

**M.B.R. Copy**

**ALTINUM FUNDS  
SICAV PLC**

**SV 309**

**Report and financial statements**

31 August 2019

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# ALTINUM FUNDS SICAV plc

## Directors, officers and other information

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<i>Directors:</i>	Mr. Ivan Fsadni Mr. David Galea Souchet Mr. Tom Anastasi Pace
<i>Secretary:</i>	Mr. Maximilian Galea Level 14, Portomaso Business Tower, Portomaso, St Julian, STJ 4011, Malta
<i>Registered office:</i>	Level 14, Portomaso Business Tower, Portomaso, St. Julians STJ 4011, Malta
<i>Country of incorporation:</i>	Malta
<i>Company registration number:</i>	SV 309
<i>Auditor:</i>	Deloitte Audit Limited Deloitte Place Triq L-Intornjatur, Zone 3 Central Business District, Birkirkara, CBD 3050, Malta
<i>Investment manager:</i>	Praude Asset Management Limited, Level 14 Portomaso Business Tower Portomaso St Julians, STJ 4011, Malta
<i>Custodian:</i>	Bank of Valletta p.l.c. 58, Zachary Street, Valletta, VLT1130, Malta

# ALTINUM FUNDS SICAV plc

## Directors, officers and other information (continued)

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*Prime broker:* Société Générale, Newedge-UK Limited (*until 8<sup>th</sup> June 2019*)  
10, Bishops Square  
London, E1 6EG  
United Kingdom

*Administrator and registrar:* BOV Fund Services Limited  
58, Zachary Street,  
Valletta, VLT1130,  
Malta

# ALTINUM FUNDS SICAV plc

## Directors' report

Year ended 31 August 2019

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The directors present their report and the audited financial statements of the Altinum Funds SICAV plc (the "Company") for the year ended 31 August 2019.

### Description of Company

The Company is an investment company with variable share capital with limited liability incorporated under the Laws of Malta. The Company is licenced by the Malta Financial Services Authority with licence number PIF/309A to carry out the activities of a collective investment scheme in the form of an Alternative Investment Fund pursuant to article 6 of the Investment Services Act, 1994.

Prior to 17<sup>th</sup> October 2018, the Company was licenced by the Malta Financial Services Authority under the Investment Services Act, Cap 370 of the Laws of Malta as a Professional Investor Fund targeting qualifying investors.

### Principal Activities

The principal activity of the Company is to achieve its investment objectives as defined in its Offering Memorandum and Offering Supplement. The Company has one sub-fund, the Altinum Fund (the "sub-fund"), which during the year had two classes of investor shares: Class A and Class B. Class B was fully redeemed and closed on 25<sup>th</sup> April 2019.

The Investment objective of the Altinum Fund is to invest in listed equities, bonds, derivative financial instruments and to a limited extent in unlisted equities, bonds and derivative financials instruments, in order to achieve capital appreciation and secondary income in all market situations. There is no guarantee that the sub-fund will achieve its investment objectives.

### Performance Review

In the year under review the Altinum Fund had subscriptions of EUR280,000 (year ended 31 August 2018: EUR823,920) from investors and had redemptions amounting to EUR17,358,530 (year ended 31 August 2018: EUR5,385,332).

The Company registered a loss of EUR44,491 (year ended 31 August 2018: EUR2,467,583). Net Assets attributable to holders of investor shares at the end of the year amounted to EUR33,453,405 (year ended 31 August 2018: EUR50,576,926).

### Results and Distribution

The results for the year ended 31 August 2019 are shown in the Statement of profit or loss and other comprehensive income on page 8. No dividend is paid out as the entire net income of the Company is accumulated within the sub-fund and reflected in the net asset value.

# ALTINUM FUNDS SICAV plc

## Directors' report (continued)

Year ended 31 August 2019

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### Directors

The directors who served during the year were:

Mr. Tom Anastasi Pace  
Mr. David Galea Souchet  
Mr. Ivan Fsadni

In accordance with the company's articles of association the directors are to remain in office.

### Auditors

A resolution to reappoint Deloitte Audit Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

Approved by the board of directors and signed on 18 December 2019 by:



*Mr. Ivan Fsadni*  
Director



*Mr. David Galea Souchet*  
Director



# ALTINUM FUNDS SICAV plc

## Statement of directors' responsibilities

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The directors are required by the Companies Act (Cap. 386) to prepare financial statements in accordance with generally accepted accounting principles and practices, which give a true and fair view of the state of affairs of the Company at the end of each financial year and of the profit or loss of the Company for the year then ended. In preparing the financial statements, the directors should:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business as a going concern.

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

Additionally, the directors of a multi-fund Company are responsible for ensuring that such separate records, accounts, statements and other records are kept as may be necessary to evidence the liabilities and assets of each sub-fund as distinct and separate from the assets and liabilities of other sub-funds in the same Company.

# ALTINUM FUNDS SICAV plc

## Statement of profit or loss and other comprehensive income

Year ended 31 August 2019

		Year from 1 September 2018 to 31 August 2019 EUR	Year from 1 September 2017 to 31 August 2018 EUR
	<i>Notes</i>		
<b>Investment income</b>			
Dividend income		293,100	1,023,189
Interest income		407,363	181,596
Net loss on financial instruments at fair value through profit or loss		(69,351)	(2,676,502)
<b>Net investment income</b>		<b>631,112</b>	<b>(1,471,717)</b>
Administrator fees	5	25,871	33,426
Audit fees		6,379	6,490
Custodian fees	5	80,509	64,015
Directors' fees		29,829	14,486
Legal fees		34,296	2,600
Management fees	5	302,939	479,312
Other expenses		18,247	75,797
Interest expenses		38,643	65,546
Transaction costs		35,317	45,834
<b>Operating expenses</b>		<b>572,030</b>	<b>787,506</b>
<b>Change in net assets attributable to holders of investor shares before withholding tax</b>		<b>59,082</b>	<b>(2,259,223)</b>
Withholding tax paid on behalf of holders of investor shares		(104,073)	(208,360)
<b>Change in net assets attributable to holders of investor shares</b>		<b>(44,991)</b>	<b>(2,467,583)</b>



# ALTINUM FUNDS SICAV plc

## Statement of financial position

31 August 2019

	Notes	2019 EUR	2018 EUR
<b>Assets</b>			
Financial assets at fair value through profit or loss	6	33,146,859	23,014,435
Trade and other receivables	7	545,274	126,229
Cash and cash equivalents	10	-	27,657,886
<b>Total assets</b>		<b>33,692,133</b>	<b>50,798,550</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss	6	9,500	129,224
Trade and other payables	8	84,589	92,400
Variation Margin payable		144,639	-
<b>Total liabilities (excluding net assets attributable to holders of investor shares)</b>		<b>238,728</b>	<b>221,624</b>
<b>Net assets attributable to holders of investor shares</b>		<b>33,453,405</b>	<b>50,576,926</b>

These financial statements were approved by the board of directors, authorised for issue on 18 December 2019 and signed on its behalf by:



Mr. Ivan Fsadni  
Director



Mr. David Galea Souchet  
Director

# ALTINUM FUNDS SICAV plc

## Statement of changes in net assets attributable to holders of investor shares

Year ended 31 August 2019

	Year from 1 September 2018 to 31 August 2019 EUR	Year from 1 September 2017 to 31 August 2018 EUR
Net assets attributable to holders of investor shares at the beginning of the year	50,576,926	57,605,921
Creation of investor shares	280,000	823,920
Redemption of investor shares	(17,358,530)	(5,385,332)
Change in net asset attributable to holders of investor shares	(44,991)	(2,467,583)
<b>Net asset attributable to holders of investor shares at the end of the year</b>	<b>33,453,405</b>	<b>50,576,926</b>

# ALTINUM FUNDS SICAV plc

## Statement of cash flows

Year ended 31 August 2019

	Year from 1 September 2018 to 31 August 2019	Year from 1 September 2017 to 31 August 2018
	EUR	EUR
<b>Cash flows used in operating activities</b>		
Net bond and bank interest (paid)/received	(17,395)	171,052
Dividend income received	293,100	1,023,189
Operating expenses paid	(500,168)	(1,325,787)
Income taxes paid	(104,073)	(208,360)
Interest expense paid	(38,643)	(65,546)
<i>Net cash flows used in operating activities</i>	<u>(367,179)</u>	<u>(405,452)</u>
<b>Cash flows (used in)/from investing activities</b>		
Payment to acquire financial assets and liabilities at fair value through profit or loss	(42,334,293)	(33,810,471)
Receipts from disposal of financial assets and liabilities at fair value through profit or loss	31,977,477	63,228,991
<i>Net cash flows (used in)/ from investing activities</i>	<u>(10,356,816)</u>	<u>29,418,520</u>
<b>Cash flows used in financing activities</b>		
Amounts received on creation of investor shares	280,000	823,920
Amounts paid on redemption of investor shares	(17,358,530)	(5,385,332)
<i>Net cash flows used in financing activities</i>	<u>(17,078,530)</u>	<u>(4,561,412)</u>
<b>Net movements in cash and cash equivalents</b>	(27,802,525)	24,451,656
<b>Cash and cash equivalents at the beginning of the year</b>	<u>27,657,886</u>	<u>3,206,230</u>
<b>Cash and cash equivalents at the end of the year (note 10)</b>	<u>(144,639)</u>	<u>27,657,886</u>

# ALTINUM FUNDS SICAV plc

## Notes to the financial statements

31 August 2019

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### 1. Company information and basis of preparation

Altinum Fund SICAV PLC ("the Company") has constituted one sub-fund which is a segregated patrimony of assets and during the year under review was represented by two classes of shares. These financial statements comprise the financial statements of the Company which include the following sub-fund licensed at 23 April 2014: Altinum Fund ("the sub-fund").

The Company is domiciled in Malta and registered as an Alternative Investor Fund licensed by the Malta Financial Services Authority as a multi-fund limited liability company with variable share capital targeting experienced investors pursuant to the Companies Act (Cap. 386), with registration number SV309 and registered office is level 14, Portomaso Business Tower, St. Julians, Malta.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are stated at their fair values and in accordance with International Financial Reporting Standards as adopted by the EU. The significant accounting policies adopted are set out below.

### 2. Significant accounting policies

#### *Financial instruments*

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

#### (i) Trade and other receivables

Trade receivables are classified with assets and are stated at their nominal value unless effect of discounting is material. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.



# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

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### 2. Significant accounting policies (continued)

#### *Financial instruments (continued)*

##### (ii) Financial assets

##### **Current year**

The Company classifies its financial assets as subsequently measured at amortised cost or measured at Fair value through profit and loss (FVTPL) on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

##### Financial assets at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortised cost include debt securities, accrued income, other receivables (representing amounts receivable for transactions contracted for but not yet delivered by the end of the period) and cash and cash equivalents.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

For financial assets at amortised cost, appropriate allowances for expected credit losses ('ECLs') are recognised in profit or loss in accordance with the Company's accounting policy on ECLs.

##### Financial assets at FVTPL

A financial asset is measured at FVTPL if it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell or its contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, the Company may irrevocably designate a financial asset as measured at FVTPL when doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Company includes in this category, derivative contracts in an asset position, financial assets classified as held for trading and financial assets managed, evaluated and reported on a fair value basis in accordance with the Funds' documented investment strategy, which are mandatorily measured at FVTPL.

# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

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### 2. Significant accounting policies (continued)

#### *Financial instruments (continued)*

##### **Comparative year**

The Company classified its financial assets in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The classification depends on the purpose for which the investments were acquired. The Directors determine the appropriate classification of investments at the time of purchase and re-evaluate such designation at the reporting date.

Financial assets at fair value through profit or loss are those that are designated by the Directors at fair value through profit or loss upon initial recognition. These include equity securities and debt instruments that are not held for trading, which are designated upon initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Fund, as set out in the Fund's documented investment strategy.

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Loans and receivables consist of term-deposits held with credit institutions, accrued income and other short-term receivables.

##### *Initial measurement*

Purchases and sales of financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets at fair value through profit or loss are initially recognised at the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Loans and receivables are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

##### *Subsequent measurement*

After initial measurement, Company measures financial instruments which are classified as at fair value through profit or loss, at fair value. Subsequent changes in the fair value of those financial instruments and interest revenue are recorded in the "Net gain or loss on financial assets at fair value through profit or loss". Dividend income of such instruments is recorded separately in "Dividend Income".

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



# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

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### 2. Significant accounting policies (continued)

#### *Financial instruments (continued)*

##### *(iii) Financial liabilities*

Financial liabilities measured at amortised cost

Financial liabilities that are not classified at FVTPL are classified at amortised cost. Financial liabilities measured at amortised cost include other payables (representing amounts payable for transactions contracted for but not yet delivered by the end of the period) and overdrawn bank balances.

Financial liabilities measured at FVTPL

A financial liability is measured at FVTPL if it meets the definition of held for trading. The Company includes in this category, derivative financial liabilities.

Recognition, derecognition and measurement

Regular purchases and sales of financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets or financial liabilities are initially recognised at fair value, and transaction costs for all financial instruments carried at FVTPL are expensed as incurred. Financial assets are derecognised when the rights to receive cash flows expire or when the entity transfers the financial asset and the transfer qualifies for derecognition. Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL are measured at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities at FVTPL category are included in the Statement of Comprehensive Income in the period in which they arise. Interest and dividends earned or paid on these instruments are recorded in 'other net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss' and 'dividend income' in the Statement of Comprehensive Income.

Financial assets, other than those classified as at FVTPL, are measured at amortised cost using the effective interest method less any allowance for impairment. Interest income, foreign exchange gains and losses and impairment are recognised in the Statement of Comprehensive Income. Any gain or loss on derecognition is recognised in the Statement of Comprehensive Income.

Financial liabilities, other than those classified as at FVTPL, are measured at amortised cost using the effective interest method.

# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

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### 2. Significant accounting policies (continued)

#### *Financial instruments (continued)*

##### *(iii) Financial Liabilities (continued)*

The fair value of financial instruments listed or dealt on a regulated market, is based on the latest available dealing price, appearing to the Directors. The fair values of unquoted investments are established by using valuation techniques. These include reference to recent financial statements and similar financial instruments as well as option pricing models.

#### Impairment

##### **Current year**

The Company recognises a loss allowance for ECLs on the following – financial assets at amortised cost.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- Financial assets that are determined to have a low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. In this regard, the Company has an internal credit scoring system in place that analyses the credit quality of the counterparties accordingly. Such credit scoring system takes into consideration both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, and also considers the counterparties' macroeconomic context.

The Company has elected the rebuttable presumption from IFRS 9 by assuming that the credit risk on a financial asset has increased significantly if the financial asset is more than 30 days past due.

Moreover, if the counterparty becomes downgraded by two notches (or more) based on the credit score assessment, the Company deems the financial asset's credit risk to have increased significantly.



# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

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### 2. Significant accounting policies (continued)

#### *Financial instruments (continued)*

#### *(iii) Financial liabilities (continued)*

Moreover, the Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- The financial asset is more than 90 days past due.

The maximum period considered when estimated ECLs is the maximum contractual period over which the Company is exposed to credit risk.

#### **Comparative year**

The Fund assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

#### *(iv) Realised and unrealised gains and losses*

Investment transactions are recorded on a trade date basis. Realised gains or losses on investments are calculated on a weighted average cost and are disclosed within net gain/loss on financial assets at fair value through profit or loss in the statement of profit or loss and other comprehensive income.

#### *(v) Trade and other payables*

Trade and other payables are stated at their nominal value unless the effect of discounting is material.

# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

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### 2. Significant accounting policies (continued)

#### *Financial instruments (continued)*

##### *(iii) Financial liabilities (continued)*

##### *(vi) Net assets attributable to shareholders*

The liability to participating shareholders is presented in the statement of financial position as "Net assets attributable to holders of investor shares" and is determined based on the residual assets of the company after deducting all other liabilities.

#### *Revenue recognition*

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the company and these can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

##### *(i) Interest income*

Interest income on structured products is recognised when there is a right to receive payment. Interest income on all other interest bearing securities is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

##### *(ii) Dividend income*

Dividend income is recognised when the shareholder's right to receive payment is established. Dividend income relating to exchange-traded equity securities and dividend expense relating to exchange-traded equity securities sold short are recognised in the statement of comprehensive income on the ex-dividend date.

#### *Taxation*

The taxation of collective investment schemes is based on the classification of funds into prescribed or non-prescribed funds in accordance with the Collective Investment Schemes (Investment Income) Regulations, 2001.

The Company, qualifies as a non-prescribed fund in terms of these regulations on the basis that the value of the fund's assets situated in Malta are less than 85% of the value of its total assets.

Accordingly the income and capital gains of the Company are not subject to Malta income tax pursuant to the provisions of the Income Tax Act (Cap. 123).

# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

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### 2. Significant accounting policies (continued)

#### *Taxation (continued)*

Foreign tax withheld on dividend income is accounted for when the company recognises the related dividend or interest in the statement of profit or loss and other comprehensive income.

#### *Currency translation*

As allowed by sub-legislation 386.02 of the Companies Act (Investment Companies with Variable Share Capital) Regulations, a company with fund whose capital is denominated in different currencies may elect to present its financial statements in any one of these currencies. Consequently, the financial statements of the company are presented in the functional currency, the Euro, according to its Memorandum and Articles of Association.

Transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at year-end.

#### *Fees, commission and other expenses*

Fees, commission and other expenses are recognised in the statement of comprehensive income on accrual basis.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand held in respect of open future and option contracts.

#### *Distributions*

Distributions are recognised as liabilities in the period in which they are declared.



# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

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### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, management has made no judgements which can significantly affect the amounts recognised in the financial statements. At the reporting date, there were no key assumptions concerning the future, or any other key sources of estimation uncertainty, most have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 4. Initial application of an International Financial Reporting Standards

IFRS 9 'Financial Instruments' became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39.

Classification and measurement of debt assets is driven by the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

The Company has elected not to restate its comparative information for the effects of IFRS 9 and such information continues to be reported under IAS 39. In terms of this approach, any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application is recognised in equity at 1 September 2018.

IFRS 9 has been applied retrospectively by the company and did not result in a change to the classification or measurement of financial instruments. There was no material impact on adoption from the application of the new impairment model.

The Company does not designate any of its financial liabilities as at fair value through profit or loss upon initial recognition and accordingly the change introduced by IFRS 9 in this respect does not affect these financial statements.



# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

### 4. Initial application of an International Financial Reporting Standards (continued)

The table below illustrates the classification and measurement of financial assets under IFRS 9 and IAS 39 at the date of initial application, 1 September 2018.

	Original measurement category under IAS 39	New measurement category under IFRS 9	Original carrying amount under IAS 39/ New carrying amount under IFRS 9
	EUR		EUR
Financial investments at fair value through profit or loss	Financial assets at FVTPL	Financial assets measured at FVTPL	23,014,435
Trade and other receivables	Loans and receivables	Financial assets measured at amortised cost	126,229
Cash and cash equivalents	Loans and receivables	Financial assets measured at amortised cost	27,657,886

#### *Cash at bank*

Cash at bank that was previously classified as loans and receivables is classified in terms of IFRS 9 as financial assets measured at amortised cost if it meets the conditions for such classification. In accordance with the transitional provisions of IFRS 9, the Company assessed the business model in which the financial assets are held on the basis of the facts and circumstances at 1 September 2018 and the resulting classification is being applied retrospectively irrespective of the Company's business model in prior reporting periods. Accordingly, there was no change in the carrying amount of these instruments at 1 September 2018 as a result of the new classification in terms of IFRS 9. In terms of IFRS 9, the Company applies an ECL model as opposed to an incurred credit loss model under IAS 39. For such amounts, the ECL model did not result in material loss allowances at 1 September 2018 because of the use of the low credit risk exemption.

# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

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### 4. Initial application of an International Financial Reporting Standards (continued)

#### *Debt investments that were designated as at FVTPL in terms of IAS 39*

Debt investments that were previously designated as at FVTPL are classified in terms of IFRS 9 as financial assets measured at FVTPL unless they meet both criteria below:

- they are held within a business model whose objective is to collect the contractual cash flows or they are held within a business model whose objective is to collect the contractual cash flows and to sell, and
- they have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's debt investments did not meet both criteria above and accordingly, there was no change in the carrying amount of these instruments at 1 September 2018 as a result of the new classification in terms of IFRS 9.

#### *Equity and other investments that were designated as at FVTPL in terms of IAS 39*

Equity and other instruments that were previously designated as at FVTPL continue to be measured at FVTPL in terms of IFRS 9. Accordingly, there was no change in the carrying amount of these instruments at 1 September 2018 as a result of the new classification in terms of IFRS 9.

#### *International Financial Reporting Standards in issue but not yet effective*

##### IAS 1 & IAS 8 Amendment – Definition of material

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. These amendments are effective for annual periods beginning on or after 1 January 2020.

# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

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### 5. Fees

#### (i) Management fees

*Altinum Fund* - The Investment Manager, Praude Asset Management Limited, receives an Investment Management Fee as follows:

Class A Investor Shares: 0.6% per annum of the Net Asset Value calculated on the Net Asset Value of the sub-fund on every valuation day, or the previous day if such a day is not a business day.

Class B Investor Shares: 2% per annum of the Net Asset Value calculated on the Net Asset Value of the sub-fund on every valuation day, or the previous day if such a day is not a business day.

The management fee borne by the Company during the financial year ended 31 August 2019 was that of *EUR 302,939* (year ended 31 August 2018: *EUR479,312*).

#### (ii) Performance fees

*Altinum Fund* - The Investment Manager, Praude Asset Management Limited, receives a performance fee calculated on the basis of the Net Asset Value per share. The performance fee shall be equal to 20% in the case of Class A Investor Shares and 10% in the case of Class B Investor Shares, of the percentage increase in the Net Asset Value per Investor Share on the Calculation Point (before the deduction of the Performance Fee) over and above one percent (1%) hurdle rate plus the 3 month EURIBOR per annum, multiplied by the Net Asset Value per share at the previous Calculation Point and the average number of Investor Shares in issue between the Calculation Point and the previous Calculation Point.

No performance fee was borne by the Company during the financial year ended 31 August 2019 (year ended 31 August 2018: *NIL*).

#### (iii) Administrator fees

*Altinum Fund* - The Administrator, BOV Fund Services Limited, receives a flat fee of *EUR18,000* per annum reduced to *EUR 16,000* per annum for the first year from the launch of the Altinum Fund on net assets up to *EUR25 million* and 0.05% per annum on any excess of net assets over *EUR25 million*.

The administrator fee borne by the Company during the financial year ended 31 August 2019 was that of *EUR 25,871* (year ended 31 August 2018: *EUR33,426*).

#### (iv) Custodian fees

*Altinum Fund* - The Custodian receives a Custody Fee of 0.03% per annum based on the value of the assets of the Sub-Fund. This fee is subject to a minimum of *EUR17,500* per annum. The previous custodian used to received a Custody fee of 0.03% per annum based on the value of the assets of the Sub-fund, subject to a minimum of *EUR2,000* per month.



# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

### 5. Fees (continued)

#### (iv) Custodian fees (continued)

The custodian fee borne by the Company during the financial year ended 31 August 2019 amounted to *EUR 80,509* (year ended 31<sup>st</sup> August 2018: *EUR64, 015*).

### 6. Financial assets and liabilities at fair value through profit or loss

	2019 Fair value EUR	% of net assets	% of total assets
Financial assets classified as held for trading			
- Equity instruments	27,426,679	81.98%	81.76%
- Debt instruments	5,715,980	17.09%	17.04%
	<u>33,142,659</u>	<u>99.07%</u>	<u>98.80%</u>

	2019 Fair value EUR	% of net assets	% of total liabilities
Financial liabilities classified as held for trading			
- Fair value of options	(5,300)	(0.02%)	(5.81%)

#### 2019: Investments in options

Expiration	Details	Notional amounts of options at the end of the year EUR	Fair value of options at year-end EUR
September 2019	Sale of 1,000 TITR IM Equity Option	(440,000)	(5,300)
		<u>(440,000)</u>	<u>(5,300)</u>

# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

### 6. Financial assets and liabilities at fair value through profit or loss (continued)

	2018 Fair value EUR	% of net assets	% of total Assets
Financial assets classified as held for trading			
- Equity instruments	18,905,125	37.38	37.22
- Debt instruments	4,044,060	8.00	7.96
- Derivative instruments	65,250	0.13	0.13
	<u>23,014,435</u>	<u>45.51</u>	<u>45.31</u>

	2018 Fair value EUR	% of net assets	% of total liabilities
Financial liabilities classified as held for trading			
- Fair value of options	(129,224)	(0.26)	(58.30)

#### 2018: Investments in options

Expiration	Details	Notional amounts of options at the end of the year EUR	Fair value of options at year-end EUR
September 2018	Sale of 7 A2A Options	(54,250)	(301)
September 2018	Sale of 38 ATL Options	(351,500)	(10,621)
September 2018	Sale of 542 ENEL Options	(1,192,400)	(5,149)
September 2018	Sale of 81 SRG Options	(299,700)	(778)
September 2018	Sale of 100 FTMIB Options	(6,150,000)	(61,750)
September 2018	Sale of 150 FTMIB Options	(8,775,000)	(50,625)
September 2018	Purchase of 100 FTMIB Options	6,000,000	65,250
		<u>(10,822,850)</u>	<u>(63,974)</u>

Further details on the other financial instruments are provided in note 13.

# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

### 7. Trade and other receivables

	2019 EUR	2018 EUR
Accrued interest	36,116	118,498
Prepaid expenses & other debtors	3,425	7,731
	<u>39,541</u>	<u>126,229</u>

### 8. Trade and other payables

	2019 EUR	2018 EUR
Accruals	85,999	92,400
	<u>85,999</u>	<u>92,400</u>

Included in accruals are management and performance fees payable which are due to related parties. The terms and conditions of these related parties payables are disclosed in note 11.

### 9. Share capital

#### *Authorised share capital*

The Company may issue up to a maximum of five billion one thousand fully-paid up shares without any nominal value assigned to them.

#### *Issued share capital*

The initial share capital of the Company is one thousand Euros, with no nominal value, representing 1,000 founder shares issued at an initial price of 1 Euro.

The share capital of the Company shall have no nominal value and shall at all times be equal to the Net Asset Value of the Company. Each sub-fund shall constitute a separate class of shares in the Company, except for the founder shares, which shall not constitute a separate sub-fund. Each sub-fund shall be constituted by separate classes of shares.



# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

### 9. Share capital (continued)

#### *Issued share capital (continued)*

Founder shares shall be the only class of shares in the Company carrying voting rights and shall rank pari passu among themselves in all respects. All other classes of shares shall not, unless the terms under which they are issued provide otherwise, be entitled to vote. The Founder Shares do not carry a right to participate in any dividends or other distributions of the Company or in the assets of the Company on a winding up (other than the return of the paid up capital after payment of all amounts due to the Investor Shares).

Investor shares may be issued and redeemed at prices based on the value of the sub-fund's net asset value as determined in accordance with the articles of association.

The Company's obligations in connection with the redemption of the investor shares are disclosed in the liquidity risk section of note 13. The directors do not envisage that the contractual obligations disclosed in that note will be representative of the actual cash outflows. The Investor Shares of the fund participate in the assets and in any dividends, and distributions of the Company upon liquidation.

#### *Investor shares*

	Numbers of Shares Class A	Numbers of Shares Class B
Balance as at 1 September 2018	361,131.869	98,610.380
Issue of investor shares during the year	2,467.0680	-
Redemption of investor shares during the year	(67,716.6520)	(98,610.3800)
Balance as at 31 August 2019	295,882.285	-

  

	Numbers of Shares Class A	Numbers of Shares Class B
Balance as at 1 September 2017	401,130.253	98,607.448
Issue of investor shares during the year	5,992.813	1,003.776
Redemption of investor shares during the year	(45,991.197)	(1,000.844)
Balance as at 31 August 2018	361,131.869	98,610.380

# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

### 9. Share capital (continued)

#### *Investor shares (continued)*

The amounts received and paid on the creation and redemption of shares are disclosed in the statement of changes in net assets attributable to holders of investor shares on page 10.

### 10. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise bank balances. The following statement lists the financial position amounts:

	2019	2018
	EUR	EUR
Cash and cash equivalents held in banks	(144,639)	27,657,886

Cash at bank earns interest at floating rates based on bank deposit rates.

### 11. Related party disclosures

During the year, the Company entered into transactions with key management personnel as set out below:

Mr. Tom Anastasi Pace is both a director of the Company and director of Praude Asset Management Limited, the investment manager of the sub-fund. During the year under review, the Company incurred management fees amounting to *EUR 302,939* (year ended 31 August 2018: *EUR479,312*). Directors' fees amounting to *EUR 29,828* (year ended 31 August 2018: *EUR14,486*) were incurred during the year.

### 12. Fair values of financial assets and financial liabilities

At 31 August 2019 and 2018, the fair value of listed investments is based on quoted prices in an active market at the end of the reporting period. Pursuant to the adoption of IFRS 13 "*Fair Value Measurement*", the quoted market price used for financial assets and liabilities held by the Company is the price within the bid-ask spread that is most representative of the fair value in the circumstances to be used to measure fair value. The fair values of derivative contracts are valued by reference to the price at which a new contract of the same size and maturity could be undertaken at valuation date. At 31 August 2019 and 2018 the carrying amounts of other financial assets and financial liabilities classified with assets and liabilities respectively approximated their fair values due to short-term maturities of these assets and liabilities.

# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

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### 12. Fair values of financial assets and financial liabilities (continued)

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 Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from inputs that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Company's financial assets and financial liabilities measured at fair value for 31 August 2019.



# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

### 12. Fair values of financial assets and financial liabilities (continued)

*Financial assets and financial liabilities at fair value as at 31 August 2019*

	Total EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Financial assets held for trading				
- Equity instruments	27,426,679	27,426,679	-	-
- Debt instruments	5,715,980	5,715,980	-	-
	<u>33,142,659</u>	<u>33,142,659</u>		

*Financial liabilities held for trading*

- Derivative Instruments	(9,500)	(9,500)	-	-
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The following table analyses within the fair value hierarchy the Company's assets and liabilities not measured at fair value for which fair value is disclosed:

2019	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
<b>Assets</b>				
Trade and other receivables	-	545,274	-	545,274
<b>Total</b>	<u>-</u>	<u>545,274</u>	<u>-</u>	<u>400,635</u>
<b>Liabilities</b>				
Trade and other payables	-	84,589	-	84,589
Variation margin payable	144,639			144,639
Net assets attributable to holders of investor shares	-	33,453,405		33,453,405
<b>Total</b>	<u>144,639</u>	<u>33,537,994</u>	<u>-</u>	<u>33,682,633</u>

# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

### 12. Fair values of financial assets and financial liabilities (continued)

Financial assets and financial liabilities at fair value as at 31 August 2018

	Total EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
<i>Financial assets held for trading</i>				
- Equity instruments	18,905,125	18,905,125	-	-
- Debt instruments	4,044,060	4,044,060	-	-
- Derivative instruments	65,250	65,250	-	-
	23,014,435	23,014,435	-	-
<i>Financial liabilities held for trading</i>				
- Derivative instruments	(129,224)	(129,224)	-	-

The following table analyses within the fair value hierarchy the Company's assets and liabilities not measured at fair value for which fair value is disclosed:

2018	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
<b>Assets</b>				
Trade and other receivables	-	126,229	-	126,229
Cash and cash equivalents	27,657,886	-	-	27,657,886
Total	27,657,886	126,229	-	27,784,115
<b>Liabilities</b>				
Trade and other payables	-	92,400	-	92,400
Net assets attributable to holders of investor shares	-	50,576,926	-	50,576,926
Total	-	50,669,326	-	50,669,326

# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

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### 12. Fair values of financial assets and financial liabilities (continued)

The fair values of other financial assets and financial liabilities are not materially different from their carrying amounts.

Cash and cash equivalents include deposits held with banks.

The fees payable and accruals represent the contractual amounts and obligations due by the Company for settlement of expenses.

The puttable value of investor shares is calculated based on the net difference between total assets and all other liabilities of the sub-fund in accordance with the offering documents. A demand feature is attached to these shares, as they are redeemable at the holders' option and can be put back to the sub-fund at any dealing date for cash equal to a proportionate share of the sub-fund's net asset value attributable to the share class. The fair value is based on the amount payable on demand, discounted from the first date that the amount could be required to be paid. The impact of discounting in this instance is not material. As such, Level 2 is deemed to be the most appropriate categorisation for net assets attributable to holders of investor shares.

### 13. Financial risk management

#### *Risk management*

Where possible, the Company aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

The activities of the Company expose it to a variety of financial risks: market risk (including price risk, interest rate risk and currency risk), credit risk and liquidity risk.

#### *Market risk*

The Company trades in financial instruments, taking positions in traded instruments including derivatives. All securities present a risk of loss of capital. The Company moderates this risk through a careful selection of securities and other financial instruments within specified limits. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Company's overall market positions are monitored on a regular basis by the company's investment manager.

The Company's exposure to the different types of investments is summarised in note 6 to the financial statements.

At the year-end, the Company's market risk is affected by three main components: changes in actual market prices, interest rates and foreign currency movements, all of which are covered below.



# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

### 13. Financial risk management (continued)

#### *Price risk*

Price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices whether caused by factors specific to an individual investment, its issuer or all other factors affecting all instruments traded in the market.

The Company's equity, debt instruments and trading derivative financial instruments are susceptible to price risk arising from uncertainties about future prices of the instruments.

As all of the Company's financial instruments are carried at fair value with fair value changes recognised in the statement of profit or loss and other comprehensive income, all changes in market price will directly affect net investment income as shown in the statement of comprehensive income on page 8.

Price risk is mitigated by the Company's investment manager by constructing a diversified portfolio of instruments traded on various markets. In addition, price risk may be hedged using derivative financial instruments such as forwards, futures and options. The Company may employ various techniques and enter into hedging transactions to attempt to mitigate a portion of the risks inherent to its investment strategies. The Company did not use derivative financial instruments for speculative purposes and had not designated any of its derivative financial instruments in a hedging relationship for accounting purposes.

The following is an analysis of the Company's industry diversification as at the reporting date:

	2019	2018
	%	%
Financial services industry	59.84	16.17
Basic materials	2.75	0.61
Industrial	21.27	9.40
Consumer services	5.01	5.89
Communications	-	0.85
Consumer goods	3.30	3.70
Energy	-	2.62
Health Care	0.56	-
Other	6.34	6.14
	<u>99.07</u>	<u>45.38</u>

# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

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### 13. Financial risk management (continued)

#### *Interest rate risk*

Interest rate risk represents the accounting loss that would be recognised should changes in interest rates adversely affect the value of the Company's investments.

At the statement of financial position date, 18.17% (2018: 62.68%) of the financial assets of the Company are interest bearing. Management monitors the movement in interest rates and, where possible, reacts to material movements in such rates by restructuring its financing structure.

Except as mentioned above, the financial instruments of the Company are non-interest bearing except for cash at bank which earns interest at floating rates based on bank deposit rates.

Investment in equity instruments and derivative financial instruments are not exposed to interest rate risk.

The carrying amounts of the Company's financial instruments carrying a rate of interest at the reporting date are disclosed in the notes to the financial statements.

#### *Currency risk*

Currency fluctuations between the base currency of the Company, and the currency of the underlying investments of the Company, may adversely affect the portion of the value of investments and the income derived therefrom. At 31 August 2019, none of the sub-fund's net assets are denominated in USD (2018: 1.66%), 1.78% of the sub-fund's net assets are denominated in GBP (2018: 1.18%), 2.51% of the sub-fund's net assets are denominated in NOK (2018: 0%), 0.31% of the sub-fund's net assets are denominated in PLN (2018: 0%), and 3.69% of the sub-fund's net assets are denominated in CHF (2018: 2.07%).

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant rates and management's reactions to material movement thereto.

#### *Sensitivity analysis*

For financial instruments held or issued, the Company has used sensitivity analysis techniques that measure the change in the fair value of the Company's financial instruments at the reporting date for hypothetical changes in the relevant market risk variables.

The sensitivity of profit or loss due to changes in the relevant risk variables are set out below. The amounts generated from the sensitivity analysis are forward-looking estimates of market risk assuming certain market conditions. Actual results in the future may differ materially from those projected results due to the inherent uncertainty of global financial markets. The sensitivity analysis is for illustrative purposes only, as in practice market rates rarely change in isolation and are likely to be interdependent.

# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

### 13. Financial risk management (continued)

#### *Sensitivity analysis (continued)*

The estimated change in fair values for changes in financial instruments prices is based on an instantaneous increase or decrease of 10% at the reporting date, with all other variables remaining constant.

The estimated change in fair values for changes in market interest rates are based on an instantaneous increase or decrease of 200 basis points at the reporting date, with all other variables remaining constant.

	Profit or loss 2019 EUR	Profit or loss 2018 EUR
Financial instruments prices	+/- 3,313,736	+/-2,288,521
Market interest rates – fair value	+/- 114,320	+/-80,881

#### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's offering documents provide for the creation and cancellation of shares, and are therefore exposed to the liquidity risk of meeting shareholders' redemptions at any time.

The Company is exposed to cash redemptions of investor shares every 15 days with 3 business days' notice. Investor shares are redeemed on demand at the holder's option. Notwithstanding, the Company has the option to limit the number of investor shares redeemed on any redemption day to 10% of the total net asset of value of the Company on that redemption day. In addition the directors have the right to suspend the calculation of the net asset value and no redemptions shall take place during such period. All other liabilities are due within one to three months.

A significant portion of the Company's assets is maintained as cash and cash equivalents in order to meet unexpected redemptions and other liabilities. In addition the Company's listed securities are considered to be readily realisable as they are listed on recognised stock exchanges.

The following tables show the contractual, undiscounted cash flows of the Company's financial liabilities at 31 August 2019 and 2018.



# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

### 13. Financial risk management (continued)

#### *Liquidity risk (continued)*

2019	Less than 1 month EUR	1-3 months EUR	Total EUR
<i>Financial liabilities</i>			
Derivative instruments	9,500	-	9,500
Custodian fee payable	-	4,384	4,384
Other fees payable	-	81,612	81,612
Other creditors	-	-	-
Net assets attributable to participating shareholders	33,453,405	-	33,453,405
Variation margin payable	144,639	-	144,639
 2018	 Less than 1 month EUR	 1-3 months EUR	 Total EUR
<i>Financial liabilities</i>			
Derivative instruments	129,224	-	129,224
Custodian fee payable	-	4,007	4,007
Other fees payable	-	88,393	88,393
Other creditors	-	-	-
Net assets attributable to participating shareholders	50,576,926	-	50,576,926

In accordance with the Company's policy, the investment manager monitors the Company's liquidity position on a regular basis.

#### *Credit risk*

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company. The Company has policies that limit the amount of credit exposure to any single issuer. Accordingly, the investment manager monitors the Company's credit position on a regular basis. Financial assets, which potentially subject the Company to credit risk, consist principally of trade and other receivables, cash and cash equivalents and debt instruments.



# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

### 13. Financial risk management (continued)

#### *Credit risk (continued)*

Trade and other receivables mainly constitute accrued income and preplaced transactions. These receivables are all short-term. Accordingly, the Company has no significant credit risk in respect of accounts receivable.

Cash and cash equivalents and derivative instruments are respectively held and entered into with reputable counterparties.

Credit risk arising on other debt instruments held in 2018 was mitigated by investing in rated instruments issued by rated counter parties as shown below:

2019	Credit rating	Market value 2019 EUR	% of net assets
ASSICURAZIONI GENERALI	Ba1	593,808	1.78
DIGITOUCH SPA	NR	21,206	0.06
FJORD 1 ASA	NR	513,197	1.53
GREENYARD FRESH NV	NR	861,630	2.58
PITECO SPA	NR	326,140	0.97
SUPERSTRADA PEDE VENETA	NR	3,400,000	10.16
2018	Credit rating	Market value 2018 EUR	% of net assets
ASSICURAZIONI GENERALI S.P.A	Ba1	564,411	1.12
BURGAN TIER 1 FINANCING	NR	839,364	1.66
DIGITOUCH S.P.A	NR	21,000	0.04
PITECO S.P.A	NR	103,935	0.21
PUBLITY AG	NR	2,515,350	4.97

# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

### 13. Financial risk management (continued)

#### *Offsetting financial assets and liabilities*

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

	Related amounts not set off in the financial statements					
	Gross financial assets	Gross financial liabilities off-set	Net amount of presented financial assets	Financial instruments	Financial collateral received	Net amount
2019	EUR	EUR	EUR	EUR	EUR	EUR
Financial Assets						
Cash and cash equivalents	(144,639)	-	(144,639)	(144,639)	-	-
Derivative Instruments						
Financial Liabilities						
Derivative Instruments	(9,500)	-	(9,500)	(9,500)	-	-
2018						
Financial Assets						
Cash and cash equivalents	27,657,886	-	27,657,886	(27,657,886)	-	-
Derivative Instruments	65,250	-	65,250	(65,250)	-	-
Financial Liabilities						
Derivative Instruments	(129,224)	-	(129,224)	129,224	-	-

# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

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### 13. Financial risk management (continued)

#### *Capital risk management*

The Company's capital is represented by investor shares with no par value and with no voting rights. They are entitled for payment of a proportionate share based on the Company's net asset value per share on the redemption date.

The Company has the option to limit the number of Investor Shares in the fund repurchased on any redemption day to 10% of the total net asset value on that redemption day. The relevant movements are shown in the statement of changes in net assets attributable to holders of investor shares. The sub-fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of listed securities where necessary.

### 14. Salient Statistics and information about the Company

Altinum Funds SICAV PLC ("the Company") is domiciled in Malta and registered as an Alternative Investor Fund licenced by the Malta Financial Services Authority as a multi fund-fund limited liability company with variable share capital targeting experienced investors.

The Company, to date, has established one-sub-fund- Altinum Fund.

#### *Net Asset Value per investor share*

The Net Asset Value per share is determined by dividing the net asset value of investor shares by the shares in issue at the statement of financial position date.

# ALTINUM FUNDS SICAV plc

## Notes to the financial statements (continued)

31 August 2019

### 14. Salient Statistics and information about the Company (continued)

	Altinum Fund Class A Number of shares 2019	Altinum Fund Class B Number of shares 2019	Altinum Fund Total Number of Shares 2019
Investor shares in issue as at 31 August 2019	295,882.2850	-	295,882.2850
	EUR	EUR	EUR
Net asset value of investor shares as per Statement of financial position and official valuation date 31 August 2019	33,453,405	-	33,453,405
	Altinum Fund Class A Number of shares 2018	Altinum Fund Class B Number of shares 2018	Altinum Fund Total Number of Shares 2018
Investor shares in issue as at 31 August 2018	361,131.869	98,610.380	459,742.249
	EUR	EUR	EUR
Net asset value of investor shares as per Statement of financial position and official valuation date 31 August 2018	40,625,363	9,951,563	50,576,926

### 15. Events after the reporting year

There were no material post balance sheet events subsequent to 31 August 2019 which necessitate revision of the figures or disclosure thereof in the financial statements.

On 17<sup>th</sup> July 2019, the Company received a 'pre-termination' letter from Bank of Valletta, in its capacity as custodian of the Company, stating that in the near future the Company will be receiving an actual termination letter for the custodian services.



## Independent auditor's report

to the members of  
**Altinum Funds SICAV p.l.c**

### Opinion

We have audited the financial statements of Altinum Funds SICAV p.l.c. (the Company) set out on pages 8 to 40, which comprise the statement of financial position as at 31 August 2019 and the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to holders of investor shares and statement of cash flows for the period then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 August 2019, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for opinion

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

### Information other than the financial statements and the Auditor's Report thereon

The directors are responsible for the other information. The other information comprises the Company information on pages 3-4, the directors' report on pages 5-6, the statement of directors' responsibilities on page 7, portfolio statement on pages 44-45, statement of changes in composition of the portfolio on page 46, investment manager's report on pages 47-49 and the Custodian Report on page 50, but does not include the financial statements and our auditor's report thereon.

Except for our opinion on the directors' report in accordance with the Companies Act (Cap.386), our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

With respect to the directors' report, we also considered whether the directors' report includes the disclosure requirements of Article 177 of the Companies Act (Cap. 386).

In accordance with the requirements of sub-article 179(3) of the Companies Act (Cap.386) in relation to the directors' Report on pages 5 to 6, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' Report.

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## Independent auditor's report (continued)

to the members of  
**Altinum Funds SICAV p.l.c**

### **Responsibilities of the Directors for the Financial Statements**

As explained more fully in the statement of directors' responsibilities on page 7, the directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

## **Independent auditor's report (continued)**

to the members of  
**Altinum Funds SICAV p.l.c**

### **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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

### **Report on Other Legal and Regulatory Requirements**

Under the Companies Act (Cap.386), we have responsibilities to report to you if in our opinion:

- Proper accounting records have not been kept;
- Proper returns adequate for our audit have not been received from branches not visited by us;
- The financial statements are not in agreement with the accounting records and returns; or
- We have been unable to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

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



Sarah Curmi as Director  
in the name and on behalf of  
**Deloitte Audit Limited**  
Registered auditor  
Central Business District, Birkirkara, Malta

18 December 2019



# ALTINUM FUNDS SICAV plc

## Portfolio Statement

Year ended 31 August 2019

	Market Value 31.08.2019 EUR	% of NAV
<i>Quoted Equities</i>		
Flughafen Wien Ag	372,463	1.11
Jungfraubahn Holding Ag-Reg	433,366	1.30
Vaudoise Assurances Hol	142,069	0.42
Partners Group Holding Ag	368,297	1.10
Flughafen Zurich Ag-Reg	291,664	0.87
Grammer Ag	63,782	0.19
Ohb Se	182,592	0.55
Wuestenrot & Wuerttemberg	114,235	0.34
Schaltbau Holding Ag	215,345	0.64
Wacker Neuson Se	177,540	0.53
Cpl Resources Plc	309,975	0.93
Dalata Hotel Group Plc	174,200	0.52
Fnm Spa	248,749	0.74
Sogefi	61,703	0.18
Autostrade Meridionali Spa	637,785	1.91
La Doria Spa	140,760	0.42
Interpump Group Spa	168,688	0.50
Sol Spa	279,089	0.83
Emak Spa	130,339	0.39
Buzzi Unicem Spa-Rsp	325,000	0.97
Acsn - Agam Spa	1,021,453	3.05
Cementir Holding Spa	314,290	0.94
Edison Spa	50	0.00
Edison Spa-Rsp	323,200	0.97
Sesa Spa	327,500	0.98
Rai Way Spa	349,325	1.04
Italian Wine Brands Spa	323,700	0.97
Avio Spa	36,540	0.11
Orsero Spa	348,940	1.04
El.En. Spa	187,824	0.56
Spactiv Spa	2,481,259	7.42
Ideami Spa	3,339,865	9.98
Life Care Capital Spa	1,543,750	4.61
Gabelli Value For Italy Spa	3,131,425	9.36
Eps Equita Pep Spac 2 Spa	6,733,944	20.13
Nb Aurora Sa Sicaf-Raif- A	58,920	0.18
Kas Bank Nv-Cva	1,512,000	4.52
Fjord1 Asa	327,830	0.98
Stalexport Autostrady Sa	104,023	0.31
Openjobmetis Spa Agenzia Per il Lavoro	123,200	0.37
<b>Total Quoted Equities</b>	<b>27,426,679</b>	<b>81.96</b>

# ALTINUM FUNDS SICAV plc

## Portfolio Statement

Year ended 31 August 2019

	Market Value 31.08.2019 EUR	% of NAV
<i>Quoted Corporate Bonds</i>		
Greenyard Fresh Nv 3.75% 2021	861,630.00	2.58
Digitouch S.P.A 6% 2020	21,205.80	0.06
Piteco S.P.A 4.5% 2020	326,139.66	0.97
Assicurazioni Generali 6.269% Perpetual	593,808.06	1.78
Fjord 1 Asa F/R 2022	513,196.51	1.53
Superstrada Pede Veneta F/R 2047	3,400,000.00	10.16
<i>Total Quoted Corporate Bonds</i>	<b>5,715,980</b>	<b>17.08</b>
<i>Derivative Options</i>		
TITR September 2019 Put Strike 0.44	(9,500)	(0.03)
<i>Total Derivative Options</i>	<b>(9,500)</b>	<b>(0.03)</b>

## ALTINUM FUNDS SICAV plc

### Statement of Changes in the Composition of the Portfolios

Year ended 31 August 2019

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	<b>% of net assets 31.08.2019 EUR</b>	<b>% of net assets 31.08.2018 EUR</b>
Quoted Equities	81.96	37.38
Quoted Bonds	17.08	8.00
Derivative Financial Liabilities	(0.02)	(0.13)



# **ALTINUM FUNDS SICAV plc**

## **Investment Manager's Report**

Year ended 31 August 2019

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### **INTRODUCTION**

Altinum Funds SIVAC plc is a collective investment scheme organized as a multi-fund limited liability investment company with variable share capital under the laws of the Republic of Malta and licensed by the Malta Financial Services Authority with License Number SV 309 under the Investment Services Act, Cap 370 of the Laws of Malta as an Alternative Investor Fund targeting qualifying investors.

### **INVESTMENT OBJECTIVE**

The investment objective of Altinum Fund a sub-fund of Altinum Funds SICAV plc (the "Fund") is to invest in listed equities, bonds, derivative financial instruments and to a limited extent in unlisted equities, bonds and derivative financial instruments, in order to achieve a positive performance with low volatility in all market situations.

### **STRATEGY AND INVESTMENT POLICY**

The Fund strives to attain its investment objective by investing primarily in listed equities, bonds, derivatives financial instruments and to a limited extent in unlisted asset classes. To obtain this investment objective, the Investment Manager selects equities with an expected positive alpha, namely equities which are expected to express a better performance than the relative market index and use both futures and options on indexes and single stocks to control and mitigate the systemic risk of the portfolio.

### **REPORT OF THE INVESTMENT MANAGER**

During this year of activity, the Manager's objective was to create a portfolio of securities having a positive return whilst ensuring a low volatility, regardless of market conditions. This year the strategy fulfils the expected return, since Altinum's performance for the financial year from 1st September 2018 until 30st August 2019 was + 0.51% compared to the performance of the 3-month Euribor of -0.327%.

The resources of the Fund were deployed through four different strategies:

- a) Equity;
- b) Bonds;
- c) Special situations,
- d) SPAC

# ALTINUM FUNDS SICAV plc

## Investment Manager's Report (continued)

Year ended 31 August 2019

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- a) The Fund held long positions in a selected number of small cap stocks, the exposure to the Italian market is around 15% of the Fund and the exposure to other European markets is around 9.5% of the Fund. During the year the exposure to the Italian part of the portfolio was tactically hedged with a short position on the FTSEMIB index to lower the volatility of the Fund. Options were also used on these shares to enhance the return keeping in mind the target of having a reduced volatility. The main positions of the equity portfolio are shares with a dividend yield of around 4% and with revenues coming from regulated contracts. The main positions of the Funds are ACSM-AGAM (3%), Autostrade Meridionali (1.9%), SESA (1.3%), JUNGFRAUBAHN (1.2%), RAIWAY (1.1%).
- b) The fixed income investments amount for 17% of AUM. During the year the position in the Publiity AG bond was settled for an amount of €3.25m with a significant gain with respect to the value recorded at the beginning of the year. The main position in the bond portfolio is in the bond of SUPERSTRADA PEDEMONTANA VENETA 2047 and amounts to 10% of the NAV. This is an issue of 1.22bn that pays EONIA + 100bps with floor of 0.65% for the portion undrawn kept in an escrow account and pays 5% for the portion drawn. The yield of this bond is higher than the one of the BTP of the same maturity with a risk that in our opinion is lower because of the fact that this bond is guaranteed by Regione Veneto (one of the best region in Italy in terms of timing of the Public Administration payments) and furthermore there is a pledge on the motorway tolls. The position is tactically hedged with a short position in the BTP 10 years future.
- c) The Portfolio Manager also kept some positions in securities undergoing special situations (i.e. undergoing M&A or subject to a takeover offer). Two opportunities arose during this financial year; Nice and KAS Bank. The shares were subject to a takeover offer during the year and we were able to buy a substantial stake below the takeover price and got a return of about 2/3% for both positions.
- d) Among short-term investments with the aim of preserving capital, we think that an interesting remuneration can be given, in the current market situation, by SPACs (Special Purpose Acquisition Company). SPACs are companies that collect their capital from public investors and whose main characteristic is precisely the widespread capital. These companies are born with the purpose of merging with unlisted companies as well as the unlisted company, merging with a listed company with widespread capital, it immediately finds itself having a widespread ownership and therefore to fulfil a condition for listing (which otherwise should be achieved through an initial public offer - IPO). This process is called «business combination». Until the business combination, SPACs are empty boxes that have only cash. At the time of the business combination or two years after the start of trading of the SPAC shares in the market, SPAC shareholders have the possibility to request withdrawal and to be liquidated if they do not prefer to remain in the company and participate in the business combination. This latter hypothesis is not consistent with the purchase of shares of a SPAC such as use of liquidity. Many SPACs trade in the market at a value that is less than that of withdrawal of 3/5%. This same fact makes the business combination very difficult. In fact, when the share price is below the withdrawal value all the operators who are interested not in the eventual business combination but to the mere use of liquidity purchase shares on the market.

# ALTINUM FUNDS SICAV plc

## Investment Manager's Report (continued)

Year ended 31 August 2019

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These subjects usually do not accept the business combination and thus the majority required for approval is not reached. In a nutshell: the more the share price falls below the redemption value the more likely that the business combination will become so difficult that the same administrators of the SPAC can end up anticipating the liquidation of the company.

The difference between the redemption value and the purchase value gives a sure margin. What is usually not certain is the time in which the right to repayment matures and this depends on several factors. However, it never exceeds two years and - in some cases - can materialize in a few months. The annualized percentage return on the investment decreases if we have to wait for longer but the absolute return on the investment is always positive. The only real risk is loss of capital - the possibility that the bank in which the money of the SPAC is deposited has some financial trouble and is not able to liquidate deposits. At the moment, we consider this risk to be very modest as SPACs money is usually deposited in leading Italian banks. Another feature to consider when investing in a SPAC is that returns are given on expiry and that the investment is illiquid. If there is a need to liquidate the investment before the withdrawal period, it is possible that we would need to liquidate with a loss, even if very limited at a price that is slightly lower to the market price, as it is usually possible to find investors who, with the same logic, buy for the purpose of having a short term liquidity utilization and a modest price sacrifice can significantly affect the return percentage of the investment.

Altinum SPACs portfolio account for 55% of the NAV. During the year we were able to liquidate two positions with a return of around 5%.

The manager remains committed to maintain a diversified portfolio with long and short positions, in order to ensure a prudent management of risk and volatility.



Bank of Valletta

Finance

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12<sup>th</sup> December 2019

#### Annual Custodian Compliance Report for Altinum Fund SICAV plc (the "Company")

We, Bank of Valletta plc ("BOV"), as Custodians of the Company's Sub-Fund Altinum Fund ("the Fund") hereby provide the following report for the period between 17<sup>th</sup> October 2018, being the date the Fund was converted to an AIF, to 31<sup>st</sup> August 2019 in respect of compliance with the investment policies, objectives and restrictions as stipulated in the Offering Documentation of the Company and its Fund, as well as compliance in those matters which BOV as Depositary is required to monitor in terms of the AIFM Directive.

##### • **Monitoring of Investment Restrictions**

No breaches and/or over exposures to the Investment limits derived from the Company's Offering Supplement have resulted from samples analysed for the period under review, with the exception of:

- Appendix II of the Offering Memorandum ("OM") dated 17<sup>th</sup> October 2018 and subsequently 07<sup>th</sup> March 2019 which replaced the former were not in sync with the AIFM Valuation Policy ("VP") dated 29<sup>th</sup> January 2019. As a result, the pricing of certain bonds triggered a number of notifications by the Custodian to the AIFM and the Company to rectify such pricing misalignment.

The VP and OM misalignment solicited the Custodian to notify the AIFM and the Company through a letter dated 01<sup>st</sup> February 2019 about stale prices related to Superstrada Bond [ISIN: XS1577951475] in view of non-availability of exchange prices. It transpired that the "only" potential source for this bond was made available by Ever Capital. Based on the criteria outlined in the OM and VP, Ever Capital are not recognised as an authorised pricing source.

Being that the OM prevails in case of inconsistencies with the VP, the Custodian was then provided with a resolution by the Board of Directors dated 6<sup>th</sup> May 2019 approving the Ever Capital prices into NAV calculation under paragraph (H) of Appendix II of the OM.

The valuation inconsistency as raised by the Custodian to the AIFM and Company between the OM and VP was ultimately rectified on 21<sup>st</sup> August 2019 through a revised Appendix II of the OM.

- A discrepancy found in the Offering Supplement (the "OS") under 'Investment Objective' which states that:

*The investment objective of the Fund is to invest in listed equities, bonds, derivative financial instruments and to a limited extent in unlisted equities, bonds and derivative financial instruments, in order to achieve capital appreciation and secondarily income in all market situations.*

The Fund has not invested, even to a limited extent, in unlisted equities. This remains an outstanding issue in the OS dated 21<sup>st</sup> August 2019.



**Kevin Portelli**  
Head - Custody Services  
Bank of Valletta plc