

## **FundShare Fundamental Value Fund**

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**Annual accounts 31 December 2018**

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## General information

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### FundShare Fundamental Value Fund

The Fund was registered on 28 July 2006.

<b>Manager (until 19<sup>th</sup> July 2018)</b> HiQ Invest B.V. Rembrandt Tower 9 <sup>th</sup> floor Amstelplein 1 1096 HA Amsterdam T: +31(0) 20 535 34 80 F: +31(0) 20 535 34 99 <a href="http://www.hiqinvest.nl">www.hiqinvest.nl</a>	<b>Manager (from 19<sup>th</sup> July 2018)</b> FundShare Fund Management B.V. Rembrandt Tower 9 <sup>th</sup> floor Amstelplein 1 1096 HA Amsterdam T +31 (0)20 2613080 <a href="http://www.management.funds-hare.nl">www.management.funds-hare.nl</a>
<b>Legal Owner (until 13<sup>th</sup> March 2018)</b> DAF Depository B.V. Rembrandt Tower 9 <sup>th</sup> floor Amstelplein 1 1096 HA Amsterdam T: +31(0) 20 535 34 80	<b>Legal Owner (from 14<sup>th</sup> March 2018)</b> Stichting Legal Owner Fundamental Value Fund Rembrandt Tower 9 <sup>th</sup> floor Amstelplein 1 1096 HA Amsterdam
<b>Depository (until 13<sup>th</sup> March 2018)</b> DAF Depository B.V. Rembrandt Tower 9 <sup>th</sup> floor Amstelplein 1 1096 HA Amsterdam T: +31(0) 20 535 34 80	<b>Depository (from 14<sup>th</sup> March 2018)</b> Kas Trust & Depository Services B.V. De Entree 500 1101 EE Amsterdam Nederland tel: +31 (0)20 557 58 43
<b>Brokerage and custody services</b> DeGiro B.V. Rembrandt Tower 9 <sup>th</sup> floor Amstelplein 1 1096 HA Amsterdam T: +31(0) 20 535 34 80 F: +31(0) 20 535 34 99 <a href="http://www.degiro.nl">www.degiro.nl</a>	<b>Administrator</b> FundShare Administrator B.V. Rembrandt Tower 9 <sup>th</sup> floor Amstelplein 1 1096 HA Amsterdam T: +31(0) 20 535 34 80 F: +31(0) 20 535 34 99
<b>Auditor</b> Mazars Accountants N.V. Delflandlaan 1 1007 JG Amsterdam	

## Key figures overview

An overview of the key figures for the Fund (conform to article 122 lid1 c BGfo en RJ 615.501).

Key figures overview	2018	2017	2016	2015	2014
<b>Net Asset Value</b>					
Net Asset Value in the balance sheet (EUR x 1.000)	736	955	750	1,104	1,262
<b>Number of units outstanding</b>	<b>38,961</b>	<b>45,850</b>	<b>47,466</b>	<b>75,036</b>	<b>102,960</b>
<b>Net Asset Value per unit * EUR</b>	<b>18.89</b>	<b>20.82</b>	<b>15.81</b>	<b>14.71</b>	<b>12.26</b>
<b>Income statement (EUR x 1.000)</b>					
Direct income from investments	25	11	16	16	32
Indirect income from investments and other assets	-71	210	45	228	-53
Expenses	-29	-17	-9	-12	-16
<b>Result</b>	<b>-75</b>	<b>204</b>	<b>52</b>	<b>232</b>	<b>-37</b>
Ongoing Charges Ratio	0.90%	0.90%	0.91%	0.95%	0.95%
<b>Income statement per unit * EUR</b>					
Direct income from investments	0.63	0.25	0.33	0.21	0.31
Indirect income from investments and other assets	-1.82	4.58	0.95	3.04	-0.52
Expenses	-0.74	-0.37	-0.19	-0.15	-0.15
<b>Result per average number of units *</b>	<b>-1.93</b>	<b>4.46</b>	<b>1.08</b>	<b>3.10</b>	<b>-0.36</b>

\* Based on the number of outstanding participations at the end of the reporting period.

# Profile

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## General structure

FundShare Fundamental Value Fund (the “Fund”) is an open ended mutual fund. The Fund Manager invests, on behalf of the participants, in assets that are kept in custody on the name of Stichting Legal Owner Fundamental Value Fund (“Legal Owner”). A unit gives the participant a contractual claim for payment of an amount equal to the net asset value of a pro rata share in the Fund. As such, participants have only rights and obligations in relation to the Fund and not in relation to other participants.

## Investment objective

The objective of the Fund is to offer an active and professional portfolio composed by companies listed in a stock-exchange in one of the euro countries with a market capitalization of less than EUR 5 billion, with the aim of achieving a return (from changes in prices and dividends) that is higher than the return of a defined benchmark (the “Benchmark”), as described below.

## Benchmark

The Benchmark of the Fund is de HSBC Smaller Euroland Index (Bloomberg code: JCSCECU). The index has the euro (“EUR”) as base currency.

## Investment policy

In order to accomplish the investment objective, the Fund selects a minimum of 10 and a maximum of 25 different stocks in the investment universe. The investment universe is limited by the following criteria:

- It concerns stocks in companies with market capitalization of less than EUR 5 billion;
- It concerns stocks in companies that are listed on a stock exchange in one of the euro countries;

## Selection process

The composition of the portfolio of the FundShare Fundamental Value Fund, is determined on the basis of a model specifically designed by the Manager for this purpose. Within the universe, the Manager selects companies that, on the basis of the past figures, can show a relatively good predictable operational and financial growth and, in the view of the Manager, have a strong undervaluation.

To this end, a pre-selection takes place on the basis of an automated link between the model and the database of one of the largest financial data providers worldwide. This automated pre-selection is necessary to analyse in an efficient manner all shares of the universe. The final selection takes place based on a more in-depth analysis of all selected companies, from which a minimum of 10 and a maximum of 25 companies are selected, to form the portfolio of FundShare Fundamental Value Fund. Important criteria for the pre-selection and the final selection of the investments are:

- the growth of operational cash flow and profit;
- the quality of the management and the supervisory board of the company;
- the balance sheet and the continuity of the company;
- the market position and its development;
- any relative undervaluation or over-valuation of the company;
- the valuation of the company in its sector; and
- the spread in sectors.

It is possible that in anticipation for good investment opportunities, liquid assets will be (temporary) held. The aim of the Fund is at all times to be at least 90% invested. Any interest income from the liquid assets is for the account of the Fund.

## Investment restrictions

The following investment restrictions and lending restrictions apply to the Fund:

- Funds are allowed to invest directly or indirectly in other UCITS or alternative investment funds (AIF) if authorized through their respective Supplement to the Prospectus. In this case, investments in a UCITS or AIF is to be lower than 20 % of the Portfolio Value of the Fund, unless it is specified differently in the respective Supplement;

- Funds shall not undertake investments which could potentially lead to a negative Fund value (for example by investing in short selling of securities, uncovered derivatives);
- Recourse to money borrowing shall be limited to situations of a temporary need of extra liquidity and in any case shall not exceed 10% of the Portfolio Value of the Fund;
- The Fund shall invest not more than 20% of its Portfolio Value in assets of one issuing institution (including investment funds);
- The Fund shall not invest directly in real estate or physical commodities; and
- The Fund shall not obtain or attempt to obtain any legal or political control in any issuing institution.

### **Legal aspects**

The Fund is an investment institution within the meaning of the Act on Financial Supervision as applicable on 22 July 2014 ("the Wft"). The Fund was established on 28 July 2006 and started on 1 January 2007. The Fund is not a legal entity and therefore does not carry rights and obligations. The Fund is a mutual fund with an open-end structure. This means that the fund assets are divided into participations, as a result of which the participants are collectively entitled to the fund assets. The net asset value is calculated monthly by an external party (not being the Manager) and is denominated in EUR.

The open-end structure means that entry and exit by Participants, under the conditions specified in the Prospectus, on the first calendar day of the month (or the first following business day if this is not a business day) is possible. Persons or institutions that request to join the Fund and the participants of the Fund are deemed to be familiar with and to submit to the rules set out in the conditions of management and custody with regard to the Fund and with the content of the prospectus of the Fund.

The minimum participation of a participant is EUR 2,500. The minimum amount of EUR 2,500 also applies to subsequent deposits. The Prospectus is shown on the website of the Fund: [www.management.fund-share.nl](http://www.management.fund-share.nl). Dutch law applies to the prospectus. The Prospectus meets the requirements of the Wft and the Financial Supervision Act (Besluit Gedragstoezicht financiële ondernemingen Wft) ("BGfo"). The latest available prospectus dates from July 19, 2018. The ISIN code of the Fund is NL0000688430. The Fund is not listed on the stock exchange.

### **Tax transparency**

The Fund is structured as transparent for Dutch tax purposes. The Fund is a "closed fund for joint account" (besloten fonds voor gemene rekening) from a corporate income tax perspective. This means that the Fund is fiscally transparent and is therefore not subject to Dutch corporate income tax or dividend withholding tax. For fiscal purposes, the assets and liabilities, as well as the revenue and the costs of the Fund, are directly allocated to the Participants pro rata to their number of Units, subject to and in accordance with the Terms and Conditions. Therefore, for tax purposes, each Participant is considered to participate directly in the investments of the Fund. Tax transparency is achieved if the units may only be issued and redeemed by the Fund (read: the depositary of the Fund) itself. This means that requests to redeem or transfer Units can only be effectuated by directing these to the Manager or, acting on its behalf, the Administrator. In connection with this the transfer or the creation of derived rights in relation to Units is restricted.

### **Depositary tasks and duties**

Pursuant to the Wft, the custody of the assets of the Fund is entrusted to a depositary, Kas Trust & Depositary Services B.V. (the "Depositary"). This concept of custody should not be understood as the 'safekeeping' of the assets only, but also as 'supervision' of these assets. The Depositary must, at all times, have knowledge of how the assets of the Fund are invested and where and how these assets are available. The Depositary is the legal owner of the assets of the Fund ('Title Holder'). These tasks of an AIFMD-depositary are divided into three categories: cash flow monitoring, safekeeping duties and oversight duties.

A unit gives the participant a contractual claim against the Depositary for payment of an amount equal to the net asset value of a pro rata share in the Fund subject to its terms and conditions. As such, participants have no proprietary rights with respect to the assets of the Fund, but an economic (beneficial) interest in the assets of the Fund. The Depositary shall keep separate accounts for the assets of the Fund and for the assets of the Depositary. The Depositary holds the assets or investments of the Fund in its own name and capacity on accounts with its broker, DeGiro B.V..

## **Manager**

The Manager was established on 9 August 2006 and has its registered office in Amsterdam in accordance with its articles of association. The Manager is registered with the Chamber of Commerce and Industry in Amsterdam under number 34252934.

## **Financial Supervision**

The Manager is authorized by The Netherlands Authority for Financial Markets (AFM) and the Dutch Central Bank (the Financial Supervisors) to act as a manager (beheerder) of investment institutions and accordingly has been granted a license under the Wft. The AFM and DNB are the joint supervisory authorities pursuant to the Wft. The supervision by the AFM primarily relates to conduct of business supervision whereas the supervision of DNB focuses on prudential aspects. A license under the Wft provides certain safeguards to investors as licenses are only granted if requirements with respect to expertise and integrity, capital adequacy, the conduct of business and information provisions are satisfied. The Manager is furthermore subject to periodic reporting and compliance requirements with guidance and directions of the AFM and DNB.

The Financial Supervisors have licensed the Manager on 3 November 2006 pursuant to article 2:67 Wft (management of AIFs) and on 17 June 2014 also pursuant to article 2:69c Wft (management of UCITS).

## **Risk profile**

The Fund invests according to the investment policy as set out in the Prospectus. This means that the value of participations can fluctuate and that results achieved in the past are not a guarantee for the future. On the basis of the investment policy, the Fund falls within the category "5 of 7" defined by the AFM, category 7 being the highest risk category. Read below for more information about the most important investment risks. For a complete overview of all risks associated with investing in the fund, please refer to the prospectus.

## **Risk management**

Risks are associated with a participation in the Fund. The value of a participation in the Fund can both rise and fall. The participants may receive less than they have invested. Interested parties should carefully read the Prospectus and take note of the full contents. The Prospectus provides an overview of all risk factors that are generally relevant to the Participants in the light of their consequences and probability (in accordance with Article 118 of the BGfo in conjunction with provision 8 of Appendix E of the BGfo). The risks to which the Fund is exposed are divided into financial risks related to the financial instruments in the investment portfolio and other investment risks. The financial risks are explained in note 4 of the notes to the half-year report.

The main other investment risks are reported below (the following list is not exhaustive).

### **\* Return risk**

The Fund invests on the basis of calculations and projections drawn up by the Manager as described in the paragraph "Selection process". Participants have no assurance that these calculations and projections will actually result in the intended returns. The return risk may also vary due to the choices that are possible on the basis of the investment policy defined in the prospectus. The returns generated by the Fund may not be sufficient to adequately compensate the participants for the business and financial risks arising from the nature of the investments. Participants might lose all or part of their investment in the Fund. Due to changing circumstances of an internal and external nature, investments of the Fund may develop differently than foreseen.

### **\* Concentration risk**

The Fund invests in securities of a limited number of small and medium-sized companies listed on European stock exchanges. These companies may be vulnerable because of their size, as a result of which their risk profile is relatively large. By building up a portfolio that is spread across markets and sectors, and selecting on the strength of the management and the organization, the market position and the growth of cash flow and profit, the management tries to limit the risk, but this is no guarantee for a positive value development. To further reduce the concentration risk, an investment policy was chosen whereby the invested amount per investment (i.e. the cost price at the moment of investment in relation to the fund assets at the investment moment) may not exceed 20% of the total fund assets.

\* **Counterparty and settlement risk**

The counterparty and settlement risk relates to the default of counterparties upon delivery of securities or payment of the counter value.

\* **Custody risk**

The risk of custody concerns the risk of loss of assets held in custody due to insolvency, negligence or fraudulent acts of a (sub) custodian.

The Fund holds investments and securities with DeGiro B.V. In the event of a bankruptcy of this investment firm, which operates under the financial supervision of the AFM, there is a risk that the balance in cash and securities held there will not or only partially be recovered. The money and securities of the DeGiro B.V. have therefore been deposited in Stichting DeGiro (special purpose vehicle). Stichting DeGiro is not affected by a possible bankruptcy of DeGiro B.V. because it is completely legally separated from DeGiro B.V.

\* **Securities lending risk**

The Fund is allowed - if it decides to lend securities - lend up to a maximum of 100% of its fund assets. This only applies to European financial institutions that are regarded by the Netherlands Authority for the Financial Markets (the "AFM") and the Dutch Central Bank (the "DNB") as institutions under adequate supervision and against the provision of collateral equivalent to the securities lent.

Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. The value of the collateral will be maintained to equal or exceed the value of the securities transferred. However there is a risk that the value of the collateral may fall below the value of the securities transferred. In addition, as the Fund may invest cash collateral received in 'new' Eligible Investments, the Fund may be exposed to the risk associated with such Investments, such as failure or default of the issuer of the relevant security.

\* **Outsourcing risk**

One or more of the tasks of the Manager are outsourced to an external party. Outsourcing of activities entails the risk that the other party does not fulfil its obligations, despite agreements made. The Manager, who remains ultimately responsible for the outsourced activities, periodically checks compliance with the agreements made and undertakes actions when deemed necessary.

\* **Key Investor Information**

For the Fund, key investor information was prepared with information about the Fund, the costs and the risks associated with participation. This is available via website [www.management.fundshare.nl](http://www.management.fundshare.nl).

# Manager's report

## General

We are pleased to present our end of year review of the FundShare Fundamental Value Fund (the "Fund"). The profile of the Fund (the "Profile") is part of the Manager's report and is reproduced from page 4 of this report.

## Investment result

During the reporting period, the net asset value per participation decreased from EUR 20.83 to EUR 18.89. In 2018, the Fund achieved a negative return of 9.26%. This is an over-performance of 7.61% compared to the benchmark (HSBC Smaller Euroland Index). Over the entire period since the start of the Fund on 1 January 2007 to 31 December 2018, the outperformance is + 81.22%.

The cumulative return since the start of the Fund was 88.83% (2017: 108.21%). The net annual yield, since the start of the Fund on 1 January 2007, is 5.44% (2017: 6.89%), after deduction of costs.

## Performance

(Compared with the Benchmark)

Performance	2007	2014	2015	2016	2017	2018	Cum.
FundShare Fundamental Value Fund	2.41%	-1.73%	20.02%	7.47%	31.71%	-9.26%	88.93%
HSBC Smaller Euroland Index	-9.07%	2.45%	20.12%	19.47%	1.62%	-18.68%	7.61%
Quotation FVF (start 05-01-2007: EUR 10)	0	12.26	14.71	15.81	20.82	18.89	
Quotation HSBC Smaller Euroland Index	272.23	247.02	296.73	354.49	360.25	292.95	

Source: FundShare Fund Management and Bloomberg

Annualized return	01/01/2007	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018	% from start
FundShare Fundamental Value Fund	10.00	12.26	14.71	15.81	20.82	18.89	5.44%
HSBC Smaller Euroland Index	272.23	247.02	296.73	354.49	360.25	292.95	0.61%

Source: FundShare Fund Management and Bloomberg

## Investment policy

In 2018, the investment portfolio hardly changed in terms of composition. The fund managers have made a number of changes to the weights of the shares in the portfolio. The investment policy is further described in the Profile starting on page 4.

## AIFMD

FundShare Fund Management B.V. falls under the regime of the Alternative Investment Fund Management Directive (AIFMD), as became effective on July 22, 2013. FundShare Fund Management B.V. was already authorized to manage alternative investment institutions in the Netherlands before 22 July 2013 and could therefore make use of the transitional year applicable on the basis of the AIFMD to comply with the rules laid down by or pursuant to the AIFMD that are integrated into Wft. For a licensed manager, the transitional year means that his existing license was transferred to AIFMD license on 22 July 2014. FundShare Fund Management B.V. has implemented the rules of the AIFMD in its processes.

## Outlook & strategy

The principle strategy of recent years remained unchanged in 2018. In general 2018 was a quiet year for the financial markets. The big event of 2018 was the US – China trade tensions. In February this caused first some significant declines, more than 10% in some equity exchanges. But most of the declines were recovered before the end of that month and what remains was a very volatile month. From October onwards the uncertainty surrounding the trade talks grew, which led to a correction (more than 20% decline) in December, reaching the lows of the year in the Christmas period. This correction resulted in negative equity market returns for 2018.

For 2019 we expect that the US – China trade negotiations and the Brexit will dominate the stock market news. Until these items are resolved we expect more volatility and depending on the outcome, this could

lead to big movements up or down. Next to these events, the consensus is that the economic cycle is reaching its peak, with as result declining stock markets.

Our strategy will not change in 2019, and therefore we expect that we can continue to outperform the benchmark. The return of the Fund will move with the general trend of the stock market.

### **Fund Governance**

We have adopted and implemented the Principles of Fund Governance of the Dutch Fund and Asset Management Association (Dufas). These principles are laid out in the so-called Fund Governance Code (hereinafter: the Code). The main objectives of the Code are to protect the interests of investors and to prevent conflicts of interest. A detailed description of the Code can be found on our website: [management.fund-share.nl](http://management.fund-share.nl).

### **Main risks and uncertainties**

In the profile on page 4 the main other investment risks are shown. These are risks that are not directly linked to financial instruments. The Fund invests in listed securities (shares). The financial risks relating to these financial instruments are described in more detail in the notes to the annual accounts and in the Profile. Managing risks is part of the entire investment process. The risks described are limited by means of investment restrictions and other measures as far as necessary.

#### **▪ Risk appetite with respect to key risks and uncertainties**

The risk appetite of the manager regarding the Fund is directly determined by the investment objective on one hand and the investment policy and the restrictions imposed on the other. Within this framework, the manager has a certain freedom. The Fund invests in listed companies in the Eurozone with a market capitalization of less than EUR 5 billion, that are, in the Manager's opinion, undervalued. Because the manager wants to achieve return and wants to outperform a benchmark, the main risk is the market or price risk insofar as possible is covered by risk spreading. The restrictions on risk diversification are listed in the "Profile" section of this report.

#### **▪ Impact of principal risks and uncertainties during the financial year**

##### *General*

Due to its long portfolio, the Fund moves to a certain degree along with the European financial markets (market / price risk) and aims to outperform the HSBC Smaller Euroland Index, a benchmark index used to reflect the market trend.

##### *Specific*

In the context of the Fund, the price risk materializes if, on one hand, the expected higher fundamental valuation by the market is not forthcoming, and on the other hand if positions have to be liquidated prematurely in order to facilitate withdrawals from the Fund.

#### **▪ Expected impact of principal risks and uncertainties in the coming period**

In the coming year, market and price risks will also be a dominant factor that will influence the return of the Fund.

### **Statement related to administrative organization and internal control**

The Manager has a statement of operational management, which meets the requirements of the Dutch Financial Supervision Act (Wet op het financieel toezicht, 'Wft') and the Decree on Business Conduct Supervision of Financial Enterprises. (Besluit gedragstoezicht financiële ondernemingen, 'Bgfo').

We have assessed several aspects of operational management throughout the past financial year. In our Assessment we noted nothing that would lead us to conclude that the description of the structural aspects of operational management within the meaning of article 115y of the Bgfo failed to meet the requirements as specified in the Wft and related regulations. Based on these findings we, as Manager of the Fund, declare that we possess a statement of operational management as defined by article 115y of the Bgfo, which meets the requirements of the Bgfo.

In our assessment we also noted nothing that would lead us to conclude that operational management does not function as described in this statement. We therefore declare with reasonable assurance that operational

management has been effective and has functioned as described throughout the reporting year.

### **Remuneration policy**

The Manager complies with the Regulation on Sound Remuneration Policy Wft 2014. The Manager believes that the relationship between fixed and variable remuneration disclosed in the notes to the financial statements is appropriate.

### **Subsequent events**

It is the intention of the Manager to move this fund into a newly created sub-fund of the FundShare UCITS Umbrella in the 2<sup>nd</sup> quarter of 2019 in order to reduce costs and further streamline the Manager's operations.

Amsterdam, 21 June 2019

On behalf of the Manager FundShare Fund Management B.V.

A. Rose

O. de Hek

# Financial Statements FundShare Fundamental Value Fund

## Balance sheet as at 31 December 2018

(Amounts in EUR, before appropriation of result)

Balance Sheet	ref.	2018	2017
<b>Investments</b>	<b>6</b>		
Equity securities	6.1	734,393	927,836
Investment funds (bonds)	6.2	77	8,611
		<b>734,470</b>	<b>936,447</b>
<b>Receivables</b>			
Other receivables and accrued income		670	348
		<b>670</b>	<b>348</b>
<b>Other assets</b>	<b>7</b>		
Cash and cash equivalents	7.1	1,521	18,584
		<b>1,521</b>	<b>18,584</b>
<b>Current liabilities</b>	<b>8</b>		
Other payables	8.1	552	717
		<b>552</b>	<b>717</b>
<b>Total of receivables, other assets minus current liabilities</b>		<b>1,639</b>	<b>18,215</b>
<b>Total assets minus current liabilities</b>		<b>736,109</b>	<b>954,662</b>
<b>Fund capital</b>	<b>9</b>		
Paid in unit capital	9.1	593,828	737,349
Other reserves	9.2	217,313	12,639
Result for the period	9.3	-75,032	204,674
<b>Total fund capital</b>		<b>736,109</b>	<b>954,662</b>
<b>Net Asset Value per unit</b>		<b>18.89</b>	<b>20.82</b>

The accounting policies and notes on pages 15 to 26 are an integral part of these financial statements

## Income statement for the period 1 January 2018 - 31 December 2018

(Amounts in EUR)

Income Statement	ref.	2018	2017
<b>Direct income from investments</b>	<b>10</b>		
Dividends	10.1	24,708	11,496
		<b>24,708</b>	<b>11,496</b>
<b>Indirect income from investments and other assets</b>	<b>6</b>		
Realized loss on equity securities		-601	-6,392
Realized profit on equity securities		25,237	44,710
Unrealized loss on equity securities		-126,282	-14,740
Unrealized profit on equity securities		30,729	186,476
Realized loss on investmest funds (bonds)		-124	0
		<b>-71,041</b>	<b>210,054</b>
<b>Total investment result</b>		<b>-46,333</b>	<b>221,550</b>
<b>Expenses</b>	<b>11</b>		
Costs charged by the fund's manager	11.1	28,696	16,851
Interests		3	25
<b>Total expenses</b>		<b>28,699</b>	<b>16,876</b>
<b>Result for the period</b>		<b>-75,032</b>	<b>204,674</b>
<b>Result per average number of units</b>		<b>-1.93</b>	<b>4.46</b>

The accounting policies and notes on pages 15 to 26 are an integral part of these financial statements

## Cash flow statement for the period 1 January 2018 – 31 December 2018

(Amounts in EUR)

Cash flow statement (indirect method)	ref.	2018	2017
<b>Cash flows from investment activities</b>			
Result for the period		-75,032	204,674
Purchase of investments	6	-216,736	-706,654
Sale of investments	6	347,672	726,156
Change in value of investments		71,041	-210,054
		<b>126,945</b>	<b>14,122</b>
<i>Changes in receivables and current liabilities</i>			
(Increase) / decrease receivables		-322	-264
Increase / (decrease) current liabilities		-165	154
		<b>-487</b>	<b>-110</b>
<b>Net cash flows from investment activities</b>		<b>126,458</b>	<b>14,012</b>
<b>Cash flows from financing activities</b>			
Issue of units	9.1	114,819	240,179
Redemption (purchase) of units	9.1	-258,340	-240,536
<b>Net cash flows from financing activities</b>		<b>-143,521</b>	<b>-357</b>
<b>Net cash flows reporting period</b>		<b>-17,063</b>	<b>13,655</b>
<b>Cash and cash equivalents beginning of period</b>		<b>18,584</b>	<b>4,929</b>
<b>Cash and cash equivalents ending of period</b>	7.1	<b>1,521</b>	<b>18,584</b>

The accounting policies and notes on pages 15 to 26 are an integral part of these financial statements

## Notes to the financial statements

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### 1. General

#### 1.1 Activities

The Fund has the objective to offer an active and professional portfolio consisting of companies listed in a stock-exchange in one of the euro countries with a market capitalization of less than 5 billion EUR, with the aim of achieving a return (from change in price and dividends) higher than the HSBC Smaller Euroland Index (Bloomberg code: JCSCECU), having the euro ("EUR") as base currency.

In order to reach the investment objective, the Fund selects a minimum of 10 and a maximum of 25 different stocks selected from the investment universe, which is limited by the following criteria:

- It concerns stocks in corporations having a market capitalization smaller than 5 billion;
- It concerns stocks in corporations that are listed in a stock exchange in one of the euro countries.

The Fund is an open-end mutual fund having monthly negotiation.

#### 1.2 Financial reporting period

The regular financial reporting period coincides with the calendar year. The financial statements are prepared at 31st December and concerns the reporting period from 1st January until 31st December.

#### 1.3 Legal structure

The Fund is a mutual fund, which means that the fund assets are divided into participations as a result of which the participants together are economically entitled to the fund assets. A mutual fund is not a legal entity with a separate capital, but a cooperation between the Manager, the Custodian and the Legal Owner, which is governed by the prospectus and the so-called custody agreement. The Manager invests in asset values (financial instruments) at the expense and for the risk of the Participants. The Custodian performs its supervisory function by carrying out a number of specifically defined tasks. The tasks of the Depositories are further described in the depositary agreement signed by the Manager, the Depositary and the Legal Owner. The Legal Owner holds the legal ownership of the assets for the benefit of the Participants.

#### 1.4 Net Asset Value calculation

The Net Asset Value of the Fund is calculated monthly by the Administrator and determined by the Manager as: the value of the assets - including the balance of income and expenses for the already expired part of the current financial year, less the obligations determined in accordance with to the following stated accounting principles - divided by the number of outstanding participations. In determining this value, account will be taken of the costs to be charged.

#### 1.5 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the aggregated financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

## **2. Valuation principles for preparing the aggregated balance sheet**

### **2.1 General**

The annual accounts have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Netherlands Civil Code, and the Guidelines for Annual Reporting, in particular the Guideline 615 Investment Institutions, the Act on Financial Supervision and the Decree on Conduct Supervision of Financial Enterprises Wft ("BGfo"). The annual accounts have been prepared in euros ("EUR").

### **2.2 Initial recognition of financial instruments**

On initial recognition, financial instruments (assets and liabilities) are measured at fair value and directly attributable transaction and transaction related expenses. The fair value upon initial recognition under normal circumstances would be the transaction price of the financial instrument at the trade date.

If financial instruments are subsequently measured at fair value through profit and loss, then directly attributable transaction and transaction related expenses are recognized in the income statement.

### **2.3 Financial assets: classification and measurement**

The Fund classifies its financial assets as held-for-trading financial assets and, therefore, they are measured at fair value through profit or loss.

### **2.4 Valuation based on fair value and its hierarchy**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Fair value is determined by the Manager on an instrument-by-instrument basis.

- When financial instruments are traded in an active market, the quoted market price is the best indication of fair value. The Fund uses the price of the most recent transaction (close price) as the quoted market price.
- In circumstances whereby the close price is not a reliable indication of the fair value (i.e. the market is not active, the market is not sufficiently developed or the volumes being transacted are limited), valuation techniques can be used to determine a reliable fair value.
- Commonly used valuation techniques are comparison to fair value of instruments with similar characteristics, discounted cash flow and option models. When using the discounted cash flow technique, the reporting entity uses the discount rate applicable to comparable financial instruments with regard to terms and characteristics, including credit standing of the counterparty, the agreed interest rate period, the remaining maturity and the currency of the payment.

### **2.5 Investments in listed equity securities**

Investments in listed equity securities are stated at fair value following their initial recognition. Changes in the fair value are recognized in the income statement.

### **2.6 Investments in open-ended unlisted investment funds**

Units in open-ended unlisted investment funds are traded with the fund based on its published net asset value (NAV) as validated by the fund manager. The validated NAV is representative of the fair value of the investments in the investment fund if the NAV is dated as of the Fund's measurement date and is calculated in a manner consistent with fair value measurement principles under Dutch GAAP.

### **2.7 Other assets and current liabilities**

Other assets, which consist of cash and cash equivalents, and current liabilities are stated at amortized cost which due to their short-term nature are equal to the nominal value.

## **3. Principles for determining the result**

Investment result consists of direct income from investments, realized and unrealised income from investments and other assets less expenses.

### **3.1 Direct income from investments**

Dividend income is recognized when the Fund's right to receive the dividend has been established, normally being the ex-dividend date. Dividend income is recognized net of withholding tax deducted at the source, if any.

### **3.2 Indirect income from investments and other assets**

The indirect income from investments and other assets includes all realized gains and losses on disposal of investments and all unrealized changes in the market value of investments and foreign exchange gains and losses with respect to cash and cash equivalents.

The realised results from financial instruments represents the difference between the sale price and the historical cost price less recognised unrealised result previous years. The cost price is calculated on the basis of the first-in-first-out (FIFO) method. The unrealised result represents the difference between the cost price, or market value of a financial instrument at the beginning of the year, and its market value at the end of the year.

### **3.3 Expenses**

Expenses are accounted for in the income statement on the basis of the accrual method. Exceptions are transaction and transaction related expenses incurred when purchasing financial instruments. These expenses are included in the cost price of the financial instrument. Expenses incurred on the sale of financial instruments are deducted from the proceeds.

### **3.4 Tax**

The Fund is structured as transparent for Dutch tax purposes. The Fund is from corporate income tax perspective, "a closed fund for joint account" (*besloten fondsen voor gemene rekening*). This means that the Fund is fiscally transparent and is therefore not subject to Dutch corporate income tax or dividend withholding tax if applicable. However dividends and interest income on debt securities received by the Fund can be subject to withholding tax deducted at the source.

## **4. Financial instruments risk management**

The financial risks that could influence investments in financial instruments held by the Fund are described in detail below:

### **4.1 Currency risk**

The value of the investments in financial instruments is influenced by developments in exchange rates (in relation to the euro), in which these investments are tradable. Currency rates can show big changes. These changes can lead to the return on investments being offset by the change in the exchange rate. The Fund invests exclusively in equities denominated in euros issued by companies from the euro zone and therefore has no currency risk.

### **4.2 Market risk**

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and other price risks such as equity prices and credit spreads (not related to the obligor's/issuers credit standing) will affect the Fund's income or the fair value of its holdings of financial instruments. The Fund incurs market risk on securities in the trading portfolio. The Fund manager in general manages the aforementioned market risk components by stratifying the investment portfolio and imposing qualitative and quantitative limits by spreading investments across countries, industries and economic sectors.

### **4.3 Price risk**

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate of foreign currencies) whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market. This price risk is managed by diversifying the portfolio investments across countries and economic sectors.

### **4.4 Liquidity risk**

There is a risk that a share position cannot be liquidated in time at a reasonable price. The assets of the Fund will usually be invested in small (er) listed companies that are often subject to limited marketability.

This can involve considerable liquidity risks. If a large number of shares has to be sold in a short period of time, this can lead to a considerable drop in the net asset value of the Fund.

#### 4.5 Settlement risk

For securities transactions settlement through a clearing system may not take place as expected due to a failure by the Fund's (and thus the Securities Giro's) counterparty to deliver the relevant securities or perform payment in respect thereof and losses may be sustained by the Fund as a result thereof.

#### 4.6 Counterparty and custody risk

Losses may be sustained by the Fund as a result of negligence, fraudulent behaviour and/or the liquidation, bankruptcy or insolvency of the Depositary, DeGiro, and the Securities Giro, the sub-custodian or the special purpose safekeeping vehicle engaged by the sub-custodian. The Sub-Custodian and its special purpose safekeeping vehicle are subject to effective governmental and regulatory financial supervision by the Financial Supervisors in The Netherlands.

### 5. Cash flow statement

The cash flow statement is prepared using the indirect method. The cash flow statement of the Fund exclusively recognizes cash flows from investing activities and cash flows from financing activities. Cash flows in foreign currency are translated into euros using the exchange rates prevailing at the dates of the transactions. In the cash flow statement the cash flows from investment activities are adjusted for the effects of non-cash transactions and accruals.

### 6. Investments

#### 6.1 Equity securities

The movements related to investments in equity securities are detailed below:

Movement schedule equity securities	2018	2017
<b>Balance at beginning of period</b>	<b>927,836</b>	<b>643,100</b>
Purchases	41,374	249,167
Sales	-163,900	-174,485
Realized loss on equity securities	-601	-6,392
Realized profit on equity securities	25,237	44,710
Unrealized loss on equity securities	-126,282	-14,740
Unrealized profit on equity securities	30,729	186,476
<b>Balance at end of period</b>	<b>734,393</b>	<b>927,836</b>

#### 6.2 Investment funds (bonds)

The movements related to investments in (unlisted) investment funds are detailed below:

Movement schedule investment funds (bonds)	2018	2017
<b>Balance at beginning of period</b>	<b>8,611</b>	<b>102,795</b>
Purchases	175,362	457,487
Sales	-183,772	-551,671
Realized loss on investment funds (bonds)	-124	0
<b>Balance at end of period</b>	<b>77</b>	<b>8,611</b>

## 7. Other assets

### 7.1 Cash and cash equivalents

Cash and cash equivalents	2018	2017
Bank account ABN AMRO Bank N.V.	1,521	18,584
<b>Total</b>	<b>1,521</b>	<b>18,584</b>

Cash and cash equivalents of the Fund are at free disposal on the account.

## 8. Current liabilities

### 8.1 Other payables

Other payables	2018	2017
Management fees	552	717
<b>Total</b>	<b>552</b>	<b>717</b>

The amount is related to the fees owed to the Fund's Manager.

## 9. Total Asset Value

The Fund's assets are the total net assets of the Fund. The economic ownership rests with the Participants of the Fund. The legal ownership of the fund assets rests with the Custodian who holds the legal ownership on behalf of the Participants. The Fund's assets are separate from the Manager's assets.

The transactions with Participants are processed at the entry or exit rate excluding the surcharge or discount for the entry and exit fees. The administration costs upon entry into and exit from the Fund are respectively 0.25% of the amount for which the Participant subscribes and 0.25% of the amount for which the Participant redeems. These costs are paid to the Manager.

Net asset value overview	2018	2017
Net asset value	736,109	954,662
Outstanding units	38,961	45,850
<b>Net Asset Value per unit</b>	<b>18.89</b>	<b>20.82</b>

### 9.1 Paid in unit capital

Movement schedule paid in unit capital	#2018	#2017	€ 2018	€ 2017
<b>Balance at beginning of period</b>	<b>45,850</b>	<b>47,466</b>	<b>737,349</b>	<b>737,706</b>
Issued	5,591	12,637	114,819	240,179
Redeemed	-12,480	-14,253	-258,340	-240,536
<b>Balance at end of period</b>	<b>38,961</b>	<b>45,850</b>	<b>593,828</b>	<b>737,349</b>

### 9.2 Other reserves

Movement schedule other reserves	2018	2017
<b>Balance at beginning of period</b>	<b>12,639</b>	<b>-38,840</b>
Addition of appropriated result previous period	204,674	51,479
<b>Balance at end of period</b>	<b>217,313</b>	<b>12,639</b>

### 9.3 Result of the period

Movement schedule result for the period	2018	2017
<b>Balance at beginning of period</b>	<b>204,674</b>	<b>51,479</b>
Transfer to other reserves	-204,674	-51,479
Result for the period	-75,032	204,674
<b>Balance at end of period</b>	<b>-75,032</b>	<b>204,674</b>

## 10. Direct income from investments

### 10.1 Income from equity securities (dividends)

Dividend income is recognized when the Fund's right to receive the dividend has been established, normally being the ex-dividend date. Dividend income is recognized net of withholding tax deducted at the source, if any. Revenues obtained in the form of dividends are reinvested.

## 11. Expenses

### 11.1 Fund's manager costs

#### 11.1.1 Management fees

The Fund's manager receives a fixed management fees of 0.075% per month (0.90% per year) of the total net asset value calculated at the end of each month. All the Fund's costs related to the audit, the marketing, the Administrator, the Depositary and the regulators (AFM and DNB) are paid by the Manager.

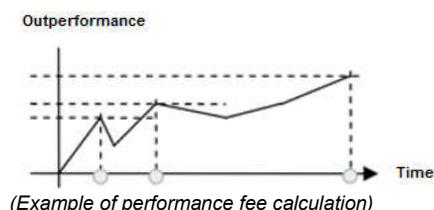
#### 11.1.2 Auditor's fees

This annual audit is performed by Mazars Accountants N.V. The remuneration for the audit is equal to EUR 10.588 including V.A.T. (2017: EUR 9.982). No other service has been executed by the auditor in the period. The Fund's manager pays the auditor's fees.

#### 11.1.3 Performance fee

The performance fee in the period amounts to EUR 20.749 (2017: 9.561 EUR).

The performance fee amounts to 25% of the extra return compared to the benchmark set for this fund as the Euroland HSBC Smaller Companies Index (Bloomberg code: JCSCECU INDEX). The performance fee works according to the so-called all-time-high-watermark principle. If the fund exceeds the benchmark, for example as in the figure below, then performance fee is calculated at the times indicated by the circles and then only the extra outperformance compared to the previous dotted line.



### 11.2 Bank interest

This concerns the interest with respect to the bank account.

### 11.3 Costs comparison

Cost comparison	Actual	Prospectus
Management fees	0.9%	0.9%

The costs stated in the Prospectus are variable with the net asset value.

#### 11.4 Ongoing charges ratio

Based on legislation and regulations, the total costs that have been charged to the Fund during the reporting period must be disclosed as current expenses. The ongoing charges ratio is calculated as follows: total costs taken from the Fund during the reporting period divided by the average net asset value of the fund.

- The average net asset value of the Fund is the sum of the net asset values divided by the number of observations. In this calculation every calculation and publication of the net asset value is taken into consideration. The sum of the net asset values is based on the figures for the monthly published net asset values of the current financial year. The number of observations is 12.

- Total costs include all costs charged to the result in the reporting period. The costs of investment transactions (transaction costs), interest charges and any performance fees are not taken into account.

Ongoing charges Ratio	2018	2017
Total ongoing charges per year	7,950	7,315
Average monthly NAV	881,897	808,857
<b>Ongoing charges ratio</b>	<b>0.90%</b>	<b>0.90%</b>

#### 11.5 Transaction costs

The transaction-related costs charged to the Fund during the reporting period amount to EUR 231 (2017: EUR 750). All transaction costs have been identified.

#### 11.6 Portfolio Turnover Rate

Transaction costs are incurred when the Fund deals in securities. The PTR formula reflects the volume of securities trading within the Fund other than investing or disposing of securities due to subscriptions or redemptions in the Fund. The portfolio turnover rate aims to provide an indication of the turnover rate of an investment institution's portfolio and is therefore a measure of both the level of active investment management and the resulting transaction costs. The average net asset value is calculated in accordance with the methodology described under paragraph "Net Asset Value calculation". If the calculation leads to a negative outcome, the Portfolio Turnover Rate is nil.

The portfolio turnover rate is calculated using the following prescribed formula: Purchases of securities **plus** Sales of securities **minus** Subscriptions of units **plus** Redemptions of units **divided by** Average Net Asset Value.

Portfolio Turnover Rate	2018	2017
Purchases	216,736	706,654
Sales	347,672	726,156
<b>Total 1</b>	<b>564,408</b>	<b>1,432,810</b>
Subscriptions	114,819	240,179
Redemptions	258,340	240,536
<b>Total 2</b>	<b>373,159</b>	<b>480,715</b>
<b>Total 1- Total 2</b>	<b>191,249</b>	<b>952,095</b>
Average monthly NAV	881,897	808,857
<b>Portfolio Turnover Rate</b>	<b>0.22</b>	<b>1.18</b>

A PTR of one means that the average Net Asset Value has been traded one time during the period under review. Nihil means the amount of traded securities is completely due to purchases and sales of securities due to subscriptions and redemptions.

## 12. Transactions with related parties

FundShare Fund Management B.V., as manager of the Fund, the directors of the Manager, and the broker of the Fund: DeGiro B.V. are considered as a related party as referred to in the BGfo. During the reporting period, the Manager has purchased and sold participations in the Fund at the prevailing market conditions as described in the Prospectus, with the exception of entry and exit fees. Buying and selling investments take place at DeGiro B.V. The transaction costs of DeGiro are lower than comparable other brokers. The fees received by the Manager (see paragraph “Fund’s manager costs”) are recognized in the profit and loss account as “Costs charged by the Fund’s manager”.

The total number of participations held by the directors of the Fund’s manager and the Fund’s manager itself is shown below.

Participations in the fund	2018	2017
Fund's manager	0	3,380
Directors	0	683
<b>Total</b>	<b>0</b>	<b>4,063</b>

## 13. Core business and outsourcing

In accordance with the requirements of the policy outsourcing rule, article 38 paragraph 1 from the Bgfo, an overview of the core business that are outsourced by the Fund is presented below.

The agreements with the parties mentioned hereafter include instructions regarding the standard performance, the mutual provision of information, the (formal) notice period and the compensation.

### 13.1 Financial and investment administration

The Fund’s Manager has outsourced the administration to FundShare Administrator B.V. (the “Administrator”). An outsourcing and service contract, which meets the requirements set out in the applicable regulations, has been concluded with the Administrator. The Manager has outsourced the Fund’s investment and financial administration, the conducting of the participant administration and the calculation of the monthly net asset value of the Fund to the Administrator. For this purpose, an agreement has been concluded with the Administrator for outsourcing and provision of services, which, in the opinion of both parties, meets the requirements set out in the applicable regulations.

### 13.2 Implementation of investment policy

The investment policy is a core task of the Manager. The Manager makes decisions about the investment activities of the Fund. This concerns developing investment ideas, following the market and buying and selling investments. Responsibility on the pursued policy is taken by the Manager, through the semi-annual report, the monthly report placed on the website of the Manager for the Participants and in the annual report.

The Fund Manager charges the Fund the following fees:

- (i) The Manager is entitled to a fixed management fee of 0.075% per month (0.90% per year), calculated on the NAV per month at the end of the management of the Fund.
- (ii) The performance fee amounts to 25% per achieved percent extra return calculated in relation to the benchmark (as defined in 10.1.3).

### 13.3 Performance of depositary activity

Pursuant to the Wft, the custody of the assets of the Fund is entrusted to a depositary, Kas Trust & Depositary Services B.V. (the “Depositary”). This concept of custody should not be understood as the ‘safekeeping’ of the assets only, but also as ‘supervision’ of these assets. The Depositary must, at all times, have knowledge of how the assets of the Fund are invested and where and how these assets are available. These tasks of an AIFMD-depositary are divided into three categories: cash flow monitoring, safekeeping duties and oversight duties. The Depositary is not anymore the legal owner of the assets of the Fund (‘Title Holder’). Starting from 14<sup>th</sup> March 2018, this role is fulfilled by a separate entity, Stichting Legal Owner Fundamental Value Fund.

### 13.3.1 Legal ownership and power of attorney

The Manager has appointed Stichting Legal Owner Fundamental Value Fund as Legal Owner of the Fund. The Legal Owner has the sole statutory objective to act as legal owner of the assets of the Fund on behalf of the Participants. All goods that are part of or become part of the Fund are obtained by the Legal Owner on behalf of the Participants. It is attached to the Administrator (FundShare Administrator B.V.) and is in no way affiliated with the Manager, this guarantees independence.

The Legal Owner: (i) may only, together with the Manager and the Depositary, dispose of the assets of the Fund; (ii) will grant the Administrator full power of attorney in the context of the normal management activities with respect to the assets of the Fund. In addition, it could, only with consent of the Manager, use (or allow the use) the positions.

## 14. Staff and remuneration policy

The Fund has no personnel in service (2017:0). Pursuant to Article 29 paragraph 2 of the AIFMD the remuneration policy of the Manager is to be disclosed. In accordance with Article 107 paragraph 3 of the delegated regulation of the AIFM Directive, the Manager has the ability to disclose the remuneration policy in its annual accounts. The Manager has as part of the remuneration package of its employees in addition to a fixed salary, a variable remuneration. A part of the variable remuneration is a deferred remuneration and is linked to the price performance of the Fund and after three years becomes available to the employees.

Remuneration details	2018	2017
Number of management and employees	10	24
Fixed remuneration	1,011,889	1,063,548
Variable remuneration	92,807	236,346
<b>Total</b>	<b>1,104,696</b>	<b>1,299,894</b>

The total remuneration disclosed above relates to all activities of the Manager for all funds together, an allocation per fund is not readily available.

Allocation remuneration	2018	2017
Directors	283,555	32,642
Employees ( <i>identified staff</i> )	821,141	1,267,252
<b>Total</b>	<b>1,104,696</b>	<b>1,299,894</b>

## 15. Transparency in securities financing transactions and re-use of financial instruments

The Regulation on Transparency of Securities Financing Transactions (SFTR) (EU) 2015/2365 was published in the EU Official Journal on 23 December 2015 and entered into force on 12 January 2016. The transparency obligations for investment funds will apply as from 13 January 2017 and thus the annual reports, from the financial year 2016, As defined in Article 3 of the Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, lending or borrowing of securities or commodities, purchase / repurchase transactions or sales / repurchase transactions and margin lending transactions).

The Fund has the possibility to execute securities financing transactions by entering into securities lending and total return swap contracts during the year. Pursuant to Article 13 of the Regulation, information on any securities lending and total return swaps concluded is given below.

### Situation at 31 December 2018

#### *Securities borrowing*

The Fund is not using the possibility of borrowing securities from its broker DeGiro acting as counterparty.

### *Securities lending*

Total lendable assets represents the aggregate value of assets forming part of the Fund securities lending program. This excludes any assets held by the Fund that are not considered lendable due to any market, regulatory, investment or other restriction. DeGiro B.V. will procure that the SPV holds collateral (provided by the borrowing party though the right of pledge that the custodian has) to the amount of at least 104% of the value of the securities that are lent. The quality of the collateral received is assessed and a haircut is applied to it to guarantee an execution value of 104% on a continuous basis.

### *Total return swap contract.*

The Fund has no "open" total return swap contracts.

## **16. Appropriation of result**

The investment result of the period leads to a loss of EUR 75.452 (2017: EUR 204.674). The result consists of direct and indirect investment income after the deduction of costs incurred. The Manager proposes to add the result for the financial year to the other reserves. The profit appropriation is not included in the financial statements.

## **17. Personal interests of directors**

In accordance with article 122 paragraph 2 Bgfo the Fund is required to list the total holdings in securities by the directors of the Manager in investments, which are also held by the Fund as of the beginning and the end of the period.

<b>Personal interests of directors</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Accel Group NV (# shares)	0	4

## **18. Voting rights**

The Manager has the right to exercise the rights (including voting rights) with regards to the securities part of the Fund. The Manager will therein be guided by interest of the Participants. No voting rights have been exercised by the Manager in the reporting period.

## **19. Subsequent events**

It is the intention of the Manager to move this fund into a newly created sub-fund of the FundShare UCITS Umbrella in the 2<sup>nd</sup> quarter of 2019 in order to reduce costs and further streamline the Manager's operations.

Amsterdam, 21 June 2019

On behalf of the manager FundShare Fund Management B.V.

A. Rose

O. de Hek

## Other information

**Statutory profit appropriation scheme**

The profit appropriation takes place in accordance with Chapter 11 of the Prospectus. In accordance with this chapter, the result over the reporting period will be added annually to the other reserves of the Fund, unless the Manager determines otherwise. The Manager reinvests the reserved profits.

**Independent auditor's report on the aggregated financial statements**

The auditor's report is stated on the next page.

## **INDEPENDENT AUDITOR'S REPORT**

To the manager of FundShare Fundamental Value Fund

### **Report on the audit of the financial statements 2018 included in the annual report**

#### **Our opinion**

We have audited the financial statements for the year ended 31 December 2018 of FundShare Fundamental Value Fund (also “the fund”) based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the fund, and of its result for the year ended 31 December 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet for the year ended 31 December 2018;
2. the profit and loss account for the period 1 January 2018 up and till 31 December 2018; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

#### **Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the ‘Our responsibilities for the audit of the financial statements’ section of our report.

We are independent of the fund in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Report on the other information included in the annual report**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The managers' report;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements;
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The manager of the fund is responsible for the preparation of the managers' report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

## **Description of responsibilities regarding the financial statements**

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

The manager of the fund is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the manager is responsible for such internal control as the manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the manager is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Manager should prepare the financial statements using the going concern basis of accounting unless the manager either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The manager should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

## **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;
- Obtaining 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;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the manager;
- Concluding on the appropriateness of the managers' 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 a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Rotterdam, 24 June 2019

**MAZARS ACCOUNTANTS N.V.**

W.s. drs. C.A. Harteveld RA

## Appendix investments

Per 31 December 2018

Composition of invested capital (in accordance with article 122, paragraph 1 b BGfo).

Description	N. shares	Market value in EUR
DE'LONGHI	1,000	22,100
BARON DE LEY	150	16,500
HEIJMANS	5,732	45,856
ACCELL GROUP	2,750	51,810
MOBISTAR	3,039	52,392
BOIRON	100	4,895
BONDUELLE	1,923	54,613
FFP	850	68,170
SLIGRO FOOD GROUP	1,500	52,200
ORIGIN ENTERPRISES PLC	8,878	50,871
BECHTLE AG O.N	780	52,923
MAYR-MELNHOF KARTON AG	532	58,520
AZKOYEN	5,000	32,700
SAVENCIA	744	41,515
FROMAGERIES BEL	43	12,556
AMADEUS FIRE AG	600	48,900
ECKERT+ZIEGLER AG O.N	1,100	67,870
		<b>734,392</b>
<b>Composition net asset value</b>		
Total balance sheet value of long shares		734,392
Total of receivables, other assets minus current liabilities		1,717
<b>Total net asset value</b>		<b>736,109</b>