CESKY FOND SICAV p.l.c.

Annual Report

For the Year Ended

30 April 2019

Company Registration Number: SV 310

Contents

Cesky Fond SICAV p.l.c.

Directors, officers and other information
For the Year Ended 30 April 2019

Directors	Mr Marek Smykal Mr Mark Guillaumier Mr Petr Hanak
Registered office	TG Complex Suite 2, Level 3 Brewery Street Mriehel BKR3000 Malta
Investment committee	Mr Petr Hanak Mr Marek Smykal Mr Martin Burda Mr Ian Zammit
Administrator and Company Secretary	BOV Fund Services Limited 58, Zachary Street, Valletta, VLT 1130, Malta
Prime Brokers	UniCredit Bank Czech Republic and Slovakia, a.s. Želetavská 1525/1 140 92 Praha 4 Czech Republic
Independent Auditors	KPMG 92, Marina Street, Pieta, PTA 9044, Malta
Legal Advisors	David Griscti & Associates 168, St.Christopher Street, Valletta, VLT 1467, Malta

The Directors present their report for Cesky Fond SICAV p.l.c. (the "Company") for the year ended 30 April 2019.

Principal activities

The Company, whose registered office is located at TG Complex, Suite 2, Level 3, Brewery Street, Mriehel BKR 3000, Malta, was registered in Malta on 2 May 2014 as a Professional Investor Fund licensed by the Malta Financial Services Authority ("MFSA") in terms of the Investment Services Act, 1994 (Chapter 370, Laws of Malta).

The Company targets qualifying investors and is constituted as a Public Limited Company under the Companies Act, 1995 (Chapter 386, Laws of Malta). The Company is a collective investment scheme established as a multi-fund investment company with variable share capital.

Cesky Fond SICAV p.l.c. has constituted one Sub-Fund, Cesky Fond Pudy. The assets and liabilities of the Sub-Funds are treated under Maltese legislation as separate from the assets and liabilities of any other Sub-Funds which could be set up under the Company structure in the future.

Results for the year, business developments and financial position

Cesky Fond SICAV p.l.c. has successfully closed its fifth year of operations. The Company has grown its first Sub-Fund, Cesky Fond Pudy, to Net Asset Value ("NAV") of CZK 1,604 million as at 30 April 2019.

Cesky Fond Pudy, the first Sub-Fund, pursues a simple primary strategy: ownership of farmland as a productive asset. The Sub-Fund has not employed any leverage and has maintained a simple investment structure throughout the year under review.

The performance of Cesky Fond Pudy was good and we are pleased to report a return for Class B shares of 61% since the inception of the fund in 2014. During the period under review, Cesky Fond Pudy has acquired additional 400 hectares of land through FP majetková a.s. and divested 97 hectares of land from its non-core subportfolio. The divestments were realized at favorable prices. In 2018, FP majetková merged with Agro Hlucinska s.r.o., which was an SPV holding 93 hectares of farmland real estate in the Czech Republic. FP majetková a.s. maintained its 66% shareholding in Zemědělská společnost Písková Lhota a.s., a corporate farm that cultivates 1,400 hectares of rented farmland in the center of the Elbe valley in the Czech Republic. The farm was badly affected by draughts of 2018 and reported a loss of CZK 6 million for period ended 31 December 2018.

Today, the underlying farmland investment consists of more than 15,000 landplots spread over an area more than 100 km wide. This diversification reduces the concentration risk on a particular land plot. Cesky Fond Pudy has a well invested portfolio and an adequate liquidity position allowing the subfund to redeem investor shares and bid for medium size transactions.

Detailed results for the year are shown in the statement of comprehensive income on page 11.

Principal risks and uncertainties

Investment risks are managed by the Investment Committee. The ultimate responsibility for risk management rests with the directors.

Cesky Fond Pudy seeks to achieve return by exposing the fund on purpose to the following risks:

- Exposure to European farmland prices: 90% of the NAV of the fund is currently directly exposed to Czech farmland prices.
- Exposure to European farmland rent rates: The fund is currently directly exposed namely to Czech farmland rent rates.
- Indirect exposure to prices of agricultural commodities: The fund is indirectly exposed to prices of agricultural commodities through rents, farmland prices, financing of farming and investments in farming activities.
- Indirect exposure to European agricultural subsidy policy and European agricultural policy in general.
- Foreign currency risk: The underlying investments are currently primarily exposed to the CZK.

The investment strategy of Cesky Fond Pudy also entails the below risks:

- Liquidity risk – over 80% of the NAV of the fund is exposed to the liquidity of the agricultural real estate market. This risk is mitigated by diversification of the real estate portfolio and management of readily available short term investments.
- Credit risk – The Company and the subfund are directly exposed to the creditworthiness of financial institutions with respect to the bank balances and short term investments. Rental income of Cesky Fond Pudy is exposed to the creditworthiness of the tenants. The risk is mitigated by diversification of the counterparties.
- Legislative risks - the Company is subject to numerous laws and regulations covering a wide range of matters including tax affairs. The Company is exposed to EU legislation, the current portfolio being exposed namely to Maltese and Czech legislation. Failure to comply could have financial or reputational implications and could materially affect the Company's ability to operate. The Company has embedded operating policies and procedures to ensure compliance with existing legislation.
- Technology and business interruption - the Company relies on information technology in the management of its business. A failure in the operation of the key systems or infrastructure could cause a failure of service to its customers and increase operating costs. The Company reduces the risk by outsourcing services to reliable third-party providers.
- Significant judgements and estimates - note 4.5 to the financial statements provides details in connection with the inherent uncertainties that surround the preparation of the financial statements and which require significant estimates and judgements.
- Settlement risk – the subfund investments are made in unregulated markets. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed. The Company actively manages its settlement risk.
- Operating risks – investments of the subfund are exposed to the common risks of farmland cultivation and farming risks including weather and climate change risks.
- Talent and skills - failure to engage and develop the Company employees or employees of the Company's principal investments or to attract and retain key employees could hamper the Company's ability to deliver in the future.

More detail on the business risks involved is available under Note 4 to the financial statements, in the Offering Memorandum and the fund particular supplement.

Distributions

During the year under review, the directors declared an interim dividend of CZK 22 per share to the holders of Class A redeemable shares in Cesky Fond Pudy and a dividend of CZK 7.88 per share to the Founder Shareholders existing as at 30 April 2018. After the year end, the directors declared a dividend of CZK 34 per share to the holders of Class A redeemable shares in Cesky Fond Pudy and an interim dividend of CZK 10.71 per share to Founder Shareholders existing as at 30 April 2019.

Directors and Directors' Interests

Directors who held the office during the financial year are listed in the page 3. Two of the current directors hold investor shares in the Sub-Fund, Cesky Fond Pudy.

Subsequent Events

After the end of the reporting period, Cesky Fond Pudy has acquired Chlumecka s.r.o., a special purpose real estate vehicle holding 134 hectares of farmland and subsequently the directors decided to merge Chlumecka s.r.o. into FP majetková a.s., both entities being fully owned subsidiaries of Cesky Fond Pudy. The effective date of the merger was 1 May 2019.

Except for the declaration of dividends after year-end, there were no other material subsequent events which necessitated a revision of the amounts included in the financial statements or disclosures therein.

Future Developments

The investor interest in Cesky Fond Pudy remains good, and the directors expect that the Sub-Fund will continue to grow and invest in farmland at best achievable prices. The directors also expect that Cesky Fond Pudy will further develop its complementary investment strategy and further invest in farming activities.

Standard License Conditions

During the year under review, there were no breaches of standard license conditions and no breaches of regulatory requirements which were subject to an administrative penalty or regulatory sanction.

Approved by the Board of Directors on 31 October 2019 and signed on its behalf by:

Mr Marek Smykal
Director

Mr Petr Hanak
Director

Cesky Fond SICAV p.l.c.

ČESKÝ FOND PŮDY

Statement of Financial Position
As at 30 April 2019

		Attributable to founder shares		Attributable to unitholders of investor shares of Cesky Fond Pudy		The Company	
	Note	**2019**	2018	**2019**	2018	**2019**	2018
		CZK	CZK	**CZK**	CZK	**CZK**	CZK
ASSETS							
Investment in subsidiary at fair value through profit or loss	5	**-**	-	**746,845,000**	603,999,000	**746,845,000**	603,999,000
Loans to related parties at fair value through profit or loss	6	**-**	-	**815,600,000**	-	**815,600,000**	-
Loans receivable at amortised cost	6	**-**	-	**50,000,000**	759,000,000	**50,000,000**	759,000,000
Accrued income	7	**31,353,299**	21,680,384	**50,917**	496,028	**31,404,216**	22,176,412
Other debtors and prepayments		**-**	-	**-**	43,013	**-**	43,013
Bank balances	8	**10,331,257**	7,301,804	**24,564,512**	71,273,429	**34,895,769**	78,575,233
Total assets		**41,684,556**	28,982,188	**1,637,060,429**	1,434,811,470	**1,678,744,985**	1,463,793,658
Equity							
Share capital	12	**32,758**	32,758	**-**	-	**32,758**	32,758
Retained earnings		**39,362,564**	28,949,430	**-**	-	**39,362,564**	28,949,430
Total equity		**39,395,322**	28,982,188	**-**	-	**39,395,322**	28,982,188
LIABILITIES							
Accrued expenses and other creditors	9	**2,289,234**	-	**33,103,233**	23,084,407	**35,392,467**	23,084,407
Net assets attributable to holders of redeemable shares		**-**	-	**1,603,957,196**	1,411,727,063	**1,603,957,196**	1,411,727,063
Total equity and liabilities		**41,684,556**	28,982,188	**1,637,060,429**	1,434,811,470	**1,678,744,985**	1,463,793,658

Cesky Fond SICAV p.l.c.

Statement of Financial Position (continued)
As at 30 April 2019

	Attributable to unitholders of investor shares of Cesky Fond Pudy
Shares in issue as at 30 April 2019	
Class A shares (note 12)	**190,972.5203**
Class B shares (note 12)	**823,640.2978**
Shares in issue as at 30 April 2018	
Class A shares	186,635.4068
Class B shares	772,321.4897
Shares in issue as at 30 April 2017	
Class A shares	180,470.7825
Class B shares	692,542.9707
Net asset value of the sub-fund as at 30 April 2019 (in CZK) (note 14)	**1,603,957,196**
Net asset value of the sub-fund as at 30 April 2018 (in CZK)	1,411,727,063
Net asset value of the sub-fund as at 30 April 2017 (in CZK)	1,211,620,158
Net asset value per share of the sub-fund as at 30 April 2019 (in CZK) used in the calculation of the dealing net asset value	
Class A shares (note 14)	**1,468.9785**
Class B shares (note 14)	**1,606.8189**
Net asset value per share of the sub-fund as at 30 April 2018 (in CZK) used in the calculation of the dealing net asset value	
Class A shares	1,386.9573
Class B shares	1,493.0369
Net asset value per share of the sub-fund as at 30 April 2017 (in CZK) used in the calculation of the dealing net asset value	
Class A shares	1,340.6856
Class B shares	1,336.6241

The Euro reference exchange rate issued by the European Central Bank between the Euro and the Czech Koruna as at 30 April 2019 was 25.646 (2018: 25.542).

The accompanying notes are an integral part of these financial statements. The financial statements set out on page 7 to 38 were approved and authorised for issue by the Board on 31 October 2019 and signed on its behalf by:

Mr Marek Smykal
Director

Mr Petr Hanak
Director

Cesky Fond SICAV p.l.c.

ČESKÝ FOND PŮDY

Statement of Changes in Equity

For the year ended 30 April 2019

	Attributable to founder shares		
	Share Capital CZK	Retained Earnings CZK	Total CZK
Balance as at 1 May 2018	**32,758**	**28,949,430**	**28,982,188**
Comprehensive income			
Net profit for the year	**-**	**39,362,564**	**39,362,564**
Contributions and distributions			
Distributions to founder shareholders	**-**	**(28,949,430)**	**(28,949,430)**
Balance as at 30 April 2019	**32,758**	**39,362,564**	**39,395,322**

	Attributable to founder shares		
	Share Capital CZK	Retained Earnings CZK	Total CZK
Balance as at 1 May 2017	32,758	22,815,335	22,848,093
Comprehensive income			
Net profit for the year	-	28,949,430	28,949,430
Contributions and distributions			
Distributions to founder shareholders	-	(22,815,335)	(22,815,335)
Balance as at 30 April 2018	32,758	28,949,430	28,982,188

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

Cesky Fond SICAV p.l.c.

ČESKÝ FOND PŮDY

Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the year ended 30 April 2019

	Attributable to unitholders of investor shares of Cesky Fond Pudy	
	2019	2018
	CZK	CZK
Net assets at beginning of year attributable to holders of redeemable shares	**1,411,727,063**	1,221,620,158
Issue of redeemable shares	**90,026,688**	177,621,533
Redemption of redeemable shares	**(6,013,880)**	(54,132,880)
Transactions with holders of redeemable shares	**84,012,808**	123,488,653
Increase in net assets attributable to holders of redeemable shares	**108,217,325**	66,618,252
Net assets at end of year attributable to holders of redeemable shares	**1,603,957,196**	1,411,727,063

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

Cesky Fond SICAV p.l.c.

ČESKÝ FOND PŮDY

Statement of Comprehensive Income

For the year ended 30 April 2019

	Note	Attributable to founder shares		Attributable to unitholders of investor shares of Cesky Fond Pudy		The Company	
		01.05.2018 to 30.04.2019	01.05.2017 to 30.04.2018	**01.05.2018 to 30.04.2019**	01.05.2017 to 30.04.2018	**01.05.2018 to 30.04.2019**	01.05.2017 to 30.04.2018
		CZK	CZK	**CZK**	CZK	**CZK**	CZK
Income							
Interest income		**-**	-	**54,168,251**	48,722,635	**54,168,251**	48,722,635
Bank interest		**32,798**	6,387	**403,591**	55,892	**436,389**	62,279
Exit fees on redemptions		**28,589**	1,042,039	**-**	521,020	**28,589**	1,563,059
Performance and management fee income	10	**43,746,163**	31,476,268	**-**	-	**43,746,163**	31,476,268
Net fair value movement on financial assets designated at fair value through profit and loss	4	**-**	-	**104,348,191**	56,077,483	**104,348,191**	56,077,483
Total income		**43,807,550**	32,524,694	**158,920,033**	105,377,030	**202,727,583**	137,901,724
Expenses							
Management fees	10	**-**	-	**(15,718,996)**	(13,702,282)	**(15,718,996)**	(13,702,282)
Performance fees	10	**-**	-	**(28,027,167)**	(17,773,986)	**(28,027,167)**	(17,773,986)
Administration fees	10	**-**	-	**(1,140,736)**	(1,045,555)	**(1,140,736)**	(1,045,555)
Prime brokers fees		**-**	-	**(326,276)**	(289,774)	**(326,276)**	(289,774)
Legal and professional fees		**(4,439,506)**	(3,815,569)	**(307,721)**	(289,316)	**(4,747,227)**	(4,104,885)
Directors' remuneration		**-**	-	**(89,585)**	(134,049)	**(89,585)**	(134,049)
Investment committee fees		**-**	-	**(118,655)**	(123,877)	**(118,655)**	(123,877)
Research fees reversal		**-**	242,043	**-**	-	**-**	242,043
Other costs		**(560)**	(780)	**(807,054)**	(701,657)	**(807,614)**	(702,437)
Total operating expenses		**(4,440,066)**	(3,574,306)	**(46,536,190)**	(34,060,496)	**(50,976,256)**	(37,634,802)
Operating profit before finance costs and taxation		**39,367,484**	28,950,388	**112,383,843**	71,316,534	**151,751,327**	100,266,922
Distributions to investor shareholders		**-**	-	**(4,105,979)**	(4,692,240)	**(4,105,979)**	(4,692,240)
Taxation		**(4,920)**	(958)	**(60,539)**	(6,042)	**(65,459)**	(7,000)
Net profit/increase in net assets attributable to holders of redeemable shares		**39,362,564**	28,949,430	**108,217,325**	66,618,252	**147,579,889**	95,567,682

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

Cesky Fond SICAV p.l.c.

ČESKÝ FOND PŮDY

Statement of Cash Flows

For the year ended 30 April 2019

	Attributable to founder shares		Attributable to unitholders of investor shares		The Company	
	01.05.2018 to 30.04.2019 CZK	01.05.2017 to 30.04.2018 CZK	**01.05.2018 to 30.04.2019 CZK**	01.05.2017 to 30.04.2018 CZK	**01.05.2018 to 30.04.2019 CZK**	01.05.2017 to 30.04.2018 CZK
Cash flows from operating activities						
Interest received on loans and receivables	**-**	-	**54,613,362**	48,385,722	**54,613,362**	48,385,722
Net bank interest received	**27,878**	5,429	**343,052**	49,850	**370,930**	55,279
Operating expenses paid	**(2,150,832)**	(6,582,845)	**(36,464,203)**	(33,606,479)	**(38,615,035)**	(40,189,324)
Management fees, performance fees and other income received	**34,101,837**	32,415,125	**-**	-	**34,101,837**	32,415,125
Amounts paid out as loans	**-**	-	**(101,000,000)**	(114,000,000)	**(101,000,000)**	(114,000,000)
Contribution to subsidiary	**-**	-	**(35,000,000)**	-	**(35,000,000)**	-
Purchase of investments	**-**	-	**(9,107,957)**	(80,000,000)	**(9,107,957)**	(80,000,000)
Net cash generated from/(used in) operating activities	**31,978,883**	25,837,709	**(126,615,746)**	(179,170,907)	**(94,636,863)**	(153,333,198)
Cash flows from financing activities						
Amounts received on creation of shares	**-**	-	**90,026,688**	177,621,533	**90,026,688**	177,621,533
Amounts paid on redemption of shares	**-**	-	**(6,013,880)**	(54,132,880)	**(6,013,880)**	(54,132,880)
Distributions to shareholders	**(28,949,430)**	(22,815,335)	**(4,105,979)**	(4,692,240)	**(33,055,409)**	(27,507,575)
Net cash (used in)/ generated from financing activities	**(28,949,430)**	(22,815,335)	**79,906,829**	118,796,413	**50,957,399**	95,981,078
Net increase/(decrease) in cash and cash equivalents	**3,029,453**	3,022,374	**(46,708,917)**	(60,374,494)	**(43,679,464)**	(57,352,120)
Cash and cash equivalents at beginning of year	**7,301,804**	4,279,430	**71,273,429**	131,647,923	**78,575,233**	135,927,353
Cash and cash equivalents at end of year (note 8)	**10,331,257**	7,301,804	**24,564,512**	71,273,429	**34,895,769**	78,575,233

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

1. GENERAL

Cesky Fond SICAV p.l.c. (“the Company”) is a multi-fund investment company incorporated as a public company with limited liability in Malta on 2 May 2014. As of 30 April 2019, the Company consisted of one sub-fund, the Cesky Fond Pudy which is licensed by the Malta Financial Services Authority as a Professional Investor Fund under the Investment Services Act, 1994. The sub-fund commenced its operations on 23 May 2014.

The Company is the reporting entity and comprises all the activities of Cesky Fond SICAV plc as the entity with the separate legal personality. The Statutory Financial Statements are those presented for the Company.

The financial statements of the Company includes the sub-Fund, which is also presented as a segregated portfolio under a specific heading (Attributable to Investor Shares), and the other transactions of the Company that are ‘attributable to the founder shares’ (also presented separately under such a heading). Such is being so presented in accordance with practice and not as a statutory requirement.

As at 30 April 2019, the sub-Fund had one immediate subsidiary, FP majetková s.a. The Directors concluded that the sub-Fund meets the definition of an investment entity and the typical characteristics to qualify as an investment entity, and therefore the sub-Fund is an investment entitiy. The criteria for qualification as an investment entity includes in particular the exit strategy and the fair value tests which were considered with reference to the underlying investments. The sub-Fund is committed to its investors that the business purpose is to invest solely for returns from capital appreciation, investment income, or both. The sub-Fund does not plan to hold its underlying investments indefinitely. The sub-Fund currently invests through FP majetková a.s. (and its sub-subsidiary) in the ownership of more than 15,000 plots of farmland spread over an area more than 100 km wide. The Board ensures that the risk is diversified and returns are maximised via the several properties owned by the underlying entity. IFRS 10 requires that, as an investment entity that is the parent of another investment entity, the sub-Fund account for its investments in controlled investees at fair value through profit or loss.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared and presented in accordance with International Financial Reporting Standards as adopted by the EU (“the applicable framework”). All references in these financial statements to IAS, IFRS or SIC/IFRIC interpretations refer to those adopted by the EU. These financial statements have also been drawn up in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss, which are measured at fair value.

2.3 Use of estimates and judgements

The preparation of financial statements in conformity with the applicable framework requires the directors to make judgements, estimates and assumptions that affect both the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

2. BASIS OF PREPARATION (CONTINUED)

2.3 Use of estimates and judgements (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in Note 1 on whether the Company meets the definition of an investment entity. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the current year is included in Note 4.5 and relates to the determination of fair value of financial instruments with significant unobservable inputs.

2.4 Functional and Presentation Currency

The financial statements for the Company are presented in Czech Krona (CZK), being the functional and presentation currency.

'Functional currency' is the currency of the primary economic environment in which the Company operates. If indicators of the primary economic environment are mixed, then the directors use its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Company's investments and transactions are denominated mainly in CZK. Investor subscriptions and redemptions are determined based on net asset value, and received and paid in CZK. The expenses (including management fees, custodian fees and administration fees) are denominated and paid mostly in CZK and euro. Accordingly, the directors have determined that the functional currency of the Company is CZK.

3. SIGNIFICANT ACCOUNTING POLICIES

Except for the adoption of IFRS 9 *Financial Instruments* (refer to Note 3.2), the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are retranslated to the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the Statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments

(a) Financial Assets

Current year

The Company classifies its financial assets as subsequently measured at amortised cost or measured at FVTPL on the basis of both:

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

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

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

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

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

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

The Company includes in this category, derivative contracts in an asset position, financial assets classified as held for trading, financial assets managed, evaluated and reported on a fair value basis in accordance with the Fund's documented investment strategy, and those financial investments and term deposits whose contractual cash flows do not solely represent payments of principal and interest, which are mandatorily measured at fair value through profit or loss.

As an investment entity, the Company accounts for its equity investment in its immediate subsidiary in accordance with IFRS 9, at fair value through profit or loss. The loans to subsidiaries are also measured at fair value through profit or loss since they are entered into and managed solely in connection with the equity investment in subsidiary, and are considered to form part of a portfolio of identified financial instruments that are managed, and whose performance is evaluated, together on a fair value basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (continued)

(a) Financial Assets (continued)

Comparative year

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

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

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

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

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

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

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

(a) Financial liabilities

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (continued)

(c) Derecognition and presentation

Financial assets are derecognised when the rights to receive cash flows expire or when the entity transfers the financial asset and the transfer qualifies for derecognition. Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has currently a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets and liabilities at FVTPL category are included in the Statement of Comprehensive Income in the period in which they arise.

Interest and dividends earned or paid on these instruments are recorded in 'other net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss' and 'dividend income' in the Statement of Comprehensive Income.

(d) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the sub-fund has access at that date. The fair value of a liability reflects its non-performance risk.

The fair values of unquoted investments are established by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each year end. Valuation techniques used for non-standardised financial instruments include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and other valuation techniques.

Impairment

Current year

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (continued)

Impairment (continued)

Current year (continued)

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

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

A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Company considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions. To the extent applicable, the Company has applied the low credit risk assumption for the following classes of financial assets – cash at bank and term deposits.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

In this regard, the Company has an internal credit scoring system in place that analyses the credit quality of the counterparties accordingly. Such credit scoring system takes into consideration both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, and also considers the counterparties' macroeconomic context and forward-looking information.

The Company presumes that the credit risk on a financial asset has increased significantly if the financial asset is more than 30 days past due.

The Fund considers a financial asset to be in default when:

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (continued)

Impairment (continued)

Current year (continued)

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events: significant financial difficulty; a breach of contract, such as a default or past due event; the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for that financial asset because of financial difficulties. The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

For financial assets, the credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. ECLs represent the weighted average of credit losses with the respective risks of a default occurring as the weights.

Comparative year

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

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

3.3 Cash and cash equivalents

Cash and cash equivalents comprises current deposits with banks with original maturities of less than three months. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Interest income

Interest income for all interest bearing financial instruments is recognised in the statement of comprehensive income using the effective interest method. Interest income is recognised to the extent that it is probable that future economic benefits will flow to the Company and these can be measured reliably.

3.5 Dividend income

Dividend income is recognised in the Statement of comprehensive income when the right to receive the income is established, which is usually on the approval date or ex-dividend date.

3.6 Finance costs

Interest expense is included in the Statement of comprehensive income as it accrues using the effective interest method.

3.7 Expenses

All expenses, including management and performance fees, administration fees and custodian fees, are recognised in the Statement of comprehensive income on an accrual basis and are accordingly expensed as incurred.

3.8 Net gains/losses from financial instrument at fair value through profit or loss

Net gains/losses from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes, and foreign exchange differences, but excludes interest and dividends.

3.9 Redeemable shares

The Company classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The redeemable shares provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Company's net assets at the redemption date and also in the event of the Company's liquidation.

The redeemable Investor shares are classified as financial liabilities and are measured at the present value of the redemption amounts.

3.10 Taxation

Under the current system of taxation in Malta, the Company is exempt from Maltese income tax except in respect of any income derived from immovable property situated in Malta. Dividend and interest income received by the Company may be subject to withholding tax imposed in the country of origin. Income that is subject to such tax is recognised gross of tax and the corresponding withholding tax is recognised as tax expense.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Standards, interpretations and amendments to published standards effective 1 May 2018

IFRS 9 *'Financial Instruments'* became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39 (refer to Note 3.2).

The Company has elected not to restate its comparative information for the effects of IFRS 9 and such information continues to be reported under IAS 39. The differences between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the initial application of IFRS 9 resulting from the adoption of IFRS 9 were considered to be immaterial. Additionally, consequential amendments to IFRS 7 *'Financial Instruments: Disclosures'*, were applied to disclosures about the current year but have not generally been applied to comparative information.

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments.

For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see Note 3.2.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 May 2018. The determination of the business model within which a financial asset is held and the revocation of previous designations of certain financial assets as measured at fair value through profit or loss have been made on the basis of the facts and circumstances that existed at the date of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Standards, interpretations and amendments to published standards effective 1 May 2018 (continued)

Classification and measurement of financial assets and financial liabilities (continued)

The table below sets out the classifications of the carrying amounts of the Fund's financial assets and financial liabilities into categories of financial instruments.

In CZK	*Note*	Mandatorily at FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
30 April 2019					
Investment in subsidiary at fair value through profit or loss	5	**746,845,000**	**-**	**-**	**746,845,000**
Loans to related parties at fair value through profit or loss	*6*	**815,600,000**	**-**	**-**	**815,600,000**
Loans receivable at amortised cost	*6*	**-**	**50,000,000**	**-**	**50,000,000**
Accrued income	*7*	**-**	**31,404,216**	**-**	**31,404,216**
Bank balances	*8*	**-**	**34,895,769**	**-**	**34,895,769**
		1,562,445,000	**116,299,985**	**-**	**1,678,744,985**
Accrued expenses and other creditors	*13*	**-**	**-**	**35,392,467**	**35,392,467**
Net assets attributable to holders of redeemable shares	*12*	**-**	**-**	**1,603,957,196**	**1,603,957,196**
		-	**-**	**1,639,349,663**	**1,639,349,663**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Standards, interpretations and amendments to published standards effective 1 May 2018 (continued)

Classification and measurement of financial assets and financial liabilities (continued)

In CZK	*Note*	Held for trading	Designated as at FVTPL	Loans and receivables	Financial liabilities at amortised cost	Total
30 April 2018						
Investment in subsidiary at fair value through profit or loss	5	-	603,999,000	-	-	603,999,000
Loans to related parties	*6*	-	-	709,000,000	-	709,000,000
Other loans receivable	*6*	-	-	50,000,000	-	50,000,000
Accrued income	*7*	-	-	22,176,412	-	22,176,412
Other debtors and prepayments		-	-	43,013	-	43,013
Bank balances	*8*	-	-	78,575,233	-	78,575,233
		-	603,999,000	859,794,658	-	1,463,793,658
Accrued expenses and other creditors	*13*	-	-	-	23,084,407	23,084,407
Net assets attributable to holders of redeemable shares	*12*	-	-	-	1,411,727,063	1,411,727,063
		-	-	-	1,434,811,470	1,434,811,470

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost and debt investments at fair value through other comprehensive income, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. The Fund has determined that the application of IFRS 9's impairment requirements at 1 May 2018 results in an insignificant impairment allowance of the financial assets at amortised cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Standards, interpretations and amendments to published standards effective 1 May 2018 (continued)

Standards, interpretations and amendments to published standards that are not yet effective

Up to the date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting period and which have not been adopted early. None of these standards, interpretations and amendments is expected to have a significant impact on the financial position or performance of the Company.

4. FINANCIAL RISK MANAGEMENT

4.1 Risk management framework

The sub-Fund maintains a position in financial instruments in accordance with the investment management strategy outlined in the sub-Fund's Offering Supplement. The sub-Fund invests substantially all of its assets in equity and debt instruments of its immediate subsidiary, FP majetková a.s, and its respective sub-subsidiaries. FP majetková is a Czech company that in the main directly and indirectly (through sub-subsidiaries) invests in ownership interests in plots of farmland. The sub-Fund's activities expose it to a variety of financial risks: market risk (including foreign currency risk, fair value interest rate risk, cash flow interest rate risk and other market risk), credit risk, liquidity risk and operational risk.

The sub-Fund's overall risk management programme seeks to maximise the returns derived for the level of risk to which the sub-Fund is exposed and seeks to minimise potential adverse effects on the sub-Fund's financial performance. During the financial period, the sub-Fund did not use any derivative financial instruments.

All securities' investments present a risk of loss of capital. The maximum loss of capital on long positions is limited to the fair value of these securities.

The management of these risks is carried out by the Investment Committee members under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments and the investment of excess liquidity.

The sub-Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

4.2 Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and credit spreads (not relating to the obligor's/issuer's credit standing) will affect the sub-Fund's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The sub-Fund's relative strategy on the management of investment risk is driven by the sub-Fund's investment objective, which is clearly outlined in the sub-Fund's Particulars Supplement. The sub-Fund's market exposures within their relative investment restrictions are monitored on a daily basis by the Investment Committee members. The sub-Fund's overall market exposures are also monitored on a quarterly basis by the Board of Directors.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Market risk (continued)

Foreign currency risk

The sub-Fund enters into transactions that are denominated in currencies other than its functional currency, primarily in Euro (EUR). Consequently, the sub-Fund is exposed to risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value or future cash flows of that portion of the sub-Fund's financial assets or liabilities denominated in currencies other than CZK.

As at 30 April 2018, the sub-Fund had only accrued expenses and other creditors denominated in Euro, which amounted to CZK 1,039,934 (2018: CZK 683,875). In the opinion of the directors, any possible movement in the exchange rate between CZK and Euro is not currently expected to have a significant effect on the performance of the Fund or on the net assets attributable to holders of redeemable shares. The sub-Fund invests substantially all of its assets in the equity and debt instruments of its wholly-owned immediate subsidiary, FP majetková a.s. and sub-subsidiaries. The sub-Fund is indirectly exposed to the foreign currency risk of its subsidiaries, which however as at 30 April 2019 and 2018 was considered to be insignificant.

Cash flow and fair value interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. The sub-Fund's direct holdings of variable rate instruments, which are cash and cash equivalents, expose the sub-Fund to cash flow interest rate risk. The sub-Fund's direct holdings of fixed rate instruments, which are loans receivable, expose the sub-Fund to fair value interest rate risk. A summary of the sub-Fund's direct exposure to interest rate risk follows:

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Market risk (continued)

Cash flow and fair value interest rate risk (Continued)

	Attributable to founder shares		Attributable to unitholders of investor shares of Cesky Fond Pudy		The Company	
	2019	2018	**2019**	2018	**2019**	2018
	CZK	CZK	**CZK**	CZK	**CZK**	CZK
Loans to subsidiaries at fair value through profit or loss, having a fixed rate	**-**	-	**815,600,000**		**815,600,000**	
Loans at amortised cost, having a fixed rate	**-**	-	**50,000,000**	759,000,000	**50,000,000**	759,000,000
Accrued income relating to interest on loans	**-**	-	**50,917**	496,028	**50,917**	496,028
Assets at a variable rate	**10,331,257**	7,301,804	**24,564,512**	71,273,429	**34,895,769**	78,575,233
Total interest-bearing assets	**10,331,257**	7,301,804	**890,215,429**	830,769,457	**900,546,686**	838,071,261

	% of Equity	% of Equity	**% of Net Assets**	% of Net Assets	**% of Equity & Net Assets**	% of Equity & Net Assets
Loans to subsidiaries at fair value through profit or loss, having a fixed rate	**-**	-	**50.85%**	-	**49.63%**	-
Loans at amortised cost, having a fixed rate	**-**	-	**3.12%**	53.76%	**3.04%**	52.68%
Accrued income relating to interest on loans	**-**	-	**0.00%**	0.04%	**0.00%**	0.03%
Assets at a variable rate	**26.22%**	25.19%	**1.53%**	5.05%	**2.12%**	5.45%
Total interest-bearing assets	**26.22%**	25.19%	**55.50%**	58.85%	**54.80%**	58.17%

Fair value movements on the loans to subsidiaries arising due to interest rate movements are expected to be counteracted by a similar opposite movement in the fair value of the equity investment in subsidiary, with no overall net impact on the net assets attributable to unitholders of investor shares of Cesky Fond Pudy. Equity attributable to founder shares is not exposed to the loans to subsidiaries.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Market risk (continued)

Cash flow and fair value interest rate risk (Continued)

Assuming all other variables remain constant, a reasonably possible increase/(decrease) in interest rates of 100 basis points would have the following effects:

	Net assets attributable to founder shares		Net assets attributable to unitholders of investor shares of Cesky Fond Pudy		Net assets attributable to the shareholders of the Company	
	2019	2018	**2019**	2018	**2019**	2018
	CZK	CZK	**CZK**	CZK	**CZK**	CZK
Increase in interest income from variable rate assets	**103,313**	73,018	**245,645**	712,734	**348,958**	785,752
	% of NAV	% of NAV	**% of NAV**	% of NAV	**% of NAV**	% of NAV
Net effect on net assets attributable to shareholders	**0.26%**	0.25%	**0.02%**	0.05%	**0.02%**	0.05%

The sub-Fund invests substantially all of its assets in the equity and debt instruments of its wholly-owned immediate subsidiary, FP majetková a.s. and sub-subsidiaries. The main interest-bearing financial instrument owned by the sub-Fund are the loans payable to the sub-fund, which all bear a fixed rate of interest.

Other market price risk

Other market price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting market sentiment.

The sub-Fund invests substantially all of its net assets in the equity and debt instruments of its wholly-owned immediate subsidiary, FP majetková a.s., and sub-subsidiaries. The sub-Fund is indirectly exposed to the other market price risk of its immediate subsidiary, which are mainly related to the price of property owned by FP majetková a.s. (see note 4.5).

To the extent that the equity investment in subsidiary remains positive, fair value movements on the loans to subsidiaries are expected to be counteracted by a similar opposite movement in the fair value of the equity investment in subsidiary, with no overall net impact on the net assets attributable to unitholders of investor shares of Cesky Fond Pudy. Equity attributable to founder shares is not exposed to the loans to subsidiaries.

The remaining loan is a fixed-income instrument that has a notice period of three months. The Directors expect price fluctuations for this investment to arise principally from interest rate or credit risk. As a result, the Fund is not subject to significant other market price risk on this investment.

4.3 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the sub-Fund, resulting in a financial loss to the sub-Fund. It arises principally from the loans to subsidiaries at fair value through profit or loss, loans at amortised cost, cash at bank and other receivables.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Credit risk (continued)

4.3.1 Exposure to credit risk

All loans are unrated; however, the Company has an internal credit scoring system in place that analyses the credit quality of the respective counterparties.

The contractual maturities of the loans receivable by the sub-fund are as follows:

	Repayable within				
	Within 3 months	Within 1 year	Between 2 to 5 years	After 5 years	Total
	CZK	CZK	CZK	CZK	CZK
As at 30 April 2019	**50,000,000**	**20,000,000**	**776,200,000**	**-**	**846,200,000**
As at 30 April 2018	50,000,000	-	563,000,000	146,000,000	759,000,000

The maximum exposure to credit risk at the reporting date is represented by the respective carrying amounts of the relevant financial assets in the Statement of Financial Position.

	Attributable to founder shares		**Attributable to unitholders of investor shares of Cesky Fond Pudy**		**The Company**	
	Carrying amount	Carrying amount	**Carrying amount**	Carrying amount	**Carrying amount**	Carrying amount
	2019	2018	**2019**	2018	**2019**	2018
	CZK	CZK	**CZK**	CZK	**CZK**	CZK
Loans to subsidiaries at fair value through profit or loss	**-**	-	**815,600,000**	-	**815,600,000**	-
Loans at amortised cost	**-**	-	**50,000,000**	759,000,000	**50,000,000**	759,000,000
Other receivables	**31,353,299**	21,680,384	**50,917**	496,028	**31,404,216**	22,176,412
Bank balances	**10,331,257**	7,301,804	**24,564,512**	71,273,429	**34,895,769**	78,575,233
	41,684,556	28,982,188	**890,215,429**	830,769,457	**931,899,985**	859,751,645

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Credit risk (continued)

4.3.1 Exposure to credit risk (continued)

The amount of change in the fair value of loans to subsidiaries at fair value through profit or loss that is attributable to changes in their credit risk is not considered to be significant. This amount of change was determined as the amount of change in its fair value that is not attributable to changes in market conditions that give rise to market risk.

The sub-Fund holds financial assets that are classified as fully performing assets having no history of past default. As at year-end, the fair value of loans which are measured at amortised cost approximated their contracted amount plus accrued unpaid interest due to their short term maturities or notice periods.

The sub-Fund's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default. The sub-Fund's financial assets are placed with quality issuers or counterparties. In accordance with the sub-Fund's policy, the Investment Committee members monitor the sub-Fund's credit position on a daily basis, and the Board of Directors reviews it on a quarterly basis. Expected credit losses on the assets currently measured at amortised cost are immaterial.

The sub-Fund invests substantially all of its assets in the equity and debt instruments of its wholly-owned immediate subsidiary, FP majetková a.s. and sub-subsidiaries. The sub-Fund is indirectly exposed to the credit risk of its subsidiaries, which amounted to CZK 82,735,000 (2018: 54,109,000) and represented 5.16% (2018: 3.83%) of the sub-fund net assets attributable to redeemable shareholders.

4.3.2 Cash and cash equivalents

The Company and the sub-Fund holds bank balances with UniCredit Bank in the Czech Republic and Slovakia rated BBB (stable) by Standard and Poors. The Investment Committee monitors the financial position of the bank on a regular basis. ECL on this balance was immaterial.

4.3.3 Settlement risk

The sub-Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed. The risk of default is considered minimal as payment is made on a purchase of securities concurrent with the transfer of legal title of the securities to the sub-Fund in agreement with the other party. The trade will fail if either party fails to meet its obligation.

The sub-Fund is indirectly exposed through FP majetková a.s. to a settlement risk under farmland acquisition contracts. This risk is monitored by the Board of Directors. As of 30 April 2019, the settlement risk exposure was CZK 7 million (2018: CZK 3.5 million). By the date of the publication of this report, all contracts that were pending for settlement as of 30 April 2019 have been settled.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.4 Liquidity risk

For net assets attributable to the unitholders of investor shares, the Company has a contractual obligation to redeem within 45 days from the dealing date, subject to an exit fee of 20%. If the holding period is above five years, the redemption will be settled within 14 to 20 months from the request for redemption, but the exit fee will be 0%. Historical experience indicates that these shares are held by the shareholders on a medium- or long-term basis. Based on average historical information, redemption levels are expected to approximate CZK 6.25 million every six months (2018: CZK 6.25 million every six months); however, actual redemptions could differ significantly from this estimate.

In order to redeem redemption requests, the sub-Fund may require cash to be passed on to it from its immediate subsidiary by way of interest, dividend, or otherwise. The immediate subsidiary may not have sufficient cash or liquid assets to pass to the sub-Fund, and the sub-Fund may not be able to liquidate quickly the equity investment in subsidiary at an amount close to fair value, in order to meet any liquidity requirement. Therefore, in accordance with the sub-Fund's offering documents the Board of Directors reserve the right to limit the aggregate amount of redemptions on any one dealing day to no more than 20% of the sub-fund's NAV, if the Board believes this action is necessary to protect the general interests of Investors. The Board of Directors may also suspend redemptions if there are significant issues in the market. As at the end of the financial period, the sub-fund and its immediate subsidiary held liquid assets amounting to CZK 157 million (2018: CZK 176 million), representing 9.8% (2018: 12.5%) of the sub-Fund's net assets attributable to unitholders of investor shares.

All other liabilities are due within less than one year, their gross undiscounted contractual cash flows and expected cash flows are both approximately equal to their carrying amount, and they do not incur interest. Furthermore, as at 30 April 2019 the Company had an outstanding capital commitment (not recognised in the statement of financial position) of CZK 38.3 million to acquire Chlumecka s.r.o., a special purpose vehicle holding 134 hectares of farmland. The acquisition became effective in May 2019 (refer to Note 15). The directors monitor the Fund's liquidity on a regular basis.

4.5 Fair values of financial instruments

The following table presents the Fund's assets that are measured at fair value at 30 April 2019 by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

30 April 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
	CZK	**CZK**	**CZK**	**CZK**
Assets				
Equity security	**-**	**-**	**746,845,000**	**746,845,000**
Loans at fair value through profit or loss	**-**	**-**	**815,600,000**	**815,600,000**
	-	**-**	**1,562,445,000**	**1,562,445,000**
30 April 2018				
Assets				
Equity security	-	-	603,999,000	603,999,000

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.5 Fair values of financial instruments (continued)

As at 30 April 2019, the sub-Fund held an equity investment in FP majetková a.s., an unquoted equity, which has been classified within Level 3, as observable prices are not available. As at the reporting date, the value of this investment is based on an expert's opinion report prepared by an independent professionally qualified appraiser. This fair value measurement is classified within Level 3 of the fair value hierarchy in view of the use of significant unobservable inputs.

The sub-Fund will continue to monitor the unquoted investments on a yearly basis in order to review the fair value of the security.

The valuation of these investments is carried out in accordance with the International Valuation Standards using the adjusted net assets approach. The property held by this entity contributes the largest share to the total value of this investment, and is in turn measured using the market comparison technique. Under the market comparison technique, the market value of the underlying property is estimated by selecting an appropriately adjusted price per unit (CZK per square metre) based on transactions in comparable properties located in proximity to the property. The aggregate of fair values of such properties is added to the remaining assets and liabilities of the investee at their book amounts (except for net debt which is also taken at its fair value), in order to arrive at the fair value of the equity investment in subsidiary.

The most significant unobservable input in the valuation is the price per square metre of farmland, which ranged from CZK 18 to CZK 32 per square metre, with a weighted average of CZK 26.2 per square metre. The estimated fair value would increase (decrease) if the price per square metre were higher (lower). Should the prices per square metre of the properties increase/decrease by 5%, the fair value of the investment held by the sub-Fund would increase/decrease by CZK 70,746,300 (2018: CZK 59,959,550).

The only other significant unobservable input in the valuation is the market borrowing rate used to fair value the net debt of the investee (see further below for Loans to subsidiaries at fair value through profit or loss). The estimated fair value of the equity investment would increase (decrease) if the market borrowing rate were higher (lower), assuming no other changes and no knock-on impact on the underlying land values. The impact of any changes in the market borrowing rate would be the opposite of those arising on the corresponding Loan to subsidiaries at fair value through profit or loss asset (see further below).

The following table presents the movement in level 3 instruments for the year ended 30 April 2019 by class of financial instrument:

Unquoted equity security

	2019	2018
	CZK	CZK
Opening Balance	**603,999,000**	467,911,369
Additions during the year	**9,097,809**	10,148
Capital contribution	**35,000,000**	80,000,000
Fair value movements	**98,748,191**	56,077,483
Closing Balance	**746,845,000**	603,999,000

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.5 Fair values of financial instruments (continued)

The fair value of loans to subsidiaries held at fair value through profit or loss was measured using the discounted cash flow technique, whereby the expected cash flows of the loans are discounted to present value using a market borrowing rate. This fair value measurement is classified within Level 3 of the fair value hierarchy in view of the use of significant unobservable inputs. The significant unobservable input in the valuation is the market borrowing rate of 7% (2018: 7%). The estimated fair value would increase (decrease) if the market borrowing rate were lower (higher).

To the extent that the equity investment in subsidiary remains positive, changes in the market borrowing rate would impact the fair value of the loans to subsidiaries and equity investment in subsidiary as similar opposite movements in the fair value, with no overall net impact on the net assets attributable to unitholders of investor shares of Cesky Fond Pudy. Equity attributable to founder shares is not exposed to the equity investment in subsidiary or loans to subsidiaries.

The fair value of financial assets and liabilities that are measured at amortised cost approximates the carrying amount at the reporting date in view of their short-term nature. The Directors believe that the carrying amounts of the issued investor shares classified as financial liabilities are a reasonable approximation of their fair values.

5. INVESTMENT IN SUBSIDIARY AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 CZK	2018 CZK
Investment in unquoted equity security	**746,845,000**	603,999,000

As at 30 April 2019, the financial assets at fair value through profit and loss consisted of one unlisted equity security, being FP majetková a.s. registered in the Czech Republic, which invests in farmland in this country. As at 30 April 2019, the Company had an outstanding capital commitment of CZK 38.3 million to acquire Chlumecka s.r.o., a special purpose vehicle holding 134 hectares of farmland. The acquisition became effective in May 2019 (refer to Note 15).

6. LOANS TO SUBSIDIARIES AND OTHER LOANS

	Carrying amount	Carrying amount	**% of Net Assets attributable to unitholders of investor shares**	% of Net Assets attributable to unitholders of investor shares
	2019 CZK	2018 CZK	**2019**	2018
Loans to related parties at fair value through profit or loss	**815,600,000**	-	**50.85%**	-
Loans to related parties at amortised cost	**-**	709,000,000	**-**	50.22%
Loans to third parties at amortised cost	**50,000,000**	50,000,000	**3.12%**	3.54%
	865,600,000	759,000,000	**53.97%**	53.76%

6. LOANS TO SUBSIDIARIES AND OTHER LOANS (CONTINUED)

During the year ended 30 April 2019, Cesky Fond Pudy entered into new loan agreements with FP majetková a.s. These loans are unsecured, bear interest at 6.5% per annum and mature between 2022 and 2023. Loans receivable from this entity amount to a total of CZK 790,000,000 as at 30 April 2019 (2018: CZK 696,000,000).

During the year ended 30 April 2017, Cesky Fond Pudy placed a short-term investment with Sirius Investments Limited amounting to CZK 50,000,000, bearing an interest rate of 2.5% per annum repayable within 3 months from a written notice.

During the year ended 30 April 2019, Cesky Fond Pudy entered into loan agreements with Zemedelska Spolecnost Piskova Lhota, a.s. (a subsidiary of FP majetková a.s.) amounting to CZK 7,000,000. During the year ended 30 April 2018, Cesky Fond Pudy had entered into loan agreements with Zemedelska Spolecnost Piskova Lhota, a.s. amounting to CZK 13,000,000. These loans bear an interest rate of 3% per annum and are to be repaid by no later than 31 December 2019.

7. ACCRUED INCOME

The accrued income attributable to founder shareholders relates to management and performance fees charged by the SICAV to the sub-Fund, whilst the accrued income in the sub-Fund relates to interest receivable on loans to related parties.

8. CASH AND CASH EQUIVALENTS

For the purpose of the statement of Cash Flows, the year-end cash and cash equivalents comprise bank balances held at call as follows:

	Attributable to founder shares s		**Attributable to unitholders of investor shares of Cesky Fond Pudy**		**The Company**	
	2019	2018	**2019**	2018	**2019**	2018
	CZK	CZK	**CZK**	CZK	**CZK**	CZK
Bank balances	**10,331,257**	7,301,804	**24,564,512**	71,273,429	**34,895,769**	78,575,233
% of net assets	**26.22%**	25.19%	**1.53%**	5.05%	**2.12%**	5.45%

As at 30 April 2019, an amount of CZK 38,997,305 (2018: CZK 39,561,738) was received by the sub-Fund relating to subscriptions with dealing date 1 May 2019. This amount is held by the bank in a special account, which is in the name of the Company, however it belongs to the investors until the subscriptions will be effected on 1 May 2019. Accordingly, this bank account was not recognised in the statement of financial position as at 30 April 2019.

9. ACCRUED EXPENSES AND OTHER CREDITORS

	Attributable to founder shares		Attributable to unitholders of investor shares of Cesky Fond Pudy		The Company	
	2019	2018	**2019**	2018	**2019**	2018
	CZK	CZK	**CZK**	CZK	**CZK**	CZK
Accrued expenses						
Management fees	**-**	-	**15,718,996**	13,702,282	**15,718,996**	13,702,282
Performance fees	**-**	-	**15,634,303**	7,978,102	**15,634,303**	7,978,102
Administration fees	**-**	-	**373,493**	85,675	**373,493**	85,675
Other expenses	**2,289,234**	-	**1,376,441**	1,308,200	**3,665,675**	1,308,200
	2,289,234	-	**33,103,233**	23,074,259	**35,392,467**	23,074,259
Other creditors						
Purchases for settlement	**-**	-	**-**	10,148	**-**	10,148
Total accrued expenses and other creditors	**2,289,234**	-	**33,103,233**	23,084,407	**35,392,467**	23,084,407

10. FEES

a) *Management fees*
The sub-Fund is subject to an Investment Management Fee of 1% per annum of the NAV of the sub-Fund. Management fees are charged by the SICAV to the sub-fund and are distributable by way of dividends to the holders of founder shares.

b) *Administration fees*
The sub-Fund is subject to an administration fee of €14,000 per annum. In the event that the NAV exceeds Eur 10 million, a fee of 0.06% per annum on the excess over Eur 10 million will apply.

c) *Safekeeping, Oversight and Monitoring fees*
The sub-Fund shall pay Conseq Investment Management a.s. a fee of up to CZK 500,000 annually for its safekeeping, oversight and monitoring function.

d) *Performance fees*
The Performance fee is calculated on the outperformance of the NAV, if any, per share of the sub-fund and that of its High Watermark. The High Watermark is the greater of (a) the highest previous net asset value per share of the share class concerned on which a performance fee is paid and (b) the original issue price of the class of shares (CZK 1,000 or the equivalent in Euro). Should the NAV per share of the share class outperform the High Watermark, the Company shall be entitled to a fee of 20% of the amount by which the NAV per share of all shares in each class exceeds the High Watermark. Performance fees are charged by the SICAV to the sub-fund and are distributable by way of dividends to the holders of founder shares.

10. FEES (CONTINUED)

e) Auditor's remuneration
Fees charged (excluding VAT) by the auditor for services rendered to the Company during the year ended 30 April 2019 relate to:

	2019	2018
	CZK	CZK
Annual statutory audit	**179,533**	183,902
Tax compliance and advisory services	**47,448**	165,640
	226,981	349,542

11. TAX EXPENSE

11.1 The Company

In terms of current Maltese fiscal legislation, collective investment schemes are classified as either 'prescribed' or 'non-prescribed' funds. A collective investment scheme which declares that the value of its assets situated in Malta allocated thereto for the purpose of its operations does not exceed eighty five per cent of the value of its total assets so allocated is treated as a non-prescribed Fund. On this basis, the Fund qualifies as a non-prescribed Fund for Maltese income tax purposes.

Accordingly, the Company is exempt from Maltese income tax except in respect of any income derived from immovable property situated in Malta.

11.2 Members not resident in Malta

Capital gains, dividends, interest and any other income from foreign investments held by the Company may nonetheless be subject to tax imposed by the country of origin concerned and any such taxes are not recoverable by the Company or by the members. Capital gains accruing to members not resident in Malta upon a redemption or transfer of shares or upon a distribution on a winding-up of the Company are not subject to tax in Malta.

The redemption or transfer of shares and any distribution on a winding-up of the Company may result in a tax liability for the members according to the tax regime applicable in their respective countries of incorporation, establishment, residence, citizenship, nationality, domicile, or other relevant jurisdiction.

11.3 Withholding tax expense

In case of the Company's foreign investments, any capital gains, dividends, interest and other gains or profits may be subject to tax imposed by the country of origin concerned and such taxes may not be recoverable by the Company or by its shareholders under the Maltese domestic tax.

12. FOUNDER AND REDEEMABLE SHARES

The share capital of the Company is divided into Founder Shares and Investor Shares. The initial issued share capital of the Company is CZK 3,675,000 divided into 3,675,000 Founder shares with no nominal value. The maximum number of shares that may be allotted shall not exceed five billion (5,000,000,000) shares. The Founder Shares carry voting rights and a right to a Founders' Return but do not carry a right to participate in the assets of the Company or its sub-Funds on winding up (except repayment of paid up capital following settlement of any and all amounts due to the Investor Shares).

The Founder Shares amounting to CZK32,758 were subscribed by MW Invest s.r.o., ZPH Invest s.r.o. and Mr. Martin Burda. Subsequently, during the year ended 30 April 2018, Mr. Martin Burda transferred his founder shares to to MW Invest s.r.o. and ZPH Invest s.r.o.

The sub-Fund's capital is represented by the redeemable shares of the unit holders with no par value and no voting rights. The sub-Fund has four share classes, of which only two have been subscribed into by the reporting date. All shares may be issued and redeemed at prices based on the value of the sub-Fund's net assets in accordance with its Offering Documents.

All shares in issue are fully paid. The movement in shares is summarized in the following table:

	2019	2018
	Shares	Shares
Class A shares in issue at beginning of year	**186,635.4068**	180,470.7825
Creation of Class A shares	8,708.3441	7,662.7743
Redemption of Class A shares	(4,371.2306)	(1,498.1500)
Class A shares in issue at end of year	**190,972.5203**	186,635.4068
Class B shares in issue at beginning of year	**772,321.4897**	692,542.9707
Creation of Class B shares	**51,318.8081**	116,593.5190
Redemption of Class B shares	**-**	(36,815.0000)
Class B shares in issue at end of year	**823,640.2978**	772,321.4897

In the case of Class A and Class C shares, the Company may pay dividends as it deems fit from time to time, and when part or all income attributable to shareholders is not distributed, such income will be accumulated within the price of the shares of the sub-Fund. Class B and Class D shares within Cesky Fond Pudy are accumulator classes of shares and do not make any distributions. Instead, all income is accumulated within the price of their shares. In this case, no equalisation is required.

During the year under review, the directors declared an interim dividend of CZK 22 per share to the holders of Class A redeemable shares in Cesky Fond Pudy and a dividend of CZK 7.88 per share to the Founder Shareholders existing as at 30 April 2018. After the year end, the directors declared a dividend of CZK 34 per share to the holders of Class A redeemable shares in Cesky Fond Pudy and an interim dividend of CZK 10.71 per share to Founder Shareholders existing as at 30 April 2019.

13. RELATED PARTIES

The Company has a related party relationship with its founder shareholders, its directors and its subsidiaries. During the year ended 30 April 2019, the sub-fund acquired Agro hlučínská s.r.o. and thereafter FP majetková a.s. and Agro hlučínská s.r.o., two entities wholy owned by the sub-fund, merged with effective date on 1 May 2018. During the year ended 30 April 2018, FP majetková a.s. had transferred farmland worth CZK 41 million into Zemědělská společnost Písková Lhota a.s. and gained majority ownership of this entity.

Management fees, Performance fees, Investment Committee fees, directors' fees and distributions to investor shareholders are disclosed on the Statement of Comprehensive Income. Distributions to founder shareholders are disclosed in the Statement of Changes in Equity. Outstanding fees as at 30 April 2019 and 2018 are disclosed in Note 9, while the carrying amounts of the financial assets in F.P. majetková a.s. are disclosed in Note 4.2 to these financial statements. Loans to related parties are disclosed in Note 6 whilst interest income receivable on these loans is disclosed in the Statement of comprehensive income.

14. RECONCILIATION OF IFRS NET ASSET VALUE TO THE DEALING NET ASSET VALUE

The sub-Fund's net asset value used in the calculation of the dealing net asset value does not comply with IAS 38 in respect to set-up costs as the sub-Fund is amortising such costs over five years. This is not permitted under IFRS for the purposes of the preparation of financial statements and accordingly have been expensed in the period when they were incurred.

	Cesky Fond Pudy Class A CZK 2019	**Cesky Fond Pudy Class B CZK 2019**	**Cesky Fond Pudy Total CZK 2019**
Net asset value used in the calculation of the dealing net asset value	**280,534,541**	**1,323,440,805**	**1,603,975,346**
IAS 38 adjustment: set-up costs	**(3,174)**	**(14,976)**	**(18,150)**
Net asset value as per financial statements	**280,531,367**	**1,323,425,829**	**1,603,957,196**

	CZK 2019	**CZK 2019**
Net asset value per participating share used in the calculation of the dealing net asset value	**1,468.9785**	**1,606.8189**
IAS 38 adjustment per participating share	**(0.0166)**	**(0.0182)**
Net asset value per participating share as per financial statements	**1,468.9619**	**1,606.8007**

14. RECONCILIATION OF IFRS NET ASSET VALUE TO THE DEALING NET ASSET VALUE (CONTINUED)

	Cesky Fond Pudy Class A CZK 2018	Cesky Fond Pudy Class B CZK 2018	Cesky Fond Pudy Total CZK 2018
Net asset value used in the calculation of the dealing net asset value	258,855,348	1,153,104,523	1,411,959,871
IAS 38 adjustment: set-up costs	(42,681)	(190,127)	(232,808)
Net asset value as per financial statements	258,812,667	1,152,914,396	1,411,727,063

	CZK 2018	CZK 2018
Net asset value per participating share used in the calculation of the dealing net asset value	1,386.9573	1,493.0369
IAS 38 adjustment per participating share	(0.2286)	(0.2461)
Net asset value per participating share as per financial statements	1,386.7287	1,492.7908

15. Events after the year-end

After the end of the reporting period, Cesky Fond Pudy has acquired Chlumecka s.r.o., a special purpose real estate vehicle holding 134 hectares of farmland and subsequently the directors decided to merge Chlumecka s.r.o. into FP majetková a.s., both entities being fully owned subsidiaries of Cesky Fond Pudy. The effective date of the merger was 1 May 2019.

Except for the declaration of dividends after year-end (refer to note 12), there were no other material subsequent events which necessitated a revision of the amounts included in the financial statements or disclosures therein.

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Independent Auditors' Report

To the Shareholders of Cesky Fond SICAV p.l.c.

1 Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cesky Fond SICAV p.l.c. (the "Company"), which comprise the statement of financial position as at 30 April 2019, the statements of comprehensive income, changes in equity, changes in net assets attributable to holders of redeemable shares and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

(a) give a true and fair view of the financial position of the Company as at 30 April 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU; and

(b) have been properly prepared in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive* issued in terms of the Accountancy Profession Act (Chapter 281, Laws of Malta), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent Auditors' Report (continued)

To the Shareholders of Cesky Fond SICAV p.l.c.

Other information

The directors are responsible for the other information. The other information comprises the directors, officers and other information, the directors' report and the information about the scheme, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and, other than in the case of the directors' report on which we report separately below in our 'Report on Other Legal and Regulatory Requirements', we do not express any form of assurance conclusion thereon.

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that (a) give a true and fair view in accordance with IFRS as adopted by the EU, and (b) are properly prepared in accordance with the provisions of the Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are also responsible for overseeing the financial reporting process.

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Independent Auditors' Report (continued)

To the Shareholders of Cesky Fond SICAV p.l.c.

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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Independent Auditors' Report (continued)

To the Shareholders of Cesky Fond SICAV p.l.c.

Auditors' responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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Independent Auditors' Report (continued)

To the Shareholders of Cesky Fond SICAV p.l.c.

2 Report on Other Legal and Regulatory Requirements

Opinion on the directors' report

The directors are responsible for preparing a directors' report in accordance with the provisions of article 177 of the Act.

We are required to consider whether the information given in the directors' report for the accounting period for which the financial statements are prepared is consistent with those financial statements; and, if we are of the opinion that it is not, we shall state that fact in our report. We have nothing to report in this regard.

Pursuant to article 179(3) of the Act, we are also required to:

- express an opinion on whether the directors' report has been prepared in accordance with the applicable legal requirements; and

- state whether, in the light of the knowledge and understanding of the entity and its environment obtained in the course of our audit of the financial statements, we have identified material misstatements in the directors' report, giving an indication of the nature of any such misstatements.

In such regards:

- in our opinion, the directors' report has been prepared in accordance with the applicable legal requirements; and

- we have not identified material misstatements in the directors' report.

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Independent Auditors' Report (continued)

To the Shareholders of Cesky Fond SICAV p.l.c.

Matters on which we are required to report by exception by the Act

Pursuant to articles 179(10) and 179(11) of the Act, we have nothing to report to you with respect to the following matters:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations which, to the best of our knowledge and belief, we require for the purpose of our audit.

The Principal authorised to sign on behalf of KPMG on the audit resulting in this independent auditors' report is Claude Ellul.

KPMG
Registered Auditors

31 October 2019

Appendix I

INFORMATION ABOUT THE SCHEME

1. AUTHORISATION

The Company has one sub-Fund and is authorised by the Malta Financial Services Authority as a Collective Investment Scheme pursuant to Section 6 of the Investment Services Act, 1994.

2. INCOME

In the case of Class A and Class C shares, the Company may pay dividends as it deems fit from time to time, and when part or all income attributable to shareholders is not distributed, such income will be accumulated within the price of the shares of the Fund. Class B and Class D shares within Cesky Fond Pudy are accumulator classes of shares and do not make any distributions. Instead, all income is accumulated within the price of their shares. In this case, no equalisation is required.

3. CHARGES AND OTHER FEES

Details on the Management, Performance, Administration and Prime Brokers fees can be found in note 10 ‘Fees’ of this report.

4. RISK WARNINGS

General

Investments in the Fund should be regarded as long-term investments. There is no assurance that the investment objective of the Fund will be achieved. The Fund’s investments are subject to normal market fluctuations and the risks inherent in all investments and there are no assurances that appreciation will occur.

The price of shares and the income derived from them (if any) can, from time to time, go down as well as up and investors may not realise their initial investment.

Past performance is no guarantee of future performance.

The value of the Fund may fall as well as rise.

The Fund is also subject to other risk factors, being General Trading Risks, Fixed Income Securities, Volatility and Correlation Risks, Exchange Rate Fluctuations, Leverage Risks, Credit/Trading Lines, Uncovered Positions, Concentration of Investments and Limited Diversification, Portfolio Turnover. Repurchase Agreements, Options, Short Selling, Custody Risk, Changes in Trading Method, Statutory Regulation, Growth in Assets Under Management, Reliance on the Investment Manager, Charges to the Funds, Potential Conflicts of Interest, Tax and Legal Risks, Restriction or Suspension of Redemption Rights and Mandatory Redemptions. Further details of such risks can be found in the Cesky Fond SICAV p.l.c. Offering Memorandum dated 28 February 2018.

5. SCHEME PARTICULARS

The above details are extracted from the Offering Memorandum of the Cesky Fond SICAV p.l.c. dated 28 February 2018, which is the current Offering Memorandum at the date of publishing this Annual Report. Persons wishing to invest in Cesky Fond Pudy should do so on the basis of the full information contained in the Offering Memorandum which is available upon request from the Manager.

6. MANAGER’S STATEMENT

In the opinion of the Manager, this Annual Report contains all the information required to enable the investors to make an informed judgement of the results and activities of the Company for the year ended 30 April 2019 and does not omit any matter or development of significance.