

**CESKY FOND SICAV p.l.c.**

**Annual Report**

For the Year Ended

30 April 2023

Company Registration Number: SV 310

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## Directors, officers and other information For the Year Ended 30 April 2023

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<b>Directors</b>	Mr Marek Smykal Mr Mark Guillaumier Mr Petr Hanak
<b>Registered office</b>	475, Triq il-Kbira San Guzepp, Santa Venera, SVR 1011, Malta
<b>Investment committee</b>	Mr Petr Hanak Mr Marek Smykal Mr Martin Burda Mr Ian Zammit
<b>Administrator and Company Secretary</b>	BOV Fund Services Limited 58, Zachary Street, Valletta, VLT 1130, Malta
<b>Prime Brokers</b>	UniCredit Bank Czech Republic and Slovakia, a.s. Želetavská 1525/1 140 92 Praha 4 Czech Republic
<b>Independent Auditors</b>	KPMG 92, Marina Street, Pieta, PTA 9044, Malta
<b>Legal Advisors</b>	David Griscti & Associates 168, St.Christopher Street, Valletta, VLT 1467, Malta

## Directors' Report For the Year Ended 30 April 2023

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The Directors present their report for Cesky Fond SICAV p.l.c. (the "Company") for the year ended 30 April 2023.

### Principal activities

The Company, whose registered office is located at Premium Banking Centre, 475, Triq il-Kbira San Guzepp, Santa Venera SVR 1011, 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-Fund are treated under Maltese legislation as separate from the assets and liabilities of the founder shares or of any other Sub-Funds which could be set up under the Company structure in the future.

The Company has no employees. In line with Article 6 of Regulation (EU 2019/2088) of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector, the Sub-Fund does not promote environmental or social characteristics in a way that meets the specific criteria contained in Article 8 of the Sustainable Finance Disclosure Regulation ("SFDR") or have sustainable investment as their objective in a way that meet the specific criteria contained in Article 9 of SFDR. Accordingly, the investments underlying the Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities.

### Results for the year, business developments and financial position

Cesky Fond SICAV p.l.c. has successfully closed its ninth year of operations. The Company has grown its first Sub-Fund, Cesky Fond Pudy, to Net Asset Value ("NAV") of CZK 2,232 million as at 30 April 2023 (2022: CZK 1,994 million).

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 105% since the inception of the fund in 2014. During the period under review, Cesky Fond Pudy has, through FP majetková a.s., acquired and divested a number of hectares. The divestments of land were from its non-core portfolio, and were realized at very favorable prices. FP majetková a.s. maintains its shareholding of 69.7% 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 undergone improvements in operations and change in strategic focus towards vegetable farming and reported a loss of CZK 5.9 million for period ending December 2022 (profit CZK 2.8 million in 2021).

Today, the underlying farmland investment consists of around 15,500 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.

## Directors' Report (continued) For the Year Ended 30 April 2023

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### 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.

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, including the sub-fund, 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 sub-fund investments are made in unregulated markets. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed. The Company actively manages its settlement risk.
- Operating risks – investments of the sub-fund 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 sub-fund particular supplement.

## Directors' Report (continued) For the Year Ended 30 April 2023

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### Distributions

During the period under review, the directors declared a dividend of CZK 40 per share to the holders of Class A redeemable shares in Cesky Fond Pudy and a dividend of CZK 13.05 per share to the Founder Shareholders as at 30 April 2022. After the period end, the directors declared a dividend of CZK 46 per share to the holders of Class A redeemable shares in Cesky Fond Pudy and a dividend of CZK 15.82 per share to Founder Shareholders as at 30 April 2023.

### Directors and Directors' Interests

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

### Subsequent Events

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.

### Impact of war in Ukraine, energy crisis and resulting high inflation in EU

Impact of war in Ukraine has basically two effects on our business.

- (i) It is the rise of costs of inputs, mainly energy, fuel and fertilizers.
- (ii) It is the increase of agricultural commodities prices, especially grain (its availability and price are affected by the fact that Ukraine and Russia are top worldwide exporters) but also the general increase of price of vegetables is significant. Consequently, the attractiveness of land has increased for farmers that have higher profits and also for general public and investors as a store of value in the times of high inflation. Therefore, the situation has led to increased profits agricultural sector and increased value of farmland.

When combined, these two effects on our business have opposite impact with prevailing effect of the increased value of farmland.

### 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 4 October 2023 and signed on its behalf by:



Mr Marek Smýkal  
Director



Mr Mark Guillaumier  
Director

# Cesky Fond SICAV p.l.c.

## Statement of Financial Position

As at 30 April 2023

Cesky Fond SICAV p.l.c.			
		2023	2022
	Note	CZK	CZK
<b>ASSETS</b>			
Investment property	13	934,226	934,226
Investment in subsidiary at fair value through profit or loss	5	1,236,496,200	1,019,593,200
Loans to related parties at fair value through profit or loss	6	971,000,000	912,200,000
Other loans receivable at amortised cost	6	15,000,000	15,000,000
Accrued income	7	20,693,096	16,054,498
Bank balances	8	54,876,761	84,719,398
<b>Total assets</b>		<b>2,299,000,283</b>	<b>2,048,501,322</b>
<b>Equity</b>			
Share capital	12	32,758	32,758
Retained earnings		59,150,317	48,973,703
<b>Total equity</b>		<b>59,183,075</b>	<b>49,006,461</b>
<b>LIABILITIES</b>			
Accrued expenses and other creditors	9	7,405,476	5,268,428
Net assets attributable to holders of redeemable shares		2,232,411,732	1,994,226,433
<b>Total equity and liabilities</b>		<b>2,299,000,283</b>	<b>2,048,501,322</b>

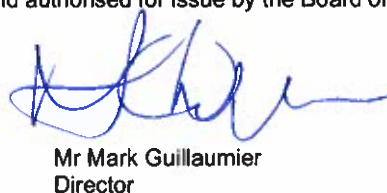
The Euro reference exchange rate issued by the European Central Bank between the Euro and the Czech Koruna as at 30 April 2023 was 23.502 (2022: 24.605).

The accompanying notes are an integral part of these financial statements. These also include more detailed information about the amounts attributable to holders of founder shares and unitholders of investor shares, in the next page.

The financial statements set out on pages 7 to 34 were approved and authorised for issue by the Board on 04 October 2023 and signed on its behalf by:



Mr Marek Smýkal  
Director



Mr Mark Guillaumier  
Director

## Statement of Financial Position

As at 30 April 2023

The following disclosure provides more detailed information about the amounts attributable to the holders of the founder shares and unitholders of investor shares. This information is being presented in accordance with the prevalent local practice.

	Note	Attributable to holders of founder shares		Attributable to unitholders of investor shares of Cesky Fond Pudy	
		2023 CZK	2022 CZK	2023 CZK	2022 CZK
<b>ASSETS</b>					
Investment property	13	<b>934,226</b>	934,226	-	-
Investment in subsidiary at fair value through profit or loss	5	-	-	<b>1,236,496,200</b>	1,019,593,200
Loans to related parties at fair value through profit or loss	6	-	-	<b>971,000,000</b>	912,200,000
Other loans receivable at amortised cost	6	-	-	<b>15,000,000</b>	15,000,000
Accrued income	7	<b>30,640,720</b>	31,753,564	<b>20,693,096</b>	16,054,498
Bank balances	8	<b>32,506,591</b>	19,331,006	<b>22,370,170</b>	65,388,392
<b>Total assets</b>		<b>64,081,537</b>	52,018,796	<b>2,265,559,466</b>	2,028,236,090
<b>Equity</b>					
Share capital	12	<b>32,758</b>	32,758	-	-
Retained earnings		<b>59,150,317</b>	48,973,703	-	-
<b>Total equity</b>		<b>59,183,075</b>	49,006,461	-	-
<b>LIABILITIES</b>					
Accrued expenses and other creditors	9	<b>4,898,462</b>	3,012,335	<b>33,147,734</b>	34,009,657
Net assets attributable to holders of redeemable shares		-	-	<b>2,232,411,732</b>	1,994,226,433
<b>Total equity and liabilities</b>		<b>64,081,537</b>	52,018,796	<b>2,265,559,466</b>	2,028,236,090

The above information is an integral part of the notes to these financial statements.

### Attributable to unitholders of investor shares of Cesky Fond Pudy

Shares in issue as at 30 April 2023	
Class A shares (note 12)	<b>187,473.5717</b>
Class B shares (note 12)	<b>931,640.0593</b>
Shares in issue as at 30 April 2022	
Class A shares	183,999.1922
Class B shares	894,744.6213
Net asset value of the sub-fund as at 30 April 2023 (in CZK)	<b>2,232,411,732</b>
Net asset value of the sub-fund as at 30 April 2022 (in CZK)	1,994,226.433

Net asset value per share of the sub-fund as at 30 April 2023 (in CZK) used in the calculation of the dealing net asset value	
Class A shares	<b>1,725.1258</b>
Class B shares	<b>2,049.0705</b>
Net asset value per share of the sub-fund as at 30 April 2022 (in CZK) used in the calculation of the dealing net asset value	
Class A shares	1,633.6427
Class B shares	1,892.8761
Net asset value per share of the sub-fund as at 30 April 2021 (in CZK) used in the calculation of the dealing net asset value	
Class A shares	1,560.4675
Class B shares	1,764.0786



## Statement of Changes in Equity

For the year ended 30 April 2023

	Attributable to holders of founder shares		
	Share Capital CZK	Retained Earnings CZK	Total CZK
<b>Balance as at 1 May 2022</b>	<b>32,758</b>	<b>48,973,703</b>	<b>49,006,461</b>
<b>Comprehensive income</b>			
Net profit for the year	-	58,137,614	58,137,614
<b>Contributions and distributions</b>			
Distributions to founder shareholders	-	(47,961,000)	(47,961,000)
<b>Balance as at 30 April 2023</b>	<b>32,758</b>	<b>59,150,317</b>	<b>59,183,075</b>

	Attributable to holders of founder shares		
	Share Capital CZK	Retained Earnings CZK	Total CZK
Balance as at 1 May 2021	32,758	43,501,165	43,533,923
Comprehensive income			
Net profit for the year	-	47,961,465	47,961,465
Contributions and distributions			
Distributions to founder shareholders	-	(42,488,927)	(42,488,927)
Balance as at 30 April 2022	32,758	48,973,703	49,006,461

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

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

For the year ended 30 April 2023

	Attributable to unitholders of investor shares of Cesky Fond Pudy	
	2023	2022
	CZK	CZK
<b>Net assets at beginning of year attributable to holders of redeemable shares</b>	<b>1,994,226,433</b>	<b>1,906,251,355</b>
Issue of redeemable shares	121,562,136	112,334,084
Redemption of redeemable shares	(47,278,297)	(152,600,327)
<b>Transactions with holders of redeemable shares</b>	<b>74,283,839</b>	<b>(40,266,243)</b>
Increase in net assets attributable to holders of redeemable shares	163,901,460	128,241,321
<b>Net assets at end of year attributable to holders of redeemable shares</b>	<b>2,232,411,732</b>	<b>1,994,226,433</b>

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

## Statement of Comprehensive Income

For the year ended 30 April 2023

Cesky Fond SICAV p.l.c.			
		01.05.2022 to 30.04.2023	01.05.2021 to 30.04.2022
	Note	CZK	CZK
<b>Income</b>			
Interest income		75,208,708	61,080,068
Bank interest		5,259,366	1,078,586
Exit fees on redemptions		347,530	199,779
Rental income		22,732	23,568
Other income		382,285	-
Net fair value movement on financial assets designated at fair value through profit and loss	4	161,684,979	130,938,244
Total income		242,905,600	193,320,245
<b>Expenses</b>			
Administration fees	10	(1,444,121)	(1,311,923)
Prime brokers fees	10	(326,275)	(420,050)
Legal and professional fees	10	(10,119,952)	(6,506,061)
Directors' remuneration		(101,148)	(98,425)
Investment committee fees		(325,580)	(138,567)
Other costs		(609,219)	(1,210,427)
Total operating expenses		(12,926,295)	(9,685,453)
Operating profit before finance costs and taxation		229,979,305	183,634,792
Distributions to investor shareholders	12	(7,359,967)	(7,270,218)
Taxation		(580,264)	(161,788)
<b>Net profit to founder shares/increase in net assets attributable to holders of redeemable shares</b>		<b>222,039,074</b>	<b>176,202,786</b>

The accompanying notes are an integral part of these financial statements. These also include more detailed information about the amounts attributable to holders of founder shares and holders of investor shares, in the next page.

## Statement of Comprehensive Income

For the year ended 30 April 2023

The following disclosure provides more detailed information about the amounts attributable to the holders of the founder shares and unitholders of investor shares. This information is being presented in accordance with the prevalent local practice.

		Attributable to founder shares		Attributable to unitholders of investor shares of Cesky Fond Pudy	
	Note	01.05.2022 to 30.04.2023 CZK	01.05.2021 to 30.04.2022 CZK	01.05.2022 to 30.04.2023 CZK	01.05.2021 to 30.04.2022 CZK
<b>Income</b>					
Interest income		-	-	<b>75,208,708</b>	61,080,068
Bank interest		<b>1,390,938</b>	192,184	<b>3,868,429</b>	886,402
Exit fees on redemptions		<b>347,530</b>	199,779	-	-
Rental income		<b>22,732</b>	23,568	-	-
Other income		<b>382,285</b>	-	-	-
Performance and management fee income	10	<b>65,202,112</b>	53,614,788	-	-
Net fair value movement on financial assets designated at fair value through profit and loss	4	-	-	<b>161,684,979</b>	130,938,244
Total income		<b>67,345,597</b>	54,030,319	<b>240,762,116</b>	192,904,714
<b>Expenses</b>					
Management fees	10	-	-	<b>(22,386,910)</b>	(19,736,369)
Performance fees	10	-	-	<b>(42,815,382)</b>	(33,878,419)
Administration fees	10	-	-	<b>(1,444,121)</b>	(1,311,923)
Prime brokers fees	10	-	-	<b>(326,275)</b>	(420,050)
Legal and professional fees	10	<b>(9,201,515)</b>	(6,032,661)	<b>(918,258)</b>	(473,400)
Directors' remuneration		-	-	<b>(101,148)</b>	(98,425)
Investment committee fees		-	-	<b>(325,580)</b>	(138,567)
Other costs		<b>(6,468)</b>	(7,365)	<b>(602,751)</b>	(1,203,062)
Total operating expenses		<b>(9,207,983)</b>	(6,040,026)	<b>(68,920,425)</b>	(57,260,215)
Operating profit before finance costs and taxation		<b>58,137,614</b>	47,990,293	<b>171,841,691</b>	135,644,499
Distributions to investor shareholders		-	-	<b>(7,359,967)</b>	(7,270,218)
Taxation		-	(28,828)	<b>(580,264)</b>	(132,960)
<b>Net profit to founder shares/increase in net assets attributable to holders of redeemable shares</b>		<b>58,137,614</b>	47,961,465	<b>163,901,460</b>	128,241,321

The above information is an integral part of the notes to these financial statements.

## Statement of Cash Flows

For the year ended 30 April 2023

	Cesky Fond SICAV p.l.c.	
	01.05.2022 to 30.04.2023	01.05.2021 to 30.04.2022
	CZK	CZK
<b>Cash flows from operating activities</b>		
Interest received on loans receivable	70,604,903	60,529,665
Net bank interest received	5,259,365	916,798
Rental income received	22,732	23,568
Operating expenses paid	(10,674,490)	(8,698,138)
Loans advanced	(449,000,000)	(248,500,000)
Repayment of loans advanced	400,000,000	191,000,000
Purchase of investments	(18,020)	(934,983)
Equity contribution	(65,000,000)	-
Capital repayments	-	100,000,000
<b>Net cash (used in)/generated from operating activities</b>	<b>(48,805,509)</b>	<b>94,336,910</b>
<b>Cash flows from financing activities</b>		
Amounts received on creation of shares	121,562,136	112,334,084
Amounts paid on redemption of shares	(47,278,297)	(152,600,327)
Distributions to shareholders	(55,320,967)	(49,759,145)
<b>Net cash generated from/(used in) financing activities</b>	<b>18,962,872</b>	<b>(90,025,388)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(29,842,637)</b>	<b>4,311,522</b>
Cash and cash equivalents at beginning of year	84,719,398	80,407,876
<b>Cash and cash equivalents at end of year (note 8)</b>	<b>54,876,761</b>	<b>84,719,398</b>

The accompanying notes are an integral part of these financial statements. These also include more detailed information about the amounts attributable to holders of founder shares and unitholders of investor shares, in the next page.

## Statement of Cash Flows

For the year ended 30 April 2023

The following disclosure provides more detailed information about the amounts attributable to the holders of the founder shares and unitholders of investor shares. This information is being presented in accordance with the prevalent local practice.

	<b>Attributable to founder shares</b>		<b>Attributable to unitholders of investor shares</b>	
	<b>01.05.2022</b>	<b>01.05.2021</b>	<b>01.05.2022</b>	<b>01.05.2021</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.04.2023</b>	<b>30.04.2022</b>	<b>30.04.2023</b>	<b>30.04.2022</b>
	<b>CZK</b>	<b>CZK</b>	<b>CZK</b>	<b>CZK</b>
<b>Cash flows from operating activities</b>				
Interest received on loans receivable	-	-	70,604,903	60,529,665
Net bank interest received	1,390,937	163,356	3,868,429	753,442
Rental income received	22,732	23,568	-	-
Operating expenses paid	(7,344,588)	(5,772,485)	(70,397,406)	(60,537,035)
Management fees, performance fees and other income received	67,067,504	57,611,382	-	-
Loans advanced	-	-	(449,000,000)	(248,500,000)
Repayment of loans advanced	-	-	400,000,000	191,000,000
Purchase of investments	-	(934,226)	(18,020)	(757)
Equity contribution	-	-	(65,000,000)	-
Capital repayments	-	-	-	100,000,000
<b>Net cash generated from/(used in) operating activities</b>	<b>61,136,585</b>	<b>51,091,595</b>	<b>(109,942,094)</b>	<b>43,245,315</b>
<b>Cash flows from financing activities</b>				
Amounts received on creation of shares	-	-	121,562,136	112,334,084
Amounts paid on redemption of shares	-	-	(47,278,297)	(152,600,327)
Distributions to shareholders	(47,961,000)	(42,488,927)	(7,359,967)	(7,270,218)
<b>Net cash (used in)/ generated from financing activities</b>	<b>(47,961,000)</b>	<b>(42,488,927)</b>	<b>66,923,872</b>	<b>(47,536,461)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>13,175,585</b>	<b>8,602,668</b>	<b>(43,018,222)</b>	<b>(4,291,146)</b>
Cash and cash equivalents at beginning of year	19,331,006	10,728,338	65,388,392	69,679,538
<b>Cash and cash equivalents at end of year (note 8)</b>	<b>32,506,591</b>	<b>19,331,006</b>	<b>22,370,170</b>	<b>65,388,392</b>

The above information is an integral part of the notes to 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 2023, 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 p.l.c. as the entity with the separate legal personality. The Statutory Financial Statements are those presented for the Company. The Sub-Fund does not have a separate legal personality and its activities are an integral part of that entity.

In accordance with prevalent local practice, segregated financial information relating to amounts 'attributable to holders of founder shares' and amounts 'attributable to unitholders of investor shares' are disclosed following each primary financial statement of the Company, as applicable, and these form an integral part of the notes to the financial statements. Also, in accordance with local practice, where appropriate, other disclosures in the notes in the financial statements are segregated by amounts 'attributable to holders of founder shares' and amounts 'attributable to unitholders of investor shares'. The inclusion of such financial information is nonetheless not a statutory requirement.

As at 30 April 2023, the sub-Fund had one immediate subsidiary, FP majetková s.a. The sub-Fund and its immediate subsidiary are formed in connection with each other and operate as a single unit. The Directors concluded that the sub-Fund and its immediate subsidiary together meet the definition of an investment entity and the typical characteristics to qualify as an investment entity, and therefore each of the sub-Fund and its immediate subsidiary are investment entities. The criteria for qualification as an investment entity were applied to the structure as a whole, including 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 15,500 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 Going concern**

The Directors note that sales of farmland by the Sub-Fund's subsidiary FP majetková a.s. have increased, the rental income levels are stable with tendency to a slight increase, and there are generally minimal negative impacts of the war in Ukraine and higher inflation on agricultural productions. Moreover, the impact of such war and inflation is rather positive for the outlook of the farmland valuation and liquidity position of the Sub Fund. The reason being that the agricultural production is more profitable now with the increased price of agricultural produce in spite of the increased energy prices.

## **2. BASIS OF PREPARATION (continued)**

### **2.3 Going concern (continued)**

Therefore, the demand for farmland increases steadily as good investment for agricultural businesses and also an effective measure for preserving savings and wealth of the citizens in the uncertain times. FP majetková a.s. has sufficient liquidity to meet its contractual obligations to its business partners and to the Sub-Fund. New additional disposals of land contracted post April 2023 generated sufficient cash buffer to meet all contractual obligations of the Company. Considering the above-mentioned facts, the going concern assumption of the Company has not been negatively impacted by the war in Ukraine or increased inflation and the financial statements have been prepared on the going concern basis.

### **2.4 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 and investment property, which are measured at fair value.

### **2.5 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.

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.

### **2.6 Functional and Presentation Currency**

The financial statements for the Company are presented in Czech koruna (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 (EUR). Accordingly, the directors have determined that the functional currency of the Company is CZK.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.



### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **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.

#### **3.2 Financial instruments**

##### *Financial Assets*

The Company classifies its financial assets as subsequently measured at amortised cost or measured at FVTPL on the basis of both (a) the entity's business model for managing the financial assets; and (b) 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)**

##### *Impairment*

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.

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 Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as 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)*

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.

#### **3.3 Cash and cash equivalents**

Cash and cash equivalents comprise 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.

#### **3.4 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.8 Net gains/losses from financial instruments 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 amount that is payable at the statement of financial position date if the holder exercises the right to put the share back to the Sub-fund.

#### **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.

#### **3.11 Investment property**

Investment property, principally comprising a freehold building, is held to be used as office space or for capital appreciation or both and is not occupied by the Company.

The Company adopts the fair value model, whereby investment property is initially measured at its cost, including related transaction costs and where applicable, borrowing costs. After initial recognition, investment property is carried at fair value, representing open market value determined annually. Fair value is based on active market prices, adjusted, if necessary for any difference in the nature, location or condition of the specific asset. The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expenses when incurred. When part of investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in the statement of comprehensive income. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.12 New standards, interpretations and amendments to existing standards, issued but not yet adopted**

A number of new standards, interpretations and amendments to existing standards are effective for annual periods beginning after 1 May 2022 and earlier application is permitted; however, the Company has not early applied these new or amended standards or interpretations in preparing these financial statements.

Of those standards that are not yet effective, none is expected to have a material impact on the Company's financial statements in the period of initial application.

### **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 Manager. 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 2023, the Sub-Fund had only accrued expenses and other creditors denominated in Euro, which amounted to CZK 1,762,221 (2022: CZK 1,546,093). 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 Sub-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, together with which it is managed as an integrated structure. The Sub-Fund is indirectly exposed to the foreign currency risk of its subsidiaries, which however as at 30 April 2023 and 2022 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		Cesky Fond SICAV p.l.c.	
	2023	2022	2023	2022	2023	2022
	CZK	CZK	CZK	CZK	CZK	CZK
Loans to subsidiaries at fair value through profit or loss, having a fixed rate	-	-	971,000,000	912,200,000	971,000,000	912,200,000
Other loans at cost, having a fixed rate	-	-	15,000,000	15,000,000	15,000,000	15,000,000
Assets at a variable rate	32,506,591	19,331,006	22,370,170	65,388,392	54,876,761	84,719,398
<b>Total interest-bearing assets</b>	<b>32,506,591</b>	<b>19,331,006</b>	<b>1,008,370,170</b>	<b>992,588,392</b>	<b>1,040,876,761</b>	<b>1,011,919,398</b>
	% of Equity		% of Net Assets		% of Equity and Net Assets	
Loans to subsidiaries at fair value through profit or loss, having a fixed rate	-	-	43.50%	45.74%	42.37%	44.64%
Other loans at cost, having a fixed rate	-	-	0.67%	0.75%	0.65%	0.73%
Assets at a variable rate	54.93%	39.45%	1.00%	3.28%	2.39%	4.15%
<b>Total interest-bearing assets</b>	<b>54.93%</b>	<b>39.45%</b>	<b>45.17%</b>	<b>49.77%</b>	<b>45.42%</b>	<b>49.52%</b>

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.

Exposure to other loans bearing fixed rate is not considered significant such that changes in interest rates will not materially affect fair value.



#### 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:

	Attributable to founder shares		Attributable to unitholders of investor shares of Cesky Fond Pudy		Cesky Fond SICAV p.l.c.	
	2023	2022	2023	2022	2023	2022
	CZK	CZK	CZK	CZK	CZK	CZK
Increase in interest income from variable rate assets	<b>325,066</b>	193,310	<b>223,702</b>	653,884	<b>548,768</b>	847,194
	% of Equity	% of Equity	% of NAV	% of NAV	% of Equity and NAV	% of Equity and NAV
Net effect on equity and net assets attributable to shareholders	<b>0.55%</b>	0.39%	<b>0.01%</b>	0.03%	<b>0.02%</b>	0.04%

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, together with which it is managed as an integrated structure. The main interest-bearing financial instruments owned by the Sub-Fund are the loans payable to the Sub-fund by FP majetková a.s. and the sub-subsidiaries, 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 instruments 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, together with which it is managed as an integrated structure. 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 Sub-Fund is not subject to significant other market price risk on this investment.



#### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### 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.

##### 4.3.1 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 maturities of the loans receivable by the Sub-Fund are as follows:

	Repayable within				
	Within 3 months	Within 1 year	Between 1 to 5 years	After 5 years	Total
	CZK	CZK	CZK	CZK	CZK
<b>As at 30 April 2023</b>	-	<b>181,800,000</b>	<b>804,200,000</b>	-	<b>986,000,000</b>
As at 30 April 2022	149,300,000	337,400,000	440,500,000	-	927,200,000

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 holders of founder shares		Attributable to unitholders of investor shares of Cesky Fond Pudy		Cesky Fond SICAV p.l.c.	
	Carrying amount	Carrying amount	Carrying amount	Carrying amount	Carrying amount	Carrying amount
	2023	2022	2023	2022	2023	2022
	CZK	CZK	CZK	CZK	CZK	CZK
Loans to subsidiaries at fair value through profit or loss	-	-	<b>971,000,000</b>	912,200,000	<b>971,000,000</b>	912,200,000
Other loans at amortised cost	-	-	<b>15,000,000</b>	15,000,000	<b>15,000,000</b>	15,000,000
Other receivables	<b>30,640,720</b>	31,753,564	<b>20,693,096</b>	16,054,498	<b>20,693,096</b>	16,054,498
Bank balances	<b>32,506,591</b>	19,331,006	<b>22,370,170</b>	65,388,392	<b>54,876,761</b>	84,719,398
	<b>63,147,311</b>	51,084,570	<b>1,029,063,266</b>	1,008,642,890	<b>1,061,569,857</b>	1,027,973,896

#### **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.

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 171,723,000 (2022: CZK 103,634,000) and represented 7.7% (2022: 5.2%) of the net assets attributable to redeemable shareholders of the Sub-Fund.

###### **4.3.2 Cash and cash equivalents**

The Company holds bank balances with Ceska Sporitelna rated 'A (stable)' by Fitch Ratings and UniCredit Bank in the Czech Republic and Slovakia rated 'BBB' by S&P. The Investment Committee monitors the financial position of the bank on a regular basis. ECL on these balances 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 the 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 2023, the settlement risk exposure was not significant.

#### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### 4.4 Liquidity risk

For net assets attributable to the unitholders of investor shares, the Sub-Fund 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 56 million every six months (2022: CZK 32.1 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 158 million (2022: CZK 135 million), representing 7.1% (2022: 6.8%) 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.

The Company has also a credit line of up to CZK 50 million from Unicredit Bank (obtained in September 2021) and that facility can be used in case of significant increase in redemptions.

##### 4.5 Fair values of financial instruments

The following table presents the Sub-Fund's assets that are measured at fair value at 30 April 2023 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).

	Level 1	Level 2	Level 3	Total
	CZK	CZK	CZK	CZK
<b>30 April 2023</b>				
<b>Assets</b>				
Equity security	-	- 1,236,496,200	1,236,496,200	
Loans at fair value through profit or loss	-	- 971,000,000	971,000,000	
	-	- 2,207,496,200	2,207,496,200	
<b>30 April 2022</b>				
<b>Assets</b>				
Equity security	-	- 1,019,593,200	1,019,593,200	
Loans at fair value through profit or loss	-	- 912,200,000	912,200,000	
	-	- 1,931,793,200	1,931,793,200	

#### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### 4.5 Fair values of financial instruments (continued)

As at 30 April 2023, 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 with reference to an independent professionally qualified architect. 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 14 to CZK 53 per square metre (2022: CZK 17 to CZK 46), with a weighted average of CZK 33.60 per square metre (2022: CZK 30.32 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 94,655,412 (2022: CZK 85,947,474).

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 2023 by class of financial instrument:

	Unquoted equity security		Loans receivable	
	2023	2022	2023	2022
	CZK	CZK	CZK	CZK
Opening Balance	<b>1,019,593,200</b>	967,054,200	<b>912,200,000</b>	881,300,000
Disposals/additions during the year	-	(5,868)	<b>449,000,000</b>	177,500,000
Equity contribution	<b>65,000,000</b>	-	-	-
Repayments during the year	-	(100,000,000)	<b>(400,000,000)</b>	(125,000,000)
Fair value movements	<b>151,903,000</b>	152,544,868	<b>9,800,000</b>	(21,600,000)
Closing Balance	<b>1,236,496,200</b>	1,019,593,200	<b>971,000,000</b>	912,200,000

#### 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 10% (2022: 10%). 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

	2023	2022
	CZK	CZK
Investment in unquoted equity security	<u>1,236,496,200</u>	<u>1,019,593,200</u>

As at 30 April 2023 and 2022, 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.

#### 6. LOANS TO RELATED PARTIES 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
	2023 CZK	2022 CZK	2023 CZK	2022 CZK
Loans to related parties at fair value through profit or loss	971,000,000	912,200,000	43.50%	45.74%
Loans to third parties at amortised cost	15,000,000	15,000,000	0.67%	0.75%
	<u>986,000,000</u>	<u>927,200,000</u>	<u>44.17%</u>	<u>46.49%</u>

## 6. LOANS TO RELATED PARTIES AND OTHER LOANS (CONTINUED)

During the year ended 30 April 2023, Cesky Fond Pudy entered into new loan agreements with FP majetková a.s. amounting to CZK 420,000,000 (2022: CZK 149,000,000). During the year ended 30 April 2023, loans for a total value of CZK 400,000,000 (2022: CZK 125,000,000) matured and were repaid by the subsidiary. Loans receivable carried at fair value from this entity amount to a total of CZK 870,300,000 as at 30 April 2023 (2022: CZK 835,500,000). These loans are unsecured, bear interest between 6.5% and 10% per annum and mature between 2023 and 2025.

During the year ended 30 April 2023, Cesky Fond Pudy entered into loan agreements with Zemedelska Spolecnost Piskova Lhota, a.s. (a subsidiary of FP majetková a.s.) amounting to CZK 29,000,000 (2022: CZK 28,500,000). Loans receivable carried at fair value from this entity amount to a total of CZK 100,700,000 as at 30 April 2023 (2022: CZK 76,700,000). These loans bear an interest rate of 5% per annum and are to be repaid by no later than 31 December 2024.

The fair value movement during the year on loans receivable at fair value through profit or loss amounted to an increase of CZK 9,800,000 (2022: loss of CZK 21,600,000).

Loans receivable at amortised cost amount to a total of CZK 15,000,000 as at 30 April 2023 (2022: CZK 15,000,000).

## 7. ACCRUED INCOME

The accrued income attributable to founder shareholders relates to management and performance fees charged by the founder shares to the sub-Fund, whilst the accrued income in the sub-Fund relates to interest receivable on loans to related and third parties. At Company level, the accrued income relating to management and performance fees charged by the founder shares has been netted against the accrued expenses relating to management and performance fees incurred by the Sub-Fund. Refer to note 9 and to note 10(d).

## 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 holders of founder shares		Attributable to unitholders of investor shares of Cesky Fond Pudy		Cesky Fond SICAV p.l.c.	
	2023 CZK	2022 CZK	2023 CZK	2022 CZK	2023 CZK	2022 CZK
Bank Balances	<b>32,506,591</b>	19,331,006	<b>22,370,170</b>	65,388,392	<b>54,876,761</b>	84,719,398
% of net assets	<b>54.93%</b>	39.45%	<b>1.00%</b>	3.28%	<b>2.39%</b>	4.15%

As at 30 April 2023, an amount of CZK 34,652,851 (2022: CZK 103,280,746) was received by the sub-Fund relating to subscriptions with dealing date 1 May 2023 (2022: Dealing date 1 May 2022). 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 2023 (2022: effected on 1 May 2022). Accordingly, this bank account was not recognised in the statement of financial position as at 30 April 2023.

## 9. ACCRUED EXPENSES AND OTHER CREDITORS

	Attributable to holder of founder shares		Attributable to unitholders of investor shares of Cesky Fond Pudy		Cesky Fond SICAV p.l.c.	
	2023 CZK	2022 CZK	2023 CZK	2022 CZK	2023 CZK	2022 CZK
<b>Accrued expenses</b>						
Management fees	-	-	11,222,260	10,046,641	-	-
Performance fees	-	-	19,418,460	21,706,923	-	-
Administration fees	-	-	469,070	430,676	469,070	430,676
Other expenses	4,898,462	3,012,335	2,037,944	1,825,417	6,936,406	4,837,752
<b>Total</b>	<b>4,898,462</b>	<b>3,012,335</b>	<b>33,147,734</b>	<b>34,009,657</b>	<b>7,405,476</b>	<b>5,268,428</b>

At Company level, the accrued expenses relating to management and performance fees incurred by the Sub-Fund has been netted against the accrued income relating to management and performance fees charged by the founder shares. Refer to note 7 and to note 10(d).

## 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. These management fees represent revenue attributable to the 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 Founder Shares 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.

At Company level, management and performance fees receivable by the Founder Shares are netted against the management and performance fees incurred by the sub-funds. All receipts and payments between founder shares and sub-funds are eliminated in the Statement of cash flows at Company level. These net-offs and eliminations were not recorded in the financial statements of prior year.



## 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 2023 relate to:

	2023 CZK	2022 CZK
Annual statutory audit	509,817	430,588
Tax compliance and advisory services	83,027	42,812
	<b>592,844</b>	<b>473,400</b>

## 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 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 share capital of the founder Shares amounted to CZK 32,758 (2022: CZK 32,758). The Founder shares are held by 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:

	2023	2022
	Shares	Shares
<b>Class A shares in issue at beginning of year</b>	<b>183,999.1922</b>	191,321.5312
Creation of Class A shares	<b>3,474.3795</b>	2,429.5989
Redemption of Class A shares	-	(9,751.9379)
<b>Class A shares in issue at end of year</b>	<b>187,473.5717</b>	183,999.1922
<b>Class B shares in issue at beginning of year</b>	<b>894,744.6213</b>	911,354.1026
Creation of Class B shares	<b>60,881.1724</b>	60,939.9136
Redemption of Class B shares	<b>(23,985.7344)</b>	(77,549.3949)
<b>Class B shares in issue at end of year</b>	<b>931,640.0593</b>	894,744.6213

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 40 per share to the holders of Class A redeemable shares in Cesky Fond Pudy and a dividend of CZK 13.05 per share to the Founder Shareholders as at 30 April 2022. After the year end, the directors declared a dividend of CZK 46 per share to the holders of Class A redeemable shares in Cesky Fond Pudy existing as at 30 April 2023 and a dividend of CZK 15.82 per share to Founder Shareholders as at 30 April 2023.

**13. INVESTMENT PROPERTY**

The value of the Investment Property consists of the purchase price and related acquisition costs, such as notarial fees and transfer duties. Considering the market conditions and the state of the property, the value as of year-end approximates the fair value of the garage.

**14. RELATED PARTIES**

The Company has a related party relationship with its founder shareholders, its directors and its subsidiaries.

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 2023 and 2022 are disclosed in Note 9, while the carrying amounts of the financial assets in F.P. majetková a.s. are disclosed in Note 4.5 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.

The founder shareholders hold shares in the Sub-Fund in the value of approximately CZK48million as at 30 April 2023 (2022: CZK44 million).

**15. EVENTS AFTER THE YEAR-END**

After year-end, the Board of Directors declared dividends to the Founder shares and to the Class A investors in the Sub-Fund (refer to note 12).

## 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 14 December 2021.

#### 5. SCHEME PARTICULARS

The above details are extracted from the Offering Memorandum of the Cesky Fond SICAV p.l.c. dated 14 December 2021, 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 2023 and does not omit any matter of development of significance.