FundShare Fund Management B.V.

Half-year report June 30, 2019

(unaudited)

Index to the half-year 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);
- 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: www.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 semi-annual financial statements paragraph 1.3.

Overview of Key figures

Key figures	30-06-19	30-06-18	30-06-17	30-06-16	30-06-15
Gross profit	**1,033,798**	**661,133**	**2,466,670**	**177,900**	**686,260**
Operating expenses	**770,020**	**1,343,274**	**1,132,825**	**882,103**	**1,150,194**
Operating result	**263,778**	**-682,141**	**1,333,845**	**-704,203**	**-463,934**
Net result	**209,348**	**-502,152**	**1,006,389**	**-537,999**	**-351,488**
Number of employees	8	12	24	17	11

Semi-annual financial statements

Balance sheet as of June 30, 2019

(Amounts in EUR, after appropriation of result)

Assets	30-06-19		31-12-18	
Fixed assets				
Tangible fixed assets				
Other operating fixed assets	161,390		203,266	
		161,390		**203,266**
Current assets				
Receivables				
Trade debtors	457,184		115,003	
Group companies	754,181		931,179	
Other receivables	3,764		1,116	
Prepayments and accrued income	49,846		34,334	
		1,264,975		**1,081,632**
Securities		40,740		7,168
Cash and cash equivalents		219,050		302,596
Total Assets		**1,686,155**		**1,594,662**

Equity & Liabilities	30-06-19		31-12-18	
Shareholders' equity				
Share capital paid up and called up	18,000		18,000	
Share premium	2,422,983		2,422,983	
Other reserves	-1,243,952		-1,453,300	
		1,197,031		**987,683**
Short-term liabilities				
Trade creditors	240,780		252,680	
Taxes and social security contributions	43,630		51,794	
Other liabilities	90,529		111,894	
Accrued liabilities and deferred income	114,185		190,611	
		489,124		**606,979**
Total Equity & Liabilities		**1,686,155**		**1,594,662**

Profit and loss account over the period January 1, 2019 – June 30, 2019

Over the period January 1- June 30 (Amounts in EUR).

Profit and loss account	30-06-19	30-06-18
Gross profit	**1,033,798**	**661,133**
Employee expenses	557,415	731,300
Depreciation tangible fixed assets	8,554	16,259
Marketing expenses	0	0
General and administrative expenses	204,051	595,715
Total opereting expenses	**770,020**	**1,343,274**
Operating result	**263,778**	**-682,141**
Other interest income and similar income	146	0
Changes in value of receivables included in fixed assets and of invest	32	1,081
Interest expenses and similar charges	322	1,040
Result before taxation	**263,570**	**-684,262**
Corporate Income Tax gains (loss)	-54,222	182,110
Net result	**209,348**	**-502,152**

Mutation overview shareholder’s equity over the period January 1, 2019 – June 30, 2019

Over the period January 1- June 30 (Amounts in EUR).

Shareholders' equity	30-06-19	30-06-18
Share capital paid up and called up	**18,000**	**18,000**
Share premium reserve	**2,422,983**	**2,422,983**
Other reserves		
Openings balance per 1 January	**-1,453,300**	**-288,327**
Result current year	209,348	-502,152
Share-based payments	0	0
Closing balance 30 June	**-1,243,952**	**-790,479**
Total shareholders' equity	**1,197,031**	**1,650,504**

Notes to the semi-annual 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 three investment funds (hereinafter: the "Funds"), namely:

* FundShare Fundamental Value Fund;
* FundShare Umbrella Fund; and
* FundShare UCITS Umbrella Fund.

1.2 Financial supervision

The Company is regulated by 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.
- 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 Australia pty Limited (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 branches in Sofia, Bulgaria and Hong Kong.

1.5 Significant accounting estimates and judgements

The preparation of the semi-annual 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 semi-annual financial statements have been prepared on a going concern basis and in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for 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.

2.1.1.1 Going concern basis of accounting

Agreement with DeGiro
During the financial reporting period ended on June, 30 2019, the Company had a net profit of EUR 209,348 and a positive shareholder's equity of EUR 1,197,031. This net profit was mainly driven by a commercial service fee agreement between the Company and DeGiro. During the reporting period the Company recorded revenues amounting to EUR 900,000 from DeGiro. The agreement can be terminated every quarter-end with a notice period of 3 months.

Based on management's view with respect to expected revenues from new initiatives and given current capital levels, the Company will be able to cover any contingent events, adverse or otherwise, for the foreseeable future.

2.1.2 Financial reporting period

These semi-annual financial statements have been prepared for the reporting period starting from January 1 till June 30, besides the comparative figures in the balance sheet. The comparative figures in the balance sheet are at the end of the last financial year.

2.2 Foreign currencies

2.2.1 Functional currency

The amounts in the semi-annual 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 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 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 knowledgable willing parties in an arm's length transaction.

2.4.2 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.

2.4.3 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 balance sheet date.

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 period 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.

2.9 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 Cost of sales

This relates to depositary and administration fees charged by suppliers in connection with the funds managed by the Company.

3.3 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.

3.3.1 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.

3.4 Financial income and expenses

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

3.5 Taxes

3.5.1 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 period, 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.

3.5.2 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.

3.5.3 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.

3.6 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.

5 Off balance sheet assets and liabilities

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

5.1 Office lease obligations

The Company has the following office lease obligations:

Office lease obligation	Total duration	Yearly obligation
Sofia (Bulgaria)	5 years	214,859

The office lease obligations are secured by a bank guarantee.

5.2 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.

6 Remuneration policies and practices

6.1 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.

6.2 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. As a result of the annual reviews, the remuneration policy is assessed to be in line with current applicable laws and regulations and its implementation is deemed to be in compliance with the policy itself.

7 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.

8 General

These financial statements have not been audited or a limited review has been performed.

Amsterdam, August 30, 2019

A.M. Rose
Director

Other information

General

These half year financial statements have not been audited or a limited review has been performed.

Branch offices

The Company has a branch office in Sofia, Bulgaria.