FundShare Fund Management B.V.

Annual Report for the year ended December 31, 2018

Index to the annual report

Profile and key figures

Profile

FundShare Fund Management B.V. (the Company) is authorised by the financial supervisory authorities in The Netherlands to act as an investment fund manager (*beheerder*) and accordingly received a license under the Dutch act on financial supervision (Wft). The financial supervisory authorities issued the licence on November 3, 2006 on the basis of article 2:67 Wft, and from June 17, 2014 also based on article 2:69c Wft.

The Company manages the following alternative investment funds (AIF) and undertakings for the collective investment in transferable securities (UCITS):

- FundShare Fundamental Value Fund (AIF);
- HIQ Invest Market Neutral Fund (AIF) (liquidated 11th March 2019);
- FundShare Umbrella Fund (AIF); and
- FundShare UCITS Umbrella Fund (UCITS).

Together hereafter: the “Funds”.

The Company was founded on August 9, 2006, has its statutory seat in Amsterdam, The Netherlands and is registered with the Chamber of Commerce and Industry in Amsterdam under number 34252934. In 2018 the Company changed the name from HiQ Invest B.V. to FundShare Fund Management B.V.

The website of the Company is: management.fundshare.nl.

Group structure

The Company is a 100% subsidiary of LPE Capital B.V. LPE Capital B.V. is a holding company and as such forms a group with its direct and indirect owned operating companies (the “Group”). For more details on the Group structure please refer to the notes to the financial statements paragraph 1.3.

Overview of Key figures

Key figures	2018	2017	2016	2015	2014	2013
Gross profit	**1,018,053**	**3,750,370**	**354,847**	**965,960**	**2,308,811**	**3,598,646**
Operating expenses	**2,587,540**	**2,679,638**	**1,921,765**	**2,025,360**	**2,373,717**	**2,140,147**
Operating result	**-1,569,487**	**1,070,732**	**-1,566,918**	**-1,059,400**	**-64,906**	**1,458,499**
Net result	**-1,164,972**	**770,546**	**-1,163,481**	**-800,858**	**-17,979**	**1,216,948**
Average employees during the financial year (FTE)	12.26	23.99	20.36	12.87	10.26	8.13
Number of employees	10	23	19	15	13	8

Directors' report

The directors of the Company hereby present the financial statements for the financial year ended on December 31, 2018. The "Profile and key figures" on page two are considered to be an integral part of the Directors' report.

Financial and Operating Review

Gross profit, expenses and results after tax

Gross profit

The decrease in gross profit from EUR 3,750,370 to EUR 1,018,053 results from a significant decrease in performance fees received. This is a result of two major events, being the decision to liquidate the HiQ Invest Market Neutral Fund in August 2018 and the decrease in assets under management within the money market sub-funds of more than EUR 800 million equivalent.

Operating expenses

The total operating expenses decreased with EUR 92,098 compared with 2017, mainly caused by the decrease of employee expenses. Employees with the function of algorithmic trader have left the company as a result of the decision to liquidate of the HiQ Invest Market Neutral Fund.

Net result

The net result amounted to EUR 1,164,972 negative (2017: EUR 770,546 positive).

Results of the managed Funds

HiQ Invest Market Neutral Fund in liquidation

HiQ Invest Market Neutral Fund ended the year 2018 with a Net Asset Value ("NAV") of EUR 0.5476 (2017: EUR 21.7144) per A-Class participation (paid out NAV 20.07), EUR 0.5159 (2017: EUR 20.5873) per C-Class participation (paid out NAV 18.92) and EUR 0.5070. (2017: EUR 20.2358) per D-Class participation (paid out NAV 18.60), which meant a positive return in each asset class. The total amount of the 'hurdle rate' performance fee amounted to EUR 352,701 (2017: EUR 3,373,820).

Early in 2019 the participants of the HiQ Invest Market Neutral received a transfer of potential claims via an "Akte van Cessie" arising from former positions within the fund. These are composed of potential claims from positions in Fortis N.V./S.A. stock, positions in SNS bonds which was ex-propriated by the Dutch Government and a potential tax reimbursement from the Polish Government related to a Total Return Swap.

FundShare Umbrella Fund (AIF)

FundShare Umbrella Fund was launched in 2012. The total assets under management, in this umbrella fund consisting of 9 active sub funds, per December 31, 2018 amounts to EUR 57 million (2017: EUR 419 million).

FundShare UCITS Umbrella Fund (UCITS)

FundShare UCITS Umbrella Fund was launched in 2014. The total assets under management, in this umbrella fund consisting of 19 active sub funds, per December 31, 2018 amounts to EUR 172 million (2017: EUR 353 million).

FundShare Fundamental Value Fund

During the reporting period from January 1, 2018 until December 31, 2018, the NAV has decreased from EUR 20.83 to EUR 18.88. This has resulted in a negative annual return of 12.26%.

In 2018 the fund reached and exceeded the High Watermark (HWM) as a result of which the manager received a High Watermark Performance Fee amounting to EUR 20,749 (2017: EUR 9,561). The cumulative return of the FundShare Fundamental Value Fund since inception is 88.83% and its Assets under Management amount to EUR 736 thousand (2017: EUR 955 thousand).

Financial position at the balance sheet date

Solvency and liquidity

Solvency and liquidity	2018	2017
Shareholder's equity (a.)	987,684	2,152,656
Current liabilities (b.)	606,978	634,771
Total liabilities (c.)	606,978	723,769
Current assets (d.)	1,391,396	2,617,310
Total assets (e.)	1,594,662	2,876,425
Debt-to-assets ratio (c.)/(e.)	38%	25%
Current ratio: (d.)/(b.)	2.29	4.12

Solvency is expresses through the debt to assets ratio, a leverage ratio: total liabilities divided by total assets. This ratio measures to what extent total assets were financed by (intercompany) creditors and liabilities (debt). The ratio increased in 2018, mainly due to a decrease of intercompany receivable and accrued income (receivable performance fee).

Liquidity is expresses through the current ratio. This measures the ability of the Company to repay current liabilities with current assets. The current ratio decreased in 2018, mainly due to a decrease in intercompany receivables and accrued income (receivable performance fee). The current ratio of 2.29 means that at the balance sheet date, the current assets cover 2.29 times the amount of current liabilities.

Cash flows and financing requirements

Cash and cash equivalents increased from EUR 111,279 to EUR 302,596

Capital requirements

For capital adequacy purposes the minimum own equity capital of the Company should be at least the higher of:

- EUR 125,000 with a premium of 0.02% of the excess of assets under management exceeding EUR 250 million, up to a maximum of EUR 10 million; or
- 25% of the fixed costs of the preceding financial year (the fixed overhead requirement).

As the fixed overhead requirement is the highest, the present minimum required regulatory capital of the Company amounts to EUR 619,000. The eligible available capital at the balance sheet date amounts to EUR 986,000. The Company is sufficiently capitalized.

Personnel and remuneration

The staff headcount has decreased from 23 employees in 2017 to 10 employees in 2018 in line with the change in scope of activities as well as the closure of the Hong Kong and Sofia branches.

Remuneration policies and practices

Main principles

The remuneration policy is based on the following main principles:

- ✓ it aims at promoting a sound and effective risk management;
- ✓ it does not encourage the taking of more risks than is acceptable considering the risk profiles, rules or instruments of incorporation of the UCITS and AIFMD funds it manages;
- ✓ it aims to achieve and maintain a sound capital base.
- ✓ it is in line with the business strategy, objectives, values and long-term interests of the company; and
- ✓ it is designed to avoid conflict of interests.

The remuneration policy is intended to be flexible and it is designed to safeguard a sound capital base, while providing sufficient reward to key personnel. The remuneration comprises a fixed component, a variable component and discretionary pension benefits, whereby the fixed and variable components of the remuneration are distributed in a balanced way.

The criteria used for calculating the remuneration are aimed at reflecting the link between payment and performance.

The variable remuneration of all the employees is calculated taking the financial achievements of the company in the previous year and the projection of the regulatory capital requirement for the next year into account. The variable remuneration may be paid partially in financial instruments (units in investment funds managed by the Company) and may be subject to retention and/or deferral over a period which is deemed appropriate in light of the risks of the managed funds.

Annual Review

The management board in its supervisory function has adopted the remuneration policy. The remuneration policy is reviewed on an annual basis, in order to ensure compliance with national laws and regulations and in order to monitor that it operates as intended. The implementation of the remuneration policy is subject to central and independent review performed annually by the compliance department, in order to assess its compliance with policies and procedures laid down by the management board in its supervisory function.

During the year under review, the remuneration policy was assessed by the internal audit department, which revealed its findings. The findings mainly focus on further aligning the remuneration policy with current legislation and regulations.

Risk management

Financial instruments risk management

The financial instruments recognized as financial assets in the balance sheet include: receivables, securities and cash and cash equivalents. The Company is therefore exposed to credit risks and market risks. Refer below for the description of these risks and their mitigating measures.

Principal risks, uncertainties and risk appetite

The Company is exposed to a number of principal risks and uncertainties arising from its main business activities and financial instruments. The principle risks which the Company seeks to actively manage are compliance and regulatory risks and investment strategy and return performance risks. The Company has a low risk appetite. Below please find a description of the mitigating activities undertaken per principal risk.

Compliance and regulatory risks

Compliance and regulatory risks concern the risks that a failure to comply with applicable laws, regulations, internal policies, best practices and lack of good conduct may result in supervisory penalties, financial losses or reputational damages. In the worst-case scenario such failure may result in termination of the license.

Mitigating measures:

- **Compliance Function:** An independent Compliance Department.
- **Implementation of new laws:** The Compliance Department, with assistance of the Legal Department, is focused and responsible for identification, interpretation and advising on legislative and regulatory developments and monitors the embedding thereof.
- **Compliance culture:** Through a sound Code of Conduct, compliance training and workshops the importance of compliance is embedded in our operations, this creates a compliant culture.

- **Compliance monitoring program:** By effective execution of the compliance monitoring program, the Compliance Department provides assurance to the Board that the Company operates within a compliant framework.

Impact and expected impact of compliance and regulatory risk

The financial regulatory environment is currently subject to continuous and extensive developments and this requires a significant effort of the organization to adequately interpret and implement newly adopted laws and regulations within the organization. The further growth and regulatory attention for the Group, require an increased focus on regulatory and compliance risks.

On January 23, 2018, the AFM published the main results of their investigation *"Onderzoek beheerders met van rechtswege omgezette AIFM"*. Through this investigation, the AFM wanted to get a better picture of the organization and processes of the managers of Alternative Investment Funds (AIF). The research focused on the statutory requirements regarding sound business operations, governance and asset segregation. The board of directors of the Company have read the report and recognize that there are also areas of improvement within the Company. Hence a (group wide) project has started to assess and identify these areas of improvement and remediate where necessary.

Beginning 2017 and ending 2018, the Netherland Authority for the Financial Markets (AFM) has performed a regulatory audit at the Company. During this audit at the Company the AFM has focussed on the main topics governance, controlled and sound conduct of its business and asset segregation. In November 2018 the AFM has let the Company know that:

1) The FundShare UCITS Umbrella Fund was in violation of article 2:123, first sentence of the Wft. This article regards the distribution of funds under the European Passport framework. FundShare UCITS Umbrella Fund is in the process of remediating this finding and expects to be fully compliant in the 2nd quarter of 2019; and
2) The Company was not compliant in its obligation with regard to on-going monitoring of Wwft. The basis for this conclusion was that this function may not be delegated to a third party, even within a consolidated group holding. FFM is currently in the process of building its own processes and controls to manage this risk and expects to be fully compliant in the 2nd quarter of 2019.

With the enhancement of the compliance department and focus on the monitoring of regulatory changes, the Company expects to be able to keep its organization and processes fully compliant with applicable laws and regulations. The Company assesses the potential impact of the compliance and regulatory risk for the year 2019 to be medium to high.

Investment strategy and return performance risk

The quality of execution of investment policy of the Funds is a dominant factor that will determine the performance of the Fund. Consistent negative returns could lead to a significant outflow and reducing AuM. This will have an adverse effect on the results and the financial condition of the Company. In the course of 2018, the fund manager has chosen to adopt the Qualifying Money Market Funds ("QMMF") regime as guideline for the investment restrictions for its UCITS Umbrella Money Market sub-funds. The definitions for QMMF can be found under the MiFID and MiFID2 and ESMA guidelines. Unfortunately, it was not possible or not sustainable for some of our sub-funds to meet the new QMMF criteria and management has decided to close and liquidate these funds during the latter half of 2018.

Mitigating measures

- ***Investment policy restrictions:*** Pre-trade restriction verifications are in place.

- ***Pre-set risk limits:*** We have pre and post trade risk systems in place. Orders that are placed through the trading application must first pass through a series of pre-set risk controls.

- ***Market data reasonability*:** before being used by a trading algorithm price data feeds are verified for reasonableness.

- ***Increased human interference in investment strategies:*** the Company has hired more traders to work on the automated strategies of the fund to increase fundamental investment analysis.

- ***Daily profit and loss analysis and position reconciliations:*** for all funds the outcome of (automated) investment decisions are analyzed and monitored by senior management based on the profit and loss per strategy. For a reliable and accurate profit and loss report the trading system positions are reconciled with the broker statements.

- ***Positions risk management:*** the financial risks of the positions of a fund are where applicable monitored on a daily basis by the traders and the risk department. If these risks are not at an acceptable level, immediate measures are taken to bring these risks back to an acceptable level.

Impact and expected impact of investment strategy risk

As a result of the implementation of MiFID2 in January of 2018 and the difficulty of finding and implementing new strategies in order to create a stable means to create profitability led management to take the decision to liquidate the HiQ Invest Market Neutral Fund in August of 2018. This has partially led to a significant diminishment of the income for the fund manager in the latter half of 2018.

Almost simultaneously DeGiro, the sole distributer for of our UCITS money market sub-funds (“QMMFs”), has chosen to use the services of a competitor for Euro, USD and GBP currencies. These were the largest 3 funds in the course of 2018. As a result, our assets under management for the QMMFs reduced significantly by more than EUR 800 million equivalent.

The above two mentioned events have led to a significant deterioration to the earnings model of the fund manager. In order to mitigate the continuity risk for the foreseeable future The Company entered into a Commercial Services Agreement with DeGiro. Based on this agreement The Company receives a payment from DeGiro as compensation for maintaining its funds. This ceteris paribus preserves the capital base of The Company and should allow to invest in growth and marketing during the course of 2019. The objective of our new growth initiatives in 2019 should lead to a less dependent solution for ongoing business continuity, as The Company is currently significantly dependent on this agreement with DeGiro.

Credit risk

Refers to the risk that the Company has an uncovered credit exposure with respect to outstanding receivables and cash and cash equivalents. This risk is not actively managed by the Company.

Impact and expected impact of credit risk

The maximum credit risk exposure per December 31, 2018 amounts to EUR 1,384,228 (2017: EUR 2,152,656). The Company has not suffered any losses in 2018 due to uncovered credit exposure. The likelihood that this risk will have a significant impact in the next financial year is deemed remote.

Market risk

Market risk arises mainly from uncertainty about future values of financial instruments influenced by other price, currency and interest rate movements. As a result of the Company’s investments in equity instruments in non-listed units in AIFs, the Company is exposed to price risk, as the net asset values of these AIFs fluctuate. This risk is not actively managed by the Company.

Impact and expected impact of market risk

The Company has not suffered any losses in 2018 due to market risk exposure. The likelihood that this risk will have a significant impact in the next financial year is deemed remote.

Regulatory environment

AIFMD license

The Alternative Investment Fund Managers Directive (AIFMD) took effect in 2013. The AIFMD imposes more detailed requirements on the management of investment funds. The Dutch legislator has translated these European rules into legislation in the Netherlands. The management requirements pertain to such matters as risk management, outsourcing and remuneration policy. In addition, investment funds must have a depositary that extensively monitors fund management execution. The new rules became effective on July 21, 2013. The Company has used the transitional year and has been in compliance with the new rules since July 22, 2014. The Company's licence has been automatically converted into the AIFM licence on July 22, 2014.

UCITS license

The Company obtained a license in 2014 from the AFM to manage undertakings for the collective investment in transferable securities (UCITS). The external audit of the UCITS fund performed by Mazars that took place in 2018 was unqualified.

Wft license

The AFM have licensed the Manager on 3 November 2006 on the grounds of article 2:67 Wft and on 17 June 2014 on grounds of article 2:69c. During 2017, the AFM has performed a regulatory audit at the Company. During this audit at the Company the AFM has focussed on the main topics governance, controlled and sound conduct of its business and asset segregation. At the end of November, the AFM shared the results of the audit with The Company. The Board committed to remediation of the identified violations and other findings. With the enhancement of the compliance department and focus on the monitoring of regulatory changes, the Company expects to be able to keep its organization and processes fully compliant with applicable laws and regulations. The Company assesses the potential impact of the compliance and regulatory risk for the year 2019 to be medium to high.

Management and Fund Governance

In control statement

Our description of operations meets the requirements of the Financial Supervision Act (Wet op het financieel toezicht) and the Decree on Conduct of Business Supervision of Financial Undertakings under the Wft-Bgfo/ Besluit gedragstoezicht financiële ondernemingen Wft – Bgfo) with the exception of the points described under paragraph "Impact and expected impact of compliance and regulatory risk" on page 6.

During the period under review, we assessed various aspects of the business operations. In the course of our work we did not find any indications that should lead us to conclude that the description of the structure of our operations as referred to in article 121 of the Bgfo does not meet the requirements set out in the Financial Supervision Act and related regulations. Based on this we confirm, in our capacity as manager of HiQ Invest Market Neutral Fund, FundShare Fundamental Value Fund, FundShare Umbrella Fund and FundShare UCITS Umbrella Fund, to have a description of the operations as referred to in article 121 of the Bgfo which meets the requirements laid down in that Decree.

Currently risks are managed and controlled in a robust manner. FundShare Fund Management is currently in the process of building a comprehensive Risk Control Framework in which to more efficiently manage its risks. This process will be completed in the course of 2019.

We have not become aware of any fact or other element that would lead us to believe that the operational structure was not carried out in an efficient way and in accordance with the description. We therefore state with a reasonable level of certainty that, that during the period under review, our operations have been carried out effectively and in accordance with the description.

Fund Governance

In 2010 the Company, as investment fund manager, implemented the Fund Governance Principles ("Code of Conduct"). This Code of Conduct is based on the formulated 'Principles of Fund Governance' by the Dutch Fund and Asset Management Association (DUFAS). The purpose of the Code of Conduct for fund managers is to guarantee control and integrity in their business operations and proper service as meant in the Wft.

In the Code of Conduct a distinction is made between 1) guidelines for the daily management tasks that give a further elaboration to the principle of preventing conflict of interest and acting in the interest of investors and

2) guidelines to guarantee compliance to the Code of Conduct within the organization of the fund manager. The Code of Conduct of DUFAS is designed in cooperation with the Ministry of Finance and the AFM. Through this Code of Conduct the Company provides interpretation to its governance policy. The full text of the Code of Conduct of the Company is published on the website: management.fundshare.nl

Outlook

Personnel

The team of traders and fund managers was decreased during the reporting period. At the end of 2018 we're working with a team of 10 people. Currently the team is smaller, due to the closure of the foreign branch offices as well as the end to the market making activities associated with the HiQ Market Neutral Fund. In August of 2018 the Directors resigned their positions and two new Directors we appointed. We believe that this base is stable for 2019 and intend on making 2 hires during the course of the year.

Investments and Financing

In addition, we're focussing on investments to further improve our Umbrella funds. The Company is completely financed with equity and it is expected to remain that way for the foreseeable future. The aforementioned investments will be financed by equity.

Inflow to investment funds

For 2019 we believe the revenues from the funds will be similar to those experienced in the second half of 2018. We also expect to be able to continue to lower costs though not as drastically as seen in the second half of 2018. With the addition of the Commercial Services Agreements signed with De Giro in December 2018 we expect to be moderately profitable through the course of 2019.

HiQ Invest Market Neutral Fund: This fund is in liquidation status and all assets within the fund have been paid out to participants in the course of 2018 and early 2019. The remaining claims have been transferred to the participants early in 2019 and we expect to deregister this fund shortly.

FundShare Cash Funds Fund: We expect that the net inflow for the Cash Funds will increase in line with the growth of DEGIRO's client base. During the course of 2018 we adjusted the fees for these funds to 9 basis points from 5. We expect to continue in 2019 at this fee level.

Other FundShare sub-funds: New regulatory rules are increasing the costs of compliance for managing regulated funds. In the course of 2019, we will revisit the pricing associated with this offering.

Fundamental Value Fund:

While the total return of the fund was negative, we had significant out-performance versus our benchmark and we have out-performed several of our peers with similar benchmarks. We intend to moderately invest in marketing this fund in 2019.

Based on the above, the management is confident about the near future. Finally, we express our appreciation for the efforts made by all the people who are involved in our activities.

Amsterdam, April 30, 2019

A.M. Rose Director	O. de Hek Director

Financial statements 2018

Balance sheet as of December 31, 2018

(Amounts in EUR, after appropriation of result)

Assets	Notes	31-12-2018		31-12-2017	
Fixed assets	**5**				
Tangible fixed assets					
Other operating fixed assets	5.1	203,266		259,114	
Financial fixed assets					
Participations in group companies		0		1	
			203,266		**259,115**
Current assets	**6**				
Receivables					
Trade debtors	6.1	115,003		63,439	
Group companies	6.2	931,179		1,320,063	
Other receivables	6.3	1,116		1,116	
Prepayments and accrued income	6.4	34,334		919,196	
			1,081,632		**2,303,814**
Securities	6.5		7,168		202,217
Cash and cash equivalents	6.6		302,596		111,279
Total Assets			**1,594,662**		**2,876,425**

Equity & Liabilities		31-12-2018		31-12-2017	
Shareholders' equity	**7**				
Share capital paid up and called up	7.2	18,000		18,000	
Share premium	7.3	2,422,983		2,422,983	
Other reserves	7.4	-1,453,300		-288,327	
			987,683		**2,152,656**
Provisions	**8**				
Taxation	8.1	0		1,583	
Provision for deferred remuneration	8.2	0		87,415	
			0		**88,998**
Short-term liabilities	**9**				
Trade creditors	9.1	252,680		130,473	
Amounts due to group companies	9.2	0		176,403	
Taxes and social security contributions	9.3	51,794		28,567	
Other liabilities	9.4	111,894		45,584	
Accrued liabilities and deferred income	9.5	190,611		253,744	
			606,979		**634,771**
Total Equity & Liabilities			**1,594,662**		**2,876,425**

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

Profit and loss account for the year ended December 31, 2018

Over the period January 1- December 31 (Amounts in EUR).

Profit and loss account	Notes	2018	2017
Gross profit	**11**	**1,018,053**	**3,750,370**
Employee expenses	12.1	1,453,040	1,610,686
Depreciation tangible fixed assets	12.2	28,275	39,305
Marketing expenses		700	0
General and administrative expenses	12.3	1,105,525	1,029,647
Total opereting expenses		**2,587,540**	**2,679,638**
Operating result		**-1,569,487**	**1,070,732**
Income from receivables included in fixed assets and from investments		0	2,258
Changes in value of receivables included in fixed assets and of investments	13.1	1,896	0
Interest expenses and similar charges	13.2	1,650	750
Result before taxation		**-1,573,033**	**1,072,240**
Corporate Income Tax gains (loss)	**14**	408,061	-301,694
Net result		**-1,164,972**	**770,546**

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

Notes to the 2018 financial statements

1 General

1.1 Activities

The Company, with its registered office in Amsterdam, The Netherlands is a wholly owned subsidiary of LPE Capital B.V. in Amsterdam. The Company is registered at the Chamber of Commerce and Industry in Amsterdam under number 34252934. The activities of the Company consist of the management of four investment funds (hereinafter: the “Funds”), namely:

* FundShare Fundamental Value Fund;
* HiQ Invest Market Neutral Fund (liquidated 11th March 2019);
* FundShare Umbrella Fund; and
* FundShare UCITS Umbrella Fund.

1.2 Financial supervision

The Company is regulated by and falls under the supervision of The Netherlands Authority for the Financial Markets (“AFM”) and De Nederlandsche Bank (“DNB”). The Company is a fund manager with a license to manage both UCITS- and AIF funds.

1.3 Group companies

In addition to the Company the following active entities are part of the Group:

- LPE Capital B.V. (parent company and head of the Group);
- DEGIRO B.V. (Investment firm) (100%);
  - Stichting DEGIRO (special purpose safekeeping entity founded and controlled by DEGIRO B.V.);
  - Stichting DEGIRO II (special purpose safekeeping entity founded and controlled by DEGIRO B.V.):
  - Stichting DEGIRO IIb (special purpose safekeeping entity founded and controlled by DEGIRO B.V.):
- LPE Software B.V. (formerly known as: HiQ Trading Software B.V.) (software- and ICT infrastructure development) (100%);
- ML Concepts B.V. (concept developer internet pages) (85%);
  - Codern Venture SRL (Software development) (60%);
  - ML Concepts Administration U.G. (100%);
- FundShare Administrator B.V. (fund administrator) (100%);
- Expat Pension Housing Beheer B.V. (100%);
- GMO Limited (a lead-generating company) (100%);
- DeGiro APAC Holding B.V. (a holding company).
- DEGIRO Hong Kong Limited (100%); and
- DEGIRO Hypotheken B.V. (100%).

1.4 Branch offices (foreign operations)

The Company has a branch in Sofia, Bulgaria (currently in liquidation).

1.5 Going concern

In order to mitigate the continuity risk for the foreseeable future The Company entered into a Commercial Services Agreement with DeGiro (see note 11.5). Based on this agreement the Company receives a service fee from DeGiro as compensation for maintaining its funds. This agreement can be terminated every quarter-end with a notice period of 3 months. It is management intention of DeGiro not to terminate this agreement during the coming year.

This ceteris paribus preserves the capital base of The Company and should allow to invest in growth and marketing during the course of 2019. The objective of the new growth initiatives in 2019 should lead to a less dependent solution for ongoing business continuity, as The Company is currently significantly dependent on this agreement with DeGiro. Based on above the financial statements are prepared on the basis that the Company will continue as a going concern.

1.6 Significant accounting estimates and judgements

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. Actual results may vary from these estimates. The estimates and the underlying assumptions are constantly assessed. If necessary, to provide the transparency required under article 362 paragraph 1 Book 2 of the Dutch Civil Code, the nature of these estimates and judgements, are disclosed in the notes to the relevant financial statement item. Revisions of estimates are recognized in the period in which the estimate is revised and in future periods for which the revision has consequences.

2 General accounting principles regarding the valuation of assets and liabilities

2.1 General

2.1.1 Basis of preparation

The financial statements have been prepared in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for annual reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The accounting policies applied are based on the historical cost convention, unless stated otherwise.

2.1.2 Financial reporting period

These financial statements have been prepared for the reporting period from January 1st till December 31st.

2.2 Foreign currencies

2.2.1 Functional currency

The amounts in the financial statements are stated in consideration of the currency in the economic environment in which the Company performs its business activities (the functional currency). The annual financial statements are presented in euro (EUR). This is both the Company's functional and presentation currency.

2.2.2 Transactions in foreign currencies

Transactions denominated in foreign currency are translated to EUR at the exchange rate applicable on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate applicable on the balance sheet date. Non-monetary assets and liabilities in foreign currencies that are stated at historical cost are translated into EUR at the applicable exchange rates on the transaction date. Translation gains and losses on monetary assets and liabilities are taken to the profit and loss account.

2.2.3 Foreign operations

The assets and liabilities of foreign operations are translated to EUR at exchange rates applicable on the balance sheet date. Income and expenses of foreign operations are translated into EUR at the exchange rate applicable on the transaction date.

2.3 Recognition and derecognition of assets and liabilities

An asset is included in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits and or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet (derecognition). Assets and liabilities are not included in the balance sheet if economic benefits are not probable and/or cannot be measured with sufficient reliability.

2.4 Financial instruments

A financial instrument is a contract that simultaneously gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

In this connection, financial assets particularly comprise cash and cash equivalents, equity instruments held in other entities (e.g. investments in participating interests), trade accounts receivable, receivables from Group companies and investments securities.

Financial liabilities generally represent a contractual obligation to deliver cash or other financial assets. These include in particular, trade creditors, payables to Group companies and other liabilities.

Within the Company, purchases and sales of (derivative) financial instruments are generally recorded as of the trade date, i.e. the date that the Company commits to purchase or sell the financial instrument. Financial assets and financial liabilities are generally reported separately (i.e. without being netted).

2.4.1 Financial instrument risk management

As the Company qualifies as a small-sized company, the Company has no obligation to disclose are included in the directors' report.

2.4.2 Measurement of fair value

Fair value (market value) is the amount for which an asset can be exchanged or a liability can be settled between knowledgeable willing parties in an arm's length transaction.

2.4.3 Initial recognition and subsequent measurement

Financial instruments are initially stated at fair value (i.e. the transaction price), including discount or premium and directly attributable transaction costs. However, if financial instruments are subsequently measured at fair value through profit and loss, then directly attributable transaction costs are separately recognized in the profit and loss account.

2.4.4 Investments in securities

Securities consist of short-term positions (available for sale) in unlisted securities. Investments in unlisted equity securities are stated at fair value. The fair value of unlisted units in investment funds is determined by reference to the underlying net asset value (NAV) of each of the individual funds.

Changes in the market values of securities are reported in the profit and loss account under "Changes in value of financial fixed assets and securities".

2.5 Tangible fixed assets

Tangible fixed assets are valued at the purchase price less straight-line depreciation based on the expected economic (useful) life, or at the lower realisable value.

The expected useful life is:

Tangible asset category	Depreciation term
Leasehold improvement	5 years
Furniture	5 years
Computers and software	5 years

A tangible fixed asset is derecognised in the event of disposal or if no future economic benefits are expected from its disposal or use. Any gains or losses arising from its balance sheet derecognition (calculated as the difference between the net proceeds on disposal and the book value of the asset) are taken through profit or loss for the year in which the asset is derecognised.

The residual value of the asset, its economic life and valuation principles are reviewed and, if necessary, adapted at the end of the financial year.

2.6 Financial fixed assets

2.6.1 Participating interests

Participating interests, over which significant influence can be exercised, are valued using the net asset value method based on the Company's accounting policies. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

Participating interests with a negative net asset value are valued at EUR 1. If the company fully or partly guarantees the liabilities of these participating interests a provision is set up, primarily comprising the receivables from this investment.

A provision is created for the remainder, either being the share in the losses incurred by the investment, or the amount of payments the company is obliged to make on behalf of these investments.

Newly acquired associates are initially recognized on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

For financial fixed assets, an assessment is made as of each balance sheet date as to whether there are indications that these assets are subject to impairment. If there are such indications, the recoverable value of the asset is estimated. The recoverable value is the higher of the value in use and the net realisable value. If the carrying value of an asset is higher than the recoverable value, an impairment loss is recorded for the difference between the carrying value and the recoverable value.

2.7 Current assets

2.7.1 Receivables

2.7.1.1 Receivables from group companies

The intra group balances outstanding are recorded at their nominal value (and if applicable) less a provision for doubtful items at year-end.

2.7.1.2 Trade and other receivables

At initial recognition trade and other receivables are measured at fair value. After initial recognition receivables are valued at amortized cost less impairment losses. The amortized cost value equals the nominal value, if no directly attributable transaction costs or premium/discounts are applicable.

2.7.1.3 Deferred tax assets

Deferred tax assets are determined using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses and credits carried forward. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The calculation of the deferred tax asset is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law. Deferred tax assets are stated at nominal value.

2.7.2 Cash and cash equivalents

Cash and cash equivalents comprise cash in bank accounts with a maturity of less than twelve months. Cash and cash equivalents are measured at nominal value.

2.8 Provisions

2.8.1 General

Provisions are made for legal or constructive obligations that exist at the balance sheet date, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be estimated reliably. Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. The provisions are carried at the nominal value of the expenditure that is expected to be required to settle the obligation. When an affiliated company reimburses the obligations, this amount is settled in the current account between both Group companies

2.8.2 Provision for deferred tax liabilities

Provisions for deferred tax liabilities are determined using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The calculation of the deferred tax liability is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law. The deferred tax liabilities are measured at nominal value.

2.8.3 Provision for deferred remuneration

The provision for deferred remuneration refers to conditional performance-based remuneration awards where the actual payment is deferred for a period of, in principle, three years and depends on the performance (net asset value) of two specific investment funds managed by a related party to the Company. The change in value of the remuneration awards directly related to the performance of the investment funds is expressed in the calculation of the provision.

2.9 Current liabilities

Payables are classified as current liabilities if payment is due within one year, if not, they are presented as non-current liabilities. Payables are initially recognized at fair value and subsequently measured at amortized cost. The amortized cost value equals the nominal value, if there are no directly attributable transaction costs or premium/discounts applicable.

3 General accounting principles for determination of the result

Income and expense items are recognised in the period to which they relate, having due regard to the above accounting principles. Revenues are recognised if it is probable that their economic benefits will flow to the Company and the revenues can be reliably measured.

3.1 Revenues

3.1.1 Management and other fees

Management and other fees represent management fees, operating fees, performance fees and entry and exit fees.

3.2 Employee expenses

Salaries and wages, social security charges and other salary related expenses are recognized over the period in which the employees provide their services to the group.

3.2.1 Share-based payments

The Group operates an equity-settled, share based payment plan, under which the Company receive services from eligible employees as consideration for conditionally awarded depositary receipts connected to equity instruments of LPE Capital B.V. The fair value of the depositary receipts, at the grant date, is recognized as an employee expense with a corresponding increase in equity (equity-settled) over the period that the employees become unconditionally entitled to the depositary receipts (vesting period). The wage tax charges related to the conditionally awarded depositary receipts will be paid by the Company. This will be categorized as a cash settled share-based payment.

The depositary receipts have been granted to employees of group entities as part of the remuneration policy. The related shares of the Company are held by an administration foundation, Stichting Participatie LPE Groep (stichting administratiekantoor) which has issued the depositary receipts to the employees.

3.3 Financial income and expenses

Financial income and expenses comprise interest income and expenses on cash and cash equivalents and changes in value of securities.

3.4 Taxes

3.4.1 Corporate income tax (CIT)

Corporate income tax is calculated on the basis of the standard tax rates in the countries where the results were achieved, taking into account applicable tax facilities in these countries. Corporate income tax comprises the current and deferred income tax relating to the reporting period. Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years. If the carrying values of assets and liabilities for financial reporting purposes differ from their values for tax purposes (tax base), this results in temporary differences. A provision for deferred tax liabilities is recognized for taxable temporary differences.

3.4.2 Value added tax (VAT)

The Company is exempted from VAT with respect to revenues generated from the management of investment funds and the execution of investment transactions and the granting of loans. Due to this exemption a significant portion of invoiced VAT is not recoverable. Expenses therefore include non-recoverable VAT.

3.4.3 Fiscal unity

Under the Dutch corporate income tax act, Dutch companies (and Dutch permanent establishments of foreign subsidiaries) can form a consolidated group for tax purposes, a so-called ‘fiscal unity’. The Company is part of a fiscal unity for corporate income tax (CIT) and value added tax (VAT) purposes together with its parent company, LPE Capital and other fiscal unity members within the Group. Each of the companies within the fiscal unity recognizes the pro rata portion of corporate income tax that the relevant company would owe as an independent taxpayer, taking into account the applicable tax facilities. All companies in this fiscal unity are jointly and severally liable for the tax obligations of the fiscal unity.

3.5 Result from participations

The result is the amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the earnings achieved by the participation to the extent that this can be attributed to the Company.

4 Cash flow statement

Based on the fact that capital, directly or indirectly, is fully provided by a legal entity that prepares a comparable cash flow statement (RJ 360 104), the Company itself does not prepare a cash flow statement. These figures are included in the consolidated cash flow statement of LPE Capital B.V. The consolidated financial statements of LPE Capital B.V. are filed with the Trade Register of The Netherlands.

Notes to the balance sheet

Fixed assets

5 Fixed assets

5.1 Tangible fixed assets

Movement schedule tangible fixed assets	2018	2017
Opening balance 1 January	**259,114**	**215,126**
Investments	39,026	129,966
Depreciation	-94,874	-85,978
Closing balance 31 December	**203,266**	**259,114**

5.1.1 Breakdown per category

Category	Purchase value	Depreciation till 2017	Depreciation 2018	Book value
Leasehold improvements	58,954	-4,609	-11,791	42,554
Furniture	169,703	-86,811	-19,810	63,082
Computers & software	502,177	-341,274	-63,273	97,630
Total	**730,834**	**-432,694**	**-94,874**	**203,266**

6 Current assets

6.1 Trade debtors

Trade debtors	2018	2017
Trade debtors	115,003	63,439
Total	**115,003**	**63,439**

6.2 Receivables from group companies

Receivables from group companies	2018	2017
LPE Capital B.V.	792,349	1,294,163
DeGiro B.V.	96,299	0
LPE Software B.V.	36,820	0
FundShare Administrator B.V.	3,492	0
GMO Limited	0	25,900
DeGiro Hypotheken B.V.	2,219	0
Total	**931,179**	**1,320,063**

The loan receivables in current account from Group companies are non-interest bearing. There are no arrangements in place regarding timing and magnitude of repayments or with respect to the security of these payments.

6.3 Other receivables

The other receivables are specified as follows:

Other receivables	2018	2017
Deferred tax assets	1,116	1,116
Total	**1,116**	**1,116**

6.4 Prepayments and accrued income

Prepayments and accrued income	2018	2017
Prepayments	34,334	31,743
Amounts to be received	0	887,453
Total	**34,334**	**919,196**

The prepayments and accrued income amounts are due within one year.

6.5 Securities

Securities	2018	2017
Equity instruments	7,168	202,217
Total	**7,168**	**202,217**

The investments in unlisted equity instruments concerns investments in units of investments funds (AIF) managed by the Company. The units are priced at the validated net asset values at the balance sheet date.

6.5.1 Breakdown per category

Category breakdown	2018	2017
At free disposal	7,168	58,230
Linked to provision for deferred remuneration	0	143,987
Total	**7,168**	**202,217**

The securities linked to the provision for deferred remuneration are not at free disposal of the Company (refer to note 8.2).

6.6 Cash and cash equivalents

The cash and cash equivalents are specified as follows:

Cash and cash equivalents	2018	2017
Current accounts	302,596	111,279
Total	**302,596**	**111,279**

Cash and cash equivalents are available for the Company's immediate use in day-to-day operations, besides the restrictions as reflected below.

6.6.1 Restrictions

Restricted cash entails cash held in a specific designated bank account which is earmarked for a specific purpose or on a contractual basis or at management's discretion and therefore not available for immediate and/or general use by the Company.

An amount of EUR 42,972 (2017: EUR 42,972) in current accounts is held in a designated bank account, in connection with a bank guarantee to secure the Company's office lease obligations (refer to note 10.1).

7 Shareholder's equity

The shareholder's equity is specified as follows:

Shareholders' equity	2018	2017
Share capital	18,000	18,000
Share premium reserve	2,422,983	2,422,983
Other reserves	-1,453,299	-288,327
Total	**987,684**	**2,152,656**

7.1 Initial capital requirement and fixed overhead requirement

The Company as both a UCITS and AIF manager has to comply with an initial capital requirement of EUR 125,000 with a premium of 0.02% of the excess of AUM over EUR 250 million and a fixed overhead requirement. The minimum required regulatory capital is equal to the higher of the initial capital of EUR 125,000 plus the aforementioned premium and the fixed overhead requirement (FOR).

The minimum required regulatory capital of the Company amounts to EUR 619,000.

7.2 Share capital

The authorised share capital amounts to EUR 90,000, divided in 900 ordinary shares, with a nominal value of EUR 100 each. 180 shares are issued and paid-up. The shares are wholly owned (100%) by the parent company LPE Capital B.V.

7.3 Share premium

During 2018 there are no mutations in the share premium reserve.

7.4 Other reserves

The movement in the other reserves is specified as follows:

Movement schedule other reserves	2018	2017
Opening balance 1 January	**-288,327**	**-1,222,677**
Result current year	-1,164,972	770,546
Share-based payments	0	163,804
Closing balance 31 December	**-1,453,299**	**-288,327**

8 Provisions

8.1 Provision for deferred tax liability

The provision for deferred tax liabilities comprises the tax effect of the temporary differences - with regards to valuation of securities - between the profit determination for financial reporting purposes and for tax purposes.

8.2 Provision for deferred remuneration

Provision for deferred remuneration	2018	2017
Opening balance 1 January	**87,415**	**88,217**
Release/payment	0	-13,367
Changes in value	-87,415	12,565
Closing balance 31 December	**0**	**87,415**

This provision entails conditional bonus awards which are subsequently linked to the changes in value of units in two investment funds managed by the Company.

A deferral period of three years minimum is applicable. After this period the conditional bonus is paid out if the conditions are fulfilled. The provision has a residual term of less than one year.

The deferred and conditional bonus awards are fully funded through earmarked investments in units of two funds, managed by the Company, invested just after at the granting date. Income tax payments on the deferred bonus amounts are due when the net deferred bonus amounts are actually paid to employees.

9 Current liabilities

9.1 Trade creditors

Trade creditors	2018	2017
Trade creditors	252,680	130,473
Total	**252,680**	**130,473**

9.2 Amounts due to group companies

Amounts due to group companies	2018	2017
LPE Capital B.V.	0	0
HiQ Trading Software B.V.	0	3,999
DAF Depositary B.V.	0	9,981
FundShare Administrator B.V.	0	42,814
DEGIRO B.V.	0	119,609
Total	**0**	**176,403**

The loan amounts payables in current account to group companies are non-interest bearing. There are no arrangements in place regarding timing and magnitude of repayments or with respect to the security of these payments.

9.3 Taxes and social security premiums

The taxes and social security premiums are specified as follows:

Taxes and social security contributions	2018	2017
Payroll taxes and social security premiums	42,809	14,548
Value added tax	4,559	0
Corporate income tax	4,426	14,019
Total	**51,794**	**28,567**

9.4 Other liabilities

Other liabilities	2018	2017
Other liabilities	111,834	45,584
Total	**111,834**	**45,584**

9.5 Accrued expenses and deferred income

Accrued liabilities and deferred income	2018	2017
Accruals and other payables	190,611	253,744
Total	**190,611**	**253,744**

The accrued expenses and deferred income will be paid within one year.

10 Off balance sheet assets and liabilities

The off balance sheet assets and liabilities are valued at nominal value, if applicable unless stated otherwise.

10.1 Office lease obligations

The Company has the following office lease obligations:

Office lease obligation	Total duration	Yearly obligation
Sofia (Bulgaria)	5 years	180,585

The office lease obligations are secured by a bank guarantee, please refer to note 6.7.1.

This obligation is in the process of being transferred to DeGiro Sofia Branch.

10.2 Contingent liability in a fiscal unity

The Company is part of a fiscal unity for corporate income tax and value added tax purposes with her parent company LPE Capital B.V. All group companies within this fiscal unity are jointly and severally liable for the tax obligations of the fiscal unity as a whole.

10.3 Other off balance sheet items

The Company, as manager of HiQ Invest Market Neutral Fund, aims to return a minimum yield of 4% per 12 months. In September 2018 The Company announced its intention to cease the active management of the HiQ Invest Market Neutral Fund and subsequently announced that the fund was put into liquidation. At this point of time The Company no longer had the before mentioned aim. Up and until September 2018 this had been achieved. Based upon management's best estimate as per 31 December 2018, management assumes that the performance fees earned per this date will not affected in any future repayment.

Notes to the profit and loss account

11 Gross profit

11.1 Management fees

The Company has entered into separate agreements per Fund together with the depositary. The Funds offer investors the opportunity to participate. Under these agreements, the Company for portfolio and risk management services, is entitled to receive management fees on an annual basis calculated on a monthly basis over the net asset value of these Funds. The Company realised a management fee of EUR 618,677 (2017: EUR 335,090)

11.2 Performance fees

The company realised in 2018 a performance fee of EUR 373,450 (2017: EUR 3,383,381).

11.3 Entry and exit fees

The Company as manager of AIF and UCITS funds, for some funds charges entry and exit fees as a percentage of the subscription and/or redemption amount.

11.4 Operating fees

Operating fees (e.g. Bloomberg terminals, trading systems etc.) arising directly from the operation of the HiQ Invest Market Neutral Fund are separately charged to this fund.

11.5 Commercial service fee

The Company entered on 1st of December 2018 into a commercial service agreement with DeGiro B.V. in which has been agreed that FFM will continue to provide the following services:

- Setting up and maintaining Qualified Money Market Funds at the request of DeGiro;
- Delegating asset management activities to operating companies for sub funds of the FundShare Ucits Umbrella Fund and FundShare Umbrella Fund.

The Company recognized a commercial service fee of EUR 150,000 in 2018 (2017: EUR 0)

11.6 Administrating and depositary fees

The administrating and depositary fees are charged by suppliers in connection with the funds managed by the Company.

12 Operating expenses

12.1 Employee expenses

Employee expenses	2018	2017
Salaries	1,019,675	785,373
Social security contributions	105,997	103,502
Other employee expenses	118,904	184,045
Share-based payments	0	288,719
Wage tax reduction*	-22,246	-49,869
(Re)charged employee expenses by group companies	230,711	298,916
Total	**1,453,040**	**1,610,686**

*This reduction in the wage tax paid refers to a facility provided by the Research and Development Promotion Act (WBSO).

12.1.1 Remuneration

For the performance period 2018 the Company has awarded performance related bonuses. The total fixed and variable remuneration for the directors and other employees (identified staff) is shown in the table below:

Details remuneration	2018	2017
Fixed remuneration	1,011,889	1,063,548
Variable remuneration	97,100	236,347
Which is paid in cash for an amount of	*97,100*	*101,488*
Which is deferred for an amount of	*0*	*134,859*
Total	**1,108,989**	**1,299,895**

*The fixed and variable remuneration are including the (re)charged employee expenses by/to other Group companies.

Allocation remuneration	2018	2017
Directors	283,555	32,642
Other employees	825,434	1,267,253
Total	**1,108,989**	**1,299,895**

For further information on the remuneration policy please refer to reference 16 of the notes to the financial statements.

12.2 Depreciation tangible fixed assets

Depreciation expenses	2018	2017
Depreciation leasehold improvements	11,791	4,609
Depreciation furniture	19,810	11,901
Depreciation computers & software	63,273	69,468
(Re)charged depreciation expenses by group companies	-67,270	-46,673
Total	**27,604**	**39,305**

12.3 General and administrative expenses

General and administrative expenses	2018	2017
Rents and services	118,912	204,440
Market data and exchange connectivity fees	346,811	408,731
Communication and information	244,102	50,641
Financial supervision	77,868	62,929
Audit and consultancy fees	283,922	256,264
Office expenses and insurance	38,311	29,144
Payment services	6,716	8,188
Exchange rate differences (profit)	6,743	-1,563
Other expenses	-17,859	10,873
Total	**1,105,525**	**1,029,646**

* The Company has appointed Mazars Accountants N.V. as its Independent Auditor. The Independent Auditor's remuneration accounted for in 2018 amounted to EUR 42,350 (including VAT) with respect to audit fees (2017: EUR 54,700). The Independent Auditor has been engaged to perform the audit of these annual accounts of the Company (EUR 12,100 including VAT) and the investment funds (AIF and UCITS) under its management. The Auditor's remuneration for the Funds HiQ Invest Market Neutral Fund and Fundamental Value Fund are charged to the Company (EUR 30,250 including VAT). The Independent Auditor did not provide any non-audit services to the Company.

13 Financial income and expenses

13.1 Income from receivables included in fixed assets and from investments

Income from receivables included in fixed assets and from investments	2018	2017
Income from receivables included in fixed assets and from investments	0	2,258
Total	**0**	**2,258**

Changes in value of receivables included in fixed assets and of investments	2018	2017
Changes in value of receivables included in fixed assets and of investments	1,896	0
Total	**1,896**	**0**

13.2 Interest expenses and similar charges

Interest expenses and similar charges	2018	2017
Interest expenses and similar charges	1,650	750
Total	**1,650**	**750**

14 Corporate Income Tax

The components of the Corporate Income Tax gains (expenses) are as follows:

Corporate income tax gain or expenses	2018	2017
Result before taxes	**-1,573,033**	**1,072,240**
Permanent differences	4,452	166,249
Temporay differences	6,331	-97,766
Taxable profit (loss)	**-1,562,250**	**1,140,723**
Carry forward tax losses	0	-1,063,201
Carry back	0	0
Taxable amount	**-1,562,250**	**77,522**
Current income tax gains (charge)	-5,126	0
The components of income tax gains are as follows:		
Current income tax gain (charge)	-5,126	-10,632
Horizontal compensation tax losses fiscal union	402,523	-289,480
Deferred tax liability due to temporary differences	1,583	-1,583
Corporate income tax prior year	9,082	0
Total	**408,061**	**-301,694**

The applicable statutory nominal corporate income tax rates in The Netherlands are 25% (2017: 25%) for profits above the amount of EUR 200,000 and 20% for profits below the amount of EUR 200,000 (2017: 20%).The statutory tax rates applicable in Bulgaria and Hong Kong are 10% and 16.5%.

14.1 Average number of employees

During 2018 an average number of 12.26 employees (including directors) were employed based on a full time employment (2017: 23.99). The breakdown of the average employees is as follows:

FTE overview	2018	2017
Working in The Netherlands	9.50	8.13
Working outside The Netherlands	2.76	15.86
Total	**12.26**	**23.99**

14.2 Remuneration of directors

The remuneration of the active and retired directors of the Company (fixed and variable) amounted to EUR 283,555 in 2018 (2017: EUR 32,642).

15 Transactions with related parties

During the year there were no transactions (other than intra-group) with related parties that were not at arm's length and which should be disclosed in the financial statements.

16 Proposal for result appropriation 2018

The General Meeting will be asked to approve the following appropriation of the 2018 result after taxation (net result):

The negative net result of EUR 1,164,972 will be subtracted from the other reserves. In anticipation of the General Meeting, the appropriation of the result has been included in the financial statements.

17 Subsequent events

HiQ Invest Market Neutral Fund has been liquidated on 11th March 2019.

Within FundShare UCITS Umbrella Fund, new funds have been included in the prospectus and they will become active in 2019. There have been no events after the end of the financial year that give further information about the actual situation at the balance sheet date or raise doubt regarding the assumption of continuity of the Company.

Amsterdam, April 30, 2019

A.M. Rose Director	O. de Hek Director

Other information

Statutory arrangement regarding the allocation of the result

Article 14 of the Articles of Association includes the following regarding the appropriation of the result: The corporate profit shown in the financial statements approved by the General Meeting of Shareholders – to the extent that the profit is not to be used for the creation or maintenance of reserves prescribed by law – is at the disposal of the General Meeting of Shareholders, that decides regarding reservation or distribution of profits. The distribution of profits may only be made to a maximum amount that exceeds the portion of equity that is issued and called plus the legally held reserves.

Branch office

The Company has a branch in Sofia, Bulgaria (currently in liquidation).

Auditor's report of the independent accountant

The auditor's report is included on the next pages of this annual report.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
FundShare Fund Management B.V.

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

Our opinion

We have audited the financial statements 2018 of FundShare Fund Management B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of FundShare Fund Management B.V. as at 31 December 2018, and of its result for 2018 in accordance Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:
1. the balance sheet as at 31 December 2018;
2. the profit and loss account for 2018; and
3. the notes comprising a summary of the significant 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 FundShare Fund Management B.V. 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:
- profile and key figures;
- the Directors' 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.

Management is responsible for the preparation of the Directors' 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 management for the financial statements

Management 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, management is responsible for such internal control as management 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, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements 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.

Management 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 skepticism 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 management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 management 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, 30 April 2019

MAZARS ACCOUNTANTS N.V.

Was signed: C.A. Harteveld RA