26,674
<b>Praude Pure Equity Fund</b>				
Class A EUR	-	5,700	-	5,700

Shares may be issued on the first and fifteenth business day of every month (“Subscription Day”). Shares issued in a Sub-Fund or a Share Class will be in registered form and denominated in the base currency specified in the relevant Supplement for the relevant Sub-Fund or the currency attributable to the particular Share Class.

Shares have no par value and will first be issued during the Initial Offer Period for each Sub-Fund or Share Class as specified in the relevant Supplement. Thereafter, Share Classes shall be issued at the Net Asset Value per Share.

Shareholders may redeem Share Classes by applying to the Administrator on any redemption day designated in the relevant Supplement. The redemption price per Share is calculated by reference to the Net Asset Value per Share and any redemption charge to be levied.

### 10 Related party transactions

IAS 24 - parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Aoife Connolly and Janice Moore are both senior employees of European & Global Investments Limited, who act as the AIFM to the ICAV. Robert Azzopardi was the Chief Financial Officer up to 14 June 2019 of Praude Asset Management Limited, who act as the Investment Manager to the ICAV.

As at 31 December 2019, the Directors are satisfied that all transactions with related parties, Directors or any other party in which they have a material interest in, are entered into in the ordinary course of business and on normal commercial terms.

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

### 10 Related party transactions (continued)

None of the Directors or the Secretary had any interest in the share capital of the ICAV as at 31 December 2019 (31 December 2018: Same).

Fees paid to the Directors, the Investment Manager and the AIFM are disclosed in note 5.

Consultancy fees paid to European Investment Consulting, an affiliate of the AIFM, during the year ended 31 December 2019 amounted to EUR 16,800 (31 December 2018: EUR 1,500).

### 11 Auditors' remuneration

	Period Ended 31 December 2019	Period Ended 31 December 2018
	EUR	EUR
Audit (exclusive of VAT)	15,000	8,500
Total audit fee	15,000	8,500

Except for the fees for the audit of the ICAV's financial statements, there were no other fees charged by Deloitte Ireland LLP in relation to tax advisory, other assurance or other non-audit services.

### 12 Soft commission arrangements

A soft commission arrangement is a means of paying a brokerage firm for its services through commission revenue. For the year ended 31 December 2019, the Sub-Funds did not enter into any soft commission arrangements (31 December 2018: Same).

### 13 Exchange rates

The following exchange rates were used to convert other assets and liabilities to Euro.

Currency	31 December 2019	31 December 2018
CHF	1.0870	1.1269
EUR	1.0000	1.0000
NOK	9.8638	9.8988
PLN	4.2513	4.2946
USD	1.1225	1.1432

### 14 Net Asset Value comparison

31 December 2019	Net Asset Value	Shares in Issue	Net Asset Value per Share
<b>Praude Total Return Fund</b>			
Class A EUR	EUR 36,839,578	36,228	EUR 1,016.88
<b>Praude Pure Equity Fund</b>			
Class A EUR	EUR 25,658,410	21,880	EUR 1,172.69

# PRAUDE FUNDS ICAV

## Notes to the Financial Statements (continued) For the year ended 31 December 2019

### 14 Net Asset Value comparison (continued)

31 December 2018	Net Asset Value	Shares in Issue	Net Asset Value per Share
<b>Praude Total Return Fund</b>			
Class A EUR	EUR 22,851,492	26,674	EUR 856.70
<b>Praude Pure Equity Fund</b>			
Class A EUR	EUR 5,724,724	5,700	EUR 1,004.34

### 15 Reconciliation of the Dealing Net Asset Value to the Financial Statements Net Assets Value

The following table provides a reconciliation of the Net Asset Value for dealing purposes to the financial statements Net Asset Value as at 31 December 2019 and 31 December 2018.

	<b>Praude Total Return Fund 31 December 2019 EUR</b>	<b>Praude Pure Equity Fund 31 December 2019 EUR</b>
Net Asset Value for dealing purposes	36,863,838	25,679,344
Adjustment for write off of establishment expenses	(24,260)	(20,934)
	<u>36,839,578</u>	<u>25,658,410</u>
	<b>Praude Total Return Fund 31 December 2018 EUR</b>	<b>Praude Pure Equity Fund 31 December 2018 EUR</b>
Net Asset Value for dealing purposes	22,862,922	5,724,724
Adjustment for write off of establishment expenses	(11,430)	-
	<u>22,851,492</u>	<u>5,724,724</u>

### 16 Investment Funds

The below table provides details on the investment fund which the Praude Total Return and Praude Pure Equity Funds invested in at 31 December 2019.

#### Praude Total Return Fund & Praude Pure Equity Fund

Description	Domicile	Management Fee	Performance Fee
AURORA SA SICAF RAIF A	Luxembourg	1.50%	-

### 17 Significant events during the period

On 27 March 2019, it was decided that the method of calculating the high water mark would be changed from a fixed high water mark to a weighted average high water mark. The change in the high water mark may have resulted in a more favourable performance fee calculation for shareholders, or at worst, the effect will be neutral.

There have been no other significant events requiring disclosure in the financial statements.

## **PRAUDE FUNDS ICAV**

### **Notes to the Financial Statements (continued) For the year ended 31 December 2019**

#### **18 Significant events after the period end**

##### **Covid-19**

Since the financial year end we have seen the development of the coronavirus Covid-19 outbreak initially in China and now reaching most continents. It has been declared a global pandemic by the World Health Organisation. The nature and extent of the impact of such an event is difficult to predict but it may adversely affect the return on each Fund and its investments and there is growing concern about the impact on the world economy. There has been a significant correction in the financial markets. The Directors and the Investment Manager continue to monitor the efforts of governments to contain the spread of the virus and monitor the economic impact on the investments in the portfolios.

Investors should be aware of the liquidity risk presented by this global pandemic. There is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Market disruptions or closures may result in the Investment Manager being unable to accurately value the assets of a sub Fund, or in the event of high levels of redemption, the Directors may use certain liquidity management tools permitted by the Central Bank, including deferred redemptions, the implementation of fair value pricing or temporarily suspension of a sub Fund.

There have been no other significant events since the period end that require disclosure in these financial statements.

#### **19 Statement of portfolio changes**

A statement of changes in the composition of the ICAV's portfolio is available to shareholders free of charge upon request from the Administrator.

#### **20 Approval of the financial statements**

The financial statements were approved by the Board of Directors on 18 June 2020.

# PRAUDE FUNDS ICAV

## Schedule of Investments Praude Total Return Fund For the year ended 31 December 2019

Quantity	Description	Fair Value EUR	As a % of Net Asset Value
<b>Listed Equity Securities</b>			
<b>Austria</b>			
17,643	KAPSCH AKT.	506,354	1.37%
35,321	VIENNA INTERNATIONAL AIRPORT	1,333,368	3.61%
		<u>1,839,722</u>	<u>4.98%</u>
<b>France</b>			
16,296	ACTIA GROUP ACT	70,236	0.19%
16,442	SA VENCIA	1,009,539	2.74%
		<u>1,079,775</u>	<u>2.93%</u>
<b>Germany</b>			
8,307	ADESSO	444,425	1.21%
14,000	BAUER AG	211,400	0.57%
70,188	HHLA NAMEN AKT	1,722,414	4.68%
92,394	K+S	1,026,959	2.79%
16,889	KOENIG AND BAUER AK.	471,879	1.28%
23,766	OHB AG	1,033,821	2.81%
34,523	SCHALTBAU HLDG --- REGISTERED SHS	1,173,782	3.19%
43,484	WACKER CONSTR EQUIP NAMEN-AKT	741,402	2.01%
59,078	WUESTENROT-WUERTTEMBERGISCHE.NAMEN AKT	1,143,750	3.10%
		<u>7,969,832</u>	<u>21.64%</u>
<b>Ireland</b>			
223,354	CPL RESOURCES	1,719,826	4.67%
163,394	IRISH CONTL GROUP UNITS	790,827	2.15%
		<u>2,510,653</u>	<u>6.82%</u>
<b>Italy</b>			
872,720	ACSM	1,745,440	4.74%
137,894	AUTOSTRADE MERIDIONALI NAPOLI	4,191,978	11.38%
122,261	A VIO SPA REG SHS	1,694,537	4.60%
66,889	BUZZI UNICEM -AZ.DI RISP.NON CONV.	925,744	2.51%
18,043	DANIELI AND CO SPA NON CONV	182,234	0.49%
1,214,089	FNM SPA	846,220	2.30%
70,000	GPI SPA	567,000	1.54%
16,350	ITALIAN WINE BRANDS SPA	208,462	0.57%
37,035	LU VE SPA	474,048	1.29%
185,419	OPENJOBMETIS AZ	1,613,145	4.38%
299,400	ORSERO NM AZ. NOMINATIVA	1,910,172	5.19%
1,125,000	SAFILO - AZ. POST RAGGRUPPAMENTO	1,253,250	3.40%
100,000	SERVIZI ITALIA SPA	299,000	0.81%
224,490	SOGEFI SPA	358,735	0.97%
		<u>16,269,965</u>	<u>44.17%</u>

# PRAUDE FUNDS ICAV

## Schedule of Investments (continued) Praude Total Return Fund (continued) For the year ended 31 December 2019

Quantity	Description	Fair Value EUR	As a % of Net Asset Value		
Listed Equity Securities (continued)					
Norway					
105,160	FJORD 1	390,202	1.06%		
		390,202	1.06%		
Poland					
375,209	STALEXPORT -A-	269,188	0.73%		
105,659	WARSAW SE	976,748	2.65%		
		1,245,936	3.38%		
The Netherlands					
182,580	CEMENTIR HOLDING N.V	1,227,668	3.33%		
		1,227,668	3.33%		
	Total Listed Equity Securities	32,533,753	88.31%		
Investment Funds					
Luxembourg					
5,000	AURORA SA SICAF RAIF A	59,810	0.16%		
		59,810	0.16%		
	Total Investment Funds	59,810	0.16%		
	Currency	Maturity Date	Qunatity/ Principal Amount	Fair Value EUR	Percentage of NAV
Warrants					
Luxembourg					
D AMICO INTL WARRANT 30.06.22	EUR	30/06/2020	989,843	14,748	0.04%
				14,748	0.04%
	Total Warrants			14,748	0.04%

# PRAUDE FUNDS ICAV

Schedule of Investments (continued)  
Praude Total Return Fund (continued)  
For the year ended 31 December 2019

	Currency	Maturity Date	Quantity/ Principal Amount	Fair Value EUR	Percentage of NAV
<b>Corporate bonds</b>					
<b>Belgium</b>					
FILEDLINK CV 3.75%	EUR	22/12/2021	2,000,000	1,475,780	4.01%
				<u>1,475,780</u>	<u>4.01%</u>
<b>Luxembourg</b>					
SUPERSTRADA PEDEMONT FL.R	EUR	30/06/2047	2,400,000	2,388,000	6.48%
				<u>2,388,000</u>	<u>6.48%</u>
<b>Total Corporate Bonds</b>				<u><b>3,863,780</b></u>	<u><b>10.49%</b></u>
<b>Total financial assets at fair value through profit or loss</b>				<u><b>36,472,091</b></u>	<u><b>99.00%</b></u>
Other assets in excess of other liabilities				367,487	1.00%
<b>Net Asset Value attributable to redeemable participating shareholders</b>				<u><b>36,839,578</b></u>	<u><b>100.00%</b></u>

# PRAUDE FUNDS ICAV

## Schedule of Investments (continued) Praude Pure Equity Fund For the period ended 31 December 2019

Quantity	Description	Fair Value EUR	As a % of Net Asset
<b>Listed Equity Securities</b>			
<b>Austria</b>			
9,500	ANDRITZ AG	364,800	1.42%
13,500	KAPSCH AKT.	387,450	1.51%
1,250	MAYR-MELNHOF KARTON AG	149,500	0.58%
8,297	ROSENBAUER INTERNATIONAL	333,539	1.30%
19,000	VIENNA INTERNATIONAL AIRPORT	717,250	2.80%
		<u>1,952,539</u>	<u>7.61%</u>
<b>France</b>			
70,000	EUROPCAR MOBILITY GROUP SA	303,380	1.18%
4,807	SA VENCIA	295,150	1.15%
		<u>598,530</u>	<u>2.33%</u>
<b>Germany</b>			
6,250	ADESSO	334,375	1.30%
24,500	HHLA NAMEN AKT	601,230	2.34%
62,000	K+S	689,130	2.69%
7,250	KOENIG AND BAUER AK.	202,565	0.79%
6,000	KRONES	405,000	1.58%
14,159	OHB AG	615,917	2.40%
12,003	SCHALTBAU HLDG --- REGISTERED SHS	408,102	1.59%
18,000	SMT SCHARF AG	180,000	0.70%
23,000	SUESS MICROTEC AG	276,000	1.08%
40,500	WACKER CONSTR EQUIP NAMEN-AKT	690,525	2.69%
40,500	WUESTENROT-WUERTTEMBERGISCHE.NAMEN AKT	784,080	3.06%
		<u>5,186,924</u>	<u>20.22%</u>
<b>Ireland</b>			
80,000	CPL RESOURCES	616,000	2.40%
90,000	DALATA HOTEL GROUP PLC	463,500	1.81%
35,000	IRISH CONTL GROUP UNITS	169,400	0.66%
160,000	TOTAL PRODUCE PLC	228,800	0.89%
		<u>1,477,700</u>	<u>5.76%</u>
<b>Italy</b>			
45,863	ACSM	91,726	0.36%
60,000	ALKEMY SPA	528,000	2.06%
32,990	AUTOSTRADA MERIDIONALI NAPOLI	1,002,896	3.91%
48,001	AVIO SPA REG SHS	665,294	2.59%
82,026	BASICNET	426,535	1.66%
14,000	BIESSE	207,900	0.81%
64,000	BUZZI UNICEM -AZ.DI RISP.NON CONV.	885,760	3.45%
23,000	DATALOGIC- AZ. POST FRAZIONAMENTO	388,010	1.51%
8,000	EL.EN.SPA	264,320	1.03%
32,000	EUROTECH SPA	269,760	1.05%
1,550,000	FNM SPA	1,080,350	4.21%

# PRAUDE FUNDS ICAV

## Schedule of Investments (continued) Praude Pure Equity Fund (continued) For the period ended 31 December 2019

Quantity	Description	Fair Value EUR	As a % of Net Asset
<b>Listed Equity Securities (continued)</b>			
<b>Italy (continued)</b>			
35,000	GPI SPA	283,500	1.10%
10,500	INTERPUMP GROUP	296,520	1.16%
37,450	ITALIAN WINE BRANDS SPA	477,487	1.86%
63,000	LU VE SPA	806,400	3.14%
33,553	OPENJOBMETIS AZ	291,911	1.14%
120,000	ORSERO NM AZ. NOMINATIVA	765,600	2.98%
90,000	RAI WAY SPA	551,700	2.15%
900,000	SAFILO - AZ. POST RAGGRUPPAMENTO	1,002,600	3.91%
7,000	SESA	333,550	1.30%
7,100	WIIT REGISTERED	651,780	2.54%
		<u>11,271,599</u>	<u>43.92%</u>
<b>Norway</b>			
82,500	FJORD 1	306,121	1.19%
		<u>306,121</u>	<u>1.19%</u>
<b>Poland</b>			
410,053	STALEXPORT -A-	294,187	1.15%
22,254	WARSAW SE	205,724	0.80%
		<u>499,911</u>	<u>1.95%</u>
<b>Spain</b>			
60,000	NH HOTELES SA	281,400	1.10%
		<u>281,400</u>	<u>1.10%</u>
<b>Switzerland</b>			
2,100	HELVETIA HLDG - REGISTERED SHS	264,287	1.03%
2,097	JUNGFRAUBAHN HOLDING -NAMEN-	318,312	1.25%
880	VAUDOISE ASSURANCES HOLDING SA	463,073	1.80%
		<u>1,045,672</u>	<u>4.08%</u>
<b>The Netherlands</b>			
10,948	BRUNEL INTERNATIONAL N.V	98,641	0.38%
142,500	CEMENTIR HOLDING N.V	958,170	3.73%
11,634	ICT AUTOMATISERING NV	132,628	0.52%
53,555	KONINKLIJKE BAM GROEP NV	143,849	0.56%
8,500	LASTMINUTE.COM SHS	359,706	1.40%
		<u>1,692,994</u>	<u>6.59%</u>
<b>Total Listed Equity Securities</b>		<u><b>24,313,390</b></u>	<u><b>94.75%</b></u>

# PRAUDE FUNDS ICAV

## Schedule of Investments (continued) Praude Pure Equity Fund (continued) For the period ended 31 December 2019

Quantity	Description				Fair Value EUR	As a % of Net Asset
	Investment Funds					
	Luxembourg					
5,800	AURORA SA SICAF RAIF A				69,380	0.27%
					69,380	0.27%
	Total Investment Funds				69,380	0.27%
		Currency	Maturity Date	Qunatity/ Principal Amount	Fair Value EUR	Percentage of NAV
	Corporate bonds					
	Belgium					
	FILEDLINK CV 3.75%	EUR	22/12/2021	800,000	590,312	2.31%
					590,312	2.31%
	Luxembourg					
	SUPERSTRADA PEDEMONT FL.R	EUR	30/06/2047	500,000	497,500	1.94%
					497,500	1.94%
	Total Corporate Bonds				1,087,812	4.25%
	Total financial assets at fair value through profit or loss				25,470,582	99.27%
	Other assets in excess of other liabilities				187,828	0.73%
	Net Asset Value attributable to redeemable participating shareholders				25,658,410	100.00%

## **PRAUDE FUNDS ICAV**

### **Remuneration Policy (unaudited) For the period ended 31 December 2019**

#### **Remuneration Policy**

##### **The information provided below relates to the AIFM.**

The AIFM has implemented a remuneration policy pursuant to the principles laid down in Schedule 2 of the AIFM Regulations and the AIF Rulebook. This remuneration policy shall be consistent with and shall promote sound and effective risk management and shall focus on the control of risk-taking behaviour of senior management, risk takers, employees with control functions and employees receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the AIFM and the funds.

In line with the provisions of the AIFM Regulations and the ESMA Guidelines on Remuneration, each of which may be amended from time to time, the AIFM applies its remuneration policy and practices in a manner which is proportionate to its size and that of the ICAV, its internal organisation and the nature, scope and complexity of its activities.

Further details relating to the current remuneration policy of the AIFM are available on [www.egifunds.com](http://www.egifunds.com). This includes a description of how remuneration and benefits are calculated and the identity of persons responsible for awarding the remuneration and benefits. A paper copy will be made available upon request free of charge by the AIFM.