

**APUANO FUNDS**

**(an open-ended umbrella unit trust)**

**Annual Report and Audited Financial Statements**

For the financial year ended 31 December 2023

Registration No. C402109

# APUANO FUNDS

## Table of Contents

---

	<b>Page</b>
Directors of the Manager and Other Information	1
Statement of the Manager's Responsibilities	2
Investment Manager's Report	3
Trustee's Report to the Unitholders	4
Independent Auditors' Report	5-7
Statement of Financial Position	8
Statement of Comprehensive Income	9
Statement of Changes in Net Assets Attributable to Holders of Redeemable Units	10
Statement of Cash Flows	11
Notes to the Financial Statements	12-33
Schedule of Investments	34-35
Statement of Material Changes in the Composition of the Portfolio (unaudited)	36-37
Appendix I: UCITS V – Remuneration Disclosure (unaudited)	38
Appendix II - Sustainable Finance Disclosure Regulation (unaudited)	39

## **APUANO FUNDS**

### **Directors of the Manager and Other Information**

---

#### **Directors of the Manager**

Julian Alworth (USA and Italy)  
Michele Calzolari (Italy)\*  
Fergal O' Leary (Ireland)\*^  
Andrew Curtin (Ireland)\*^

#### **Investment Manager**

Foundation Asset Management (HK) Limited  
Suite 2703  
Tower One  
Lippo Centre  
89 Queensway  
Hong Kong

#### **Manager**

European and Global Investments Limited  
28-32 Upper Pembroke Street  
Dublin 2  
Ireland

#### **Administrator, Registrar and Transfer Agent**

CACEIS Ireland Limited  
Bloodstone Building  
Sir John Rogerson's Quay  
Dublin 2  
Ireland

#### **Trustee**

CACEIS Bank, Ireland Branch  
Bloodstone Building  
Sir John Rogerson's Quay  
Dublin 2  
Ireland

#### **Legal Advisers in Ireland**

Dillon Eustace  
33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

#### **Independent Auditor**

Grant Thornton  
Chartered Accountants and Statutory Audit Firm  
13-18 City Quay  
Dublin 2  
Ireland

#### **Secretary of the Manager**

Tudor Trust Limited  
33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

\*Non-executive Director

^Independent Director

## APUANO FUNDS

### Statement of the Manager's Responsibilities

For the financial year ended 31 December 2023

---

European and Global Investments Limited (the "Manager") is responsible for preparing the Annual Report and the financial statements for each financial year in accordance with applicable law and regulations.

The financial statements are required to give a true and fair view of the assets, liabilities and financial position of Apuano Funds (or the "Trust") at the end of the financial year and of the profit or loss of the Trust for the financial year. In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

The Manager is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable it to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the provisions of the Trust Deed and the UCITS Regulations.

The Manager has delegated responsibility for the administration of the Trust's affairs to CACEIS Ireland Limited for the purpose of maintaining proper accounting records. Accordingly, the accounting records are kept at CACEIS Ireland Limited, Bloodstone Building, Sir John Rogerson's Quay, Dublin 2, Ireland. CACEIS Bank, Ireland Branch is responsible for the safekeeping of the assets of the Trust in accordance with the Trust Deed. In this regards, it has entrusted the assets of the Trust to CACEIS Bank, Ireland Branch for safekeeping in accordance with the Trust Deed.

The Manager is responsible for the maintenance and the integrity of the corporate and financial information included on the Manager's website [www.egifunds.com](http://www.egifunds.com). Legislation in the Republic of Ireland governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

#### Dealings with connected persons

Regulation 43(1) of the UCITS Regulations "Restrictions of transactions with connected persons" states that "A responsible person shall ensure that any transaction between a UCITS and a connected person is conducted a) at arm's length; and b) in the best interest of the unitholders of the UCITS".

As required under UCITS Regulation 81.4, the Manager, as responsible person is satisfied that: (i) there are arrangements in place, evidenced by written procedures, to ensure that the obligations set out in Regulation 43(1) of the Central Bank UCITS Regulations are applied to all transactions with connected persons; and (ii) all transactions with connected parties entered into during the financial year complied with the obligations set out in that regulation.

The Manager has reviewed and assessed the measures included in the Irish Funds Industry Association Corporate Governance Code for Irish Domiciled Collective Investment Schemes and Management Companies issued on 14 December 2011 with effect from 31 December 2012 and considers its corporate governance practices and procedures throughout the year to be consistent therewith.

Signed on behalf of the Manager by:



Andrew Curtin  
Director



Julian Alworth  
Director

Date: 23 April 2024

## APUANO FUNDS

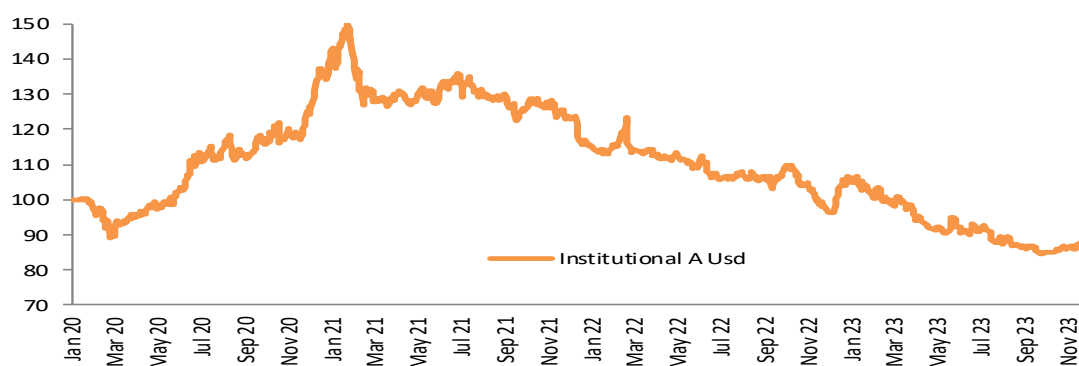
### Investment Manager's Report

For the financial year ended 31 December 2023

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2020</b>	0.11	-4.77	-2.03	3.57	1.85	5.15	8.21	3.81	-2.78	4.11	-0.35	11.63	<b>31.02</b>
<b>2021</b>	5.28	-2.93	-4.58	2.27	0.31	2.09	-0.85	-2.31	-2.14	1.44	-1.25	-2.51	<b>-5.45</b>
<b>2022</b>	-8.20	1.64	-1.37	-2.12	-0.20	-0.01	-4.49	-0.49	-0.48	3.58	-5.70	-6.42	<b>-22.30</b>
<b>2023</b>	8.91	-4.42	0.14	-4.84	-4.01	-0.69	1.56	-3.72	-3.39	-1.33	2.62	-0.62	<b>-10.12</b>

**Total Assets in Usd as of 29.12.2023: 14,468,791**

**Performance - from 24/01/2020 to 29/12/2023**



### Market Overview

During the second half of 2023, China's economic indicators presented a mixed picture. The manufacturing PMI showed signs of stabilization in the first two months but weakened consistently until December, raising concerns about the fundamental slowdown of the economy. Despite the government's initial plans for a consumption stimulus and policies, there were no significant positive outcomes as the months progressed. Investors became increasingly concerned about the government's GDP target, given the downgraded consumption environment.

### Fund Performance

In 2023, the Fund experienced a decline of -10.1%, which, despite challenging market conditions, still outperformed the MSCI China Index's decrease of 14.2% in USD terms. Throughout the year, the Fund demonstrated effective risk management by strategically adjusting hedge positions to navigate the consumption downgrade and geopolitical risks. Looking ahead to 2024, we are starting to see some positive signs, considering the extremely low valuation of the China market. The MSCI China Index is currently trading at a single-digit price-to-earnings (PE) ratio, and the consensus forecast for its EPS growth of >10% in the next two years. Additionally, the lower interest rate risk from the US may potentially help to improving stocks' valuation multiples. Our portfolio management team, armed with a global perspective and specialized expertise, remains confident in our ability to capitalize on discerning stock selection and deliver sustainable, risk-adjusted returns. This confidence is further reinforced by our 15-year history as one of the longest-standing China hedge funds.

## **Trustee's Report to the Unitholders of Apuano Funds**

---

We, CACEIS Bank, Ireland Branch, appointed Trustee to Apuano Funds (the "Trust") provide this report solely for the unitholders of the Trust for the year ended 31 December 2023 ("Annual Accounting Period").

This report is provided in accordance with the UCITS Regulations – European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No. 352 of 2011) (as amended) and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48 (1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 which implemented Directive 2009/65/EU into Irish Law (the "Regulations"). We do not, in the provision of this report, accept nor assume responsibility for any other purpose or to any other person to whom this report is shown.

In accordance with our Trustee obligations as provided for under the Regulations, we have enquired into the conduct of the Trust for this Annual Accounting Period and we hereby report thereon to the unitholders of the Trust as follows;

We are of the opinion that the Trust has been managed during the Annual Accounting Period, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Trust by the constitutional documents and by the Regulations; and
- (ii) otherwise in accordance with the provisions of the constitutional documents and the Regulations.

*Anne Deegan*

---

CACEIS Bank, Ireland Branch  
23 April 2024

# Independent auditor's report to the unitholders of Apuano Funds

## **Report on the audit of the financial statements**

### **Opinion**

We have audited the financial statements of Apuano Funds (or the "Trust") for the financial year ended 31 December 2023 which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Units, Statement of Cash Flows and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, Apuano Funds financial statements:

- give a true and fair view in accordance with IFRS as adopted by the European Union of the assets, liabilities and financial position of the Trust as at 31 December 2023 and of its financial performance and cash flows for the financial year then ended; and
- have been properly prepared in accordance with the requirements of the UCITS Regulations and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (the "Central Bank UCITS Regulations")

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, namely the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard concerning the integrity, objectivity and independence of the auditor, and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the Trust. 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.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors of the Manager's use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a year of at least twelve months from the date when the original financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors of the Manager with respect to going concern are described in the relevant sections of this report.

### **Other information**

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors of the Manager are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

# Independent auditor's report to the unitholders of Apuano Funds

## **Responsibilities of the Directors of the Manager for the financial statements**

As explained more fully in the statement of Manager's responsibilities, the Directors of the Manager are responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS as adopted by the European Union, and for such internal control as they determine 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 of the Manager are responsible for assessing the Trust'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 of the Manager either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The Directors of the Manager are responsible for overseeing the Trust's financial reporting process.

## **Responsibilities of the auditor for the audit of the financial statements**

The auditor's 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 auditor's 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 (Ireland) 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 (Ireland), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. The auditor will 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 their 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 Trust's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Manager;
- Conclude on the appropriateness of the Directors of the Manager 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 Trust's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern; and
- 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 a true and fair view.

The auditor communicates with the Directors of the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.



# Independent auditor's report to the unitholders of Apuano Funds

## **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Trust's unitholders, as a body, in accordance with the agreed scope of our engagement. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.



David Lynch  
For and on behalf of

**Grant Thornton**

Chartered Accountants & Statutory Audit Firm  
13 – 18 City Quay  
Dublin 2

Date: 23 April 2024

## APUANO FUNDS

### STATEMENT OF FINANCIAL POSITION

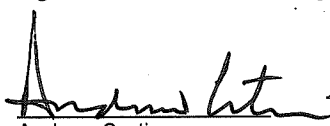
As at 31 December 2023

		Apuano Foundation China Fund*	Apuano Foundation China Fund*
		31 December 2023	31 December 2022
	Note	USD	USD
<b>Assets</b>			
Financial assets at fair value through profit or loss:			
- Transferable securities	3	13,687,664	25,226,526
- Derivative contracts	3	288,131	86,052
Cash and cash equivalents	6	917,718	3,234,421
Margin cash	6	124,835	-
Interest and dividend receivable		1,289	1,954
Other assets		4,783	-
<b>Total assets</b>		<b>15,024,420</b>	<b>28,548,953</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss:			
- Derivative contracts	3	133,198	50,828
Margin overdraft	6	270,000	6,668
Payable on redemptions		139,679	16,530
Management fees payable	8	26,743	54,006
Administrator fees payable	8	10,791	4,722
Trustee fees payable	8	6,628	2,135
Audit fees payable		15,276	15,625
Other liabilities		13,187	10,043
<b>Total liabilities</b>		<b>615,502</b>	<b>160,557</b>
<b>Net assets attributable to holders of redeemable units</b>		<b>14,408,918</b>	<b>28,388,396</b>

\*Apuano Foundation China Fund was the only Sub-Fund in the Trust and therefore the above details of the Apuano Foundation China Fund are also those of the Trust for the financial year ended 31 December 2023 and 31 December 2022.

The notes on pages 12 to 33 form an integral part of these financial statements.

Signed on behalf of the Manager by:

  
 Andrew Curtin  
 Director

  
 Julian Alworth  
 Director

Date: 23 April 2024

## APUANO FUNDS

### STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

		Apuano Foundation China Fund* For the financial year ended 31 December 2023	Apuano Foundation China Fund* For the financial year ended 31 December 2022
	Note	USD	USD
<b>Income</b>			
Dividend income		564,818	849,123
Interest income		39,383	23,006
Other income		-	2,671
<b>Total income</b>		<b>604,201</b>	<b>874,800</b>
<b>Expenses</b>			
Management fees	8	512,065	747,928
Performance fees	8	-	-
Administrator fees	8	50,357	47,931
Trustee fees	8	37,233	42,339
Audit fees		13,302	12,964
Legal fees		10,642	26,360
Transfer Agency fees		14,231	14,206
Transaction costs		371,511	565,758
Other fees and expenses		45,435	52,371
<b>Total expenses</b>		<b>1,054,776</b>	<b>1,509,857</b>
<b>Net investment loss</b>		<b>(450,575)</b>	<b>(635,057)</b>
<b>Net realised and unrealised loss on investments and foreign currency</b>			
Net realised loss on foreign currency	5	(41,310)	(215,009)
Realised loss from investments at fair value through profit and loss	5	(2,475,654)	(7,938,812)
Change in unrealised gain/(loss) from investments at fair value through profit and loss	5	485,368	(1,934,680)
		<u>(2,031,596)</u>	<u>(10,088,501)</u>
<b>Finance costs</b>			
Withholding tax		(44,504)	(59,201)
Interest expense		(3,694)	(3,553)
		<u>(48,198)</u>	<u>(62,754)</u>
<b>Change in net assets attributable to holders of redeemable units resulting from operations</b>		<b>(2,530,369)</b>	<b>(10,786,312)</b>

\*Apuano Foundation China Fund was the only Sub-Fund in the Trust and therefore the above details of the Apuano Foundation China Fund are also those of the Trust for the financial year ended 31 December 2023 and 31 December 2022.

The notes on pages 12 to 33 form an integral part of these financial statements.

## APUANO FUNDS

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the financial year ended 31 December 2023

	Apuano Foundation China Fund* For the financial year ended 31 December 2023 USD	Apuano Foundation China Fund* For the financial year ended 31 December 2022 USD
Net assets attributable to holders of redeemable units for dealing purposes as at the beginning of the year	28,388,396	39,988,387
Change in net assets attributable to holders of redeemable units resulting from operations	(2,530,369)	(10,786,312)
<b>Share capital transactions</b>		
Redeemable units issued	2,324,046	7,015,587
Redeemable units redeemed	<u>(13,773,155)</u>	<u>(7,829,266)</u>
Net decrease in net assets resulting from share capital transactions	(11,449,109)	(813,679)
<b>Net assets attributable to holders of redeemable units as at the end of the year</b>	<b><u>14,408,918</u></b>	<b><u>28,388,396</u></b>

\*Apuano Foundation China Fund was the only Sub-Fund in the Trust and therefore the above details of the Apuano Foundation China Fund are also those of the Trust for the financial year ended 31 December 2023 and 31 December 2022.

The notes on pages 12 to 33 form an integral part of these financial statements.

## APUANO FUNDS

### STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Apuano Foundation China Fund* For the financial year ended 31 December 2023 USD	Apuano Foundation China Fund* For the financial year ended 31 December 2022 USD
<b>Cash flows from operating activities</b>		
Decrease in net assets attributable to holders of redeemable units resulting from operations	(2,530,369)	(10,786,312)
<b>Cash flows used in operating activities</b>		
Decrease in net accounts payable and accrued expenses	(13,906)	(35,755)
Movement in margin cash balance	138,497	286,181
Decrease in interest and dividend receivable	665	1,044
Increase in other assets	(4,783)	1,940
Movement in financial assets and financial liabilities	11,419,153	11,049,776
<b>Net cash provided by operating activities</b>	<u>9,009,257</u>	<u>516,874</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of redeemable units	2,324,046	7,420,332
Payments on redemption of redeemable units	(13,650,006)	(7,812,736)
<b>Net cash used in financing activities</b>	<u>(11,325,960)</u>	<u>(392,404)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(2,316,703)	124,470
Cash and cash equivalents as at the beginning of the year	<u>3,234,421</u>	<u>3,109,951</u>
<b>Cash and cash equivalents as at the end of the year</b>	<u><b>917,718</b></u>	<u><b>3,234,421</b></u>
<b>Net cash flow from operating activities and financing activities includes:</b>		
Interest received	39,383	23,006
Interest paid	(3,694)	(3,553)
Dividend received	565,483	850,167

\*Apuano Foundation China Fund was the only Sub-Fund in the Trust and therefore the above details of the Apuano Foundation China Fund are also those of the Trust for the financial year ended 31 December 2023 and 31 December 2022.

The notes on pages 12 to 33 form an integral part of these financial statements.

# **APUANO FUNDS**

## **Notes to the Financial Statements**

For the financial year ended 31 December 2023

---

### **1. GENERAL INFORMATION**

Apuano Funds is an open-ended umbrella unit trust (the "Trust") established on 19 December 2019. The Trust has been authorised by the Central Bank of Ireland (the "Central Bank") as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, (as amended) (the "UCITS Regulations") and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 as amended (the "Central Bank UCITS Regulations") on 19 December 2019.

The Trust is structured as an umbrella fund and may comprise several Sub-Funds each representing a separate portfolio of assets.

The Trust currently has one Sub-Fund, the Apuano Foundation China Fund (the "Sub-Fund"), which was authorised on 19 December 2019. The Sub-Fund launched on 24 January 2020.

#### **Investment objective**

The investment objective of the Sub-Fund is to achieve long-term capital appreciation by primarily investing in equities and equity-related securities issued by companies that are incorporated in China or companies which have significant operations in or derive a significant portion of revenue or profits from China.

### **2. BASIS OF PREPARATION**

#### **(a) Statement of compliance**

These financial statements for the financial year ended 31 December 2023 have been prepared in accordance with the UCITS Regulations and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (the "Central Bank UCITS Regulations") and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

#### **(b) Basis of measurement**

The financial statements have been prepared under the historical cost basis.

The financial statements have been prepared on a going concern basis.

#### **(c) Functional and presentation currency**

The financial statements are presented in US Dollar ("USD"), which is the Sub-Fund's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates.

#### **(d) Use of estimates and judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial period or in the financial period of the revision and future periods if the revision affects both current and future periods.

## APUANO FUNDS

### Notes to the Financial Statements *(continued)*

For the financial year ended 31 December 2023

---

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

##### (e) New standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2024, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Trust.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

##### (a) Financial assets/financial liabilities at fair value through profit or loss

###### Classification

The Trust classifies its investments based on both the Trust's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Trust is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Trust has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. Consequently, all investments are measured at fair value through profit or loss.

Derivative contracts that have a negative fair value are presented as financial liabilities at fair value through profit or loss. As such, the Trust classifies all of its investment portfolio as financial assets or financial liabilities at fair value through profit or loss.

The Trust's policy requires the Manager to evaluate the information about these financial assets and financial liabilities on a fair value basis together with other related financial information.

###### Recognition/Derecognition

Purchases and sales of investments are recognised on the trade date, which is the date that the Trust commits to purchase or sell the asset. Investments are initially recognised at cost, and transaction costs for all financial assets and financial liabilities carried at fair value through profit or loss are expensed as incurred. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Trust has transferred substantially all risks and rewards of ownership.

###### Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at cost. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss are presented in the Statement of Comprehensive Income in the financial year in which they arise.

###### Fair Value Estimation

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. The fair value of financial assets and financial liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Trust utilises the mid-market price for both financial assets and financial liabilities. Use of mid-market pricing results in a valuation of an asset or liability at the mid-point of the bid-ask spread.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques, which include using arm's length transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting year.

## **APUANO FUNDS**

### **Notes to the Financial Statements** *(continued)*

For the financial year ended 31 December 2023

---

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

##### **(a) Financial assets/financial liabilities at fair value through profit or loss** *(continued)*

###### **Forward Foreign Currency Contracts**

The Trust may enter into forward foreign currency contracts. All forward foreign currency contracts are fair valued using exchange rates prevailing at the relevant valuation date for the remaining year to maturity and any resulting unrealised gains are recorded as financial assets and unrealised losses as financial liabilities in the Statement of Financial Position, accordingly. Realised gains and losses are recorded in the Statement of Comprehensive Income at the time that the forward foreign currency contracts settle.

###### **Futures Contracts**

Futures contracts are contracts for delayed delivery of commodities, securities or money market instruments in which the seller agrees to make delivery at a specified future date of a specified commodity or instrument, at a specified price or yield. Gains and losses on futures are recorded by the Trust based upon market fluctuations and are recorded as realised or unrealised gains or losses in the Statement of Comprehensive Income.

###### **Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously. All financial assets and financial liabilities are presented gross as at 31 December 2023.

###### **Realised Gains and Losses from Sale of Investments**

Realised gains and losses on investment transactions are calculated using the average cost method. Gains and losses realised on the sale of all financial assets and financial liabilities carried at fair value through profit or loss are recognised in the Statement of Comprehensive Income.

##### **(b) Foreign currency**

Transactions in foreign currencies are translated into USD at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies as at the Statement of Financial Position date are translated into USD at the foreign currency closing exchange rate ruling as at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss are translated into USD at the exchange rate as at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into USD using the exchange rate as at the date of the transaction.

Foreign currency differences arising on translation and on derivative financial instruments at fair value through profit or loss are recognised in the Statement of Comprehensive Income in the realised gain/(loss) on foreign exchange line.

##### **(c) Interest income and interest expense**

Interest income is earned from deposits held at bank held by the Sub-Fund. Interest expense comprises of interest incurred from short-term overdraft balances and certain deposit accounts. Interest income and interest expense are recognised in the Statement of Comprehensive Income on an accrual basis.

##### **(d) Dividend income**

Dividends are credited to the Statement of Comprehensive Income on the dates on which the relevant securities are listed as "ex-dividend". Income is shown gross of any non-recoverable withholding taxes, which is disclosed separately in the Statement of Comprehensive Income, and net of any tax credits.

##### **(e) Taxation**

The Trust is an investment undertaking as defined in section 739B of the Taxes Consolidation Act, 1997. Therefore, the Trust will not be liable to Irish tax in respect of its income and gains, other than on the occurrence of a chargeable event. A chargeable event includes any distribution payments to unitholders or any encashment, redemption or transfer of units or the ending year for which the investments was held.



## **APUANO FUNDS**

### **Notes to the Financial Statements** *(continued)*

For the financial year ended 31 December 2023

---

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

##### **(e) Taxation** *(continued)*

Generally, a chargeable event arises on any distributions, redemption, repurchase, cancellation, transfer of units or the ending of a “relevant period”. A relevant period is an eight year period beginning with the acquisition of the units by the unitholder and each subsequent period of eight years beginning immediately after the preceding relevant period.

A gain on a chargeable event does not arise in respect of:

- (i) a unitholder who is not an Irish resident and not ordinarily resident in Ireland at the time of the chargeable event, provided the necessary signed statutory declarations are held by the Trust;
- (ii) certain exempted Irish tax resident investors who have provided the Trust with the necessary signed statutory declarations;
- (iii) an exchange of units arising on a qualifying amalgamation or reconstruction of the Trust with another fund;
- (iv) any transaction in relation to units held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland;
- (v) certain exchanges of units between spouses and former spouses on the occasion of judicial separation and/or divorce; and
- (vi) an exchange by a unitholder, effected by way of an arm’s length bargain where no payment is made to the unitholder of units in the Trust for other units in the Trust.

Capital gains, dividends and interest (if any) received on investments made by the Trust may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Trust or its unitholders.

In the absence of an appropriate declaration, the Trust will be liable for Irish tax on the occurrence of a chargeable event and the Trust reserves its right to withhold such taxes from the relevant unitholders. There were no chargeable events in the financial year under review.

##### **(f) Expenses**

The Sub-Fund of the Trust pays all of its expenses and such proportion of the Trust’s expenses as is attributable to it. All expenses are accrued on a daily basis as part of net asset valuation. See Note 8 “Charges and Expenses” for further details on fees paid by the Sub-Fund.

##### **(g) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less. Bank overdrafts are presented as a liability in the Statement of Financial Position.

##### **(h) Margin cash and overdraft**

Margin cash consists of cash holdings with brokers transferred as collateral against derivatives. Margin overdrafts are presented as a liability in the Statement of Financial Position. Margin cash is restricted.

##### **(i) Units**

Unitholders may redeem their units in respect of any dealing day. All redemptions will be dealt with on a forward pricing basis, i.e. by reference to the redemption price calculated in respect of the Sub-Fund as at the valuation point on the relevant valuation day. In accordance with IAS 32, “Financial Instruments: Presentation”, such instruments give rise to a financial liability for the present value of the redemption amount.

##### **(j) Accrued expenses**

Accrued expenses consist of expenses outstanding payment.

##### **(k) Transaction costs**

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the Trust had not acquired, issued or disposed of the financial instrument.

When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value through profit or loss plus, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

## **APUANO FUNDS**

### **Notes to the Financial Statements** *(continued)*

For the financial year ended 31 December 2023

---

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

##### **(k) Transaction costs** *(continued)*

Transaction costs on the purchase and sale of some derivative instruments are included in the purchase and sale price of an investment. They cannot be practically or reliably gathered as they are embedded in the cost of the investment and cannot be separately verified or disclosed. Only transaction costs which are separately identifiable are disclosed. These include transaction costs paid to CACEIS Bank, Ireland Branch and sub-custodians, identifiable brokerage charges, identifiable transaction related taxes and other market charges and separately identifiable transaction costs related to derivative financial instruments.

##### **(l) Subscription fee**

A subscription fee may be added to the issue price of the initial issue of units and may be retained by the Manager or by any placing or sales agent or agents or distributors appointed by the Manager for its or their absolute use or benefit and shall not form part of the assets of the relevant Sub-Fund. The Manager may at its sole discretion waive such subscription fee or differentiate between applicants as to the amount of such subscription fee within the permitted limits.

In the case of units issued subsequently to the initial issue of units in the relevant Sub-Fund the Manager shall deduct a subscription fee not exceeding five per cent (5%) of the total subscription amount from the total subscription amount and such fee may differ between Sub-Funds and classes of units in a particular Sub-Fund. A subscription fee applied upon any subsequent issue of units shall be deducted from the total subscription amount upon issue of units and shall be paid to the Manager or to any placing or sales agents or distributors appointed by the Manager for its or their absolute use or benefit and shall not form part of the assets of the relevant Sub-Fund.

##### **(m) Establishment fees**

For the purpose of calculating the dealing Net Asset Value and as per the Trust's Prospectus, the preliminary expenses incurred in connection with the establishment and initial issue of units in the Sub-Fund when incurred will be amortised over the first three financial years of the Trust. However, as required by IFRS, this expense must be written off when incurred and so these financial statements have been adjusted accordingly, as set out in Note 10 "Reconciliation of the Dealing Net Asset Value to Financial Statements Net Asset Value". This is for financial purposes only and has no impact on the Dealing Net Asset Value of the Sub-Fund.

#### **4. FINANCIAL RISK MANAGEMENT**

##### **(a) Overall risk management**

The main risks arising from the Trust's investments are market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and leverage. Further details of the risks associated with an investment in the Trust are set out in the Prospectus.

The Trust is also exposed to operational risk such as custodian/counterparty risk. Custodian/counterparty risk is the risk of loss being incurred on securities in custody as a result of the counterparty's or the Trustee's insolvency, negligence, misuse of assets, fraud, poor administration or inadequate record-keeping. In the event that one of the Trust's counterparties or Trustee becomes bankrupt and/or fails to segregate the Trust's assets on deposit as required, the Trust may be subject to a risk of loss. Although an appropriate legal framework is in place that reduces the risk of loss of value of the securities held by the counterparty, in the event of its failure, the ability of the Trust to transfer the securities might be temporarily impaired.

##### **(b) Credit risk**

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Trust. There is a possibility that an issuer will be unable to make interest payments and repay principal when due. Changes in an issuer's financial strength or in a financial instrument's credit rating may affect a financial instrument's value.

## **APUANO FUNDS**

### **Notes to the Financial Statements** *(continued)*

For the financial year ended 31 December 2023

---

#### **4. FINANCIAL RISK MANAGEMENT** *(continued)*

##### **(b) Credit risk** *(continued)*

As at the reporting date, financial assets and financial liabilities exposed to credit risk include forward foreign currency contracts, futures contracts, cash and cash equivalents and margin cash. The carrying amount of the financial assets and financial liabilities are disclosed in the Statement of Financial Position.

It is the opinion of the Manager that the carrying amounts of these financial assets and financial liabilities represent the maximum credit risk exposure as at the reporting date. The credit risk on cash transactions and transactions involving derivative financial instruments is mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, or with counterparties with high credit ratings assigned by a recognised rating agency.

##### **Counterparty risk**

The Sub-Fund has credit exposure to counterparties by virtue of investment positions in forward foreign currency contracts and futures contracts held by the Sub-Fund. To the extent that a counterparty defaults on its obligation and the Sub-Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Although the Sub-Fund's portfolio will be diversified as required by the UCITS Regulations, the Sub-Fund will also be exposed to a credit risk in relation to the counterparties with whom they trade and may bear the risk of counterparty default. Substantially all of the assets of the Trust are held in segregated accounts by the Trustee, CACEIS Bank, Ireland Branch and futures contracts are held with Essence Futures (Hong Kong) Limited. Bankruptcy or insolvency of the Trustee or counterparties may cause the Trust's rights with respect to securities held by the Trustee or counterparties to be delayed in certain cases. The Trust monitors its risk by monitoring the credit quality and financial positions of the counterparties the Trustee uses.

As at 31 December 2023, the Standard and Poor's rating of CACEIS Bank, Ireland Branch was A+ (2022:A+) and the China Securities Regulatory Commission rating of Essence Futures (Hong Kong) limited was AAA (2022:AAA).

##### **Offsetting financial assets and financial liabilities**

Transactions with counterparties are governed by ISDA agreements. None of the financial assets and financial liabilities are offset in the Statement of Financial Position. The disclosures set out in the tables overleaf include the financial assets and financial liabilities that are subject to master netting arrangements and similar agreements. The agreements do not meet the criteria for offsetting in the Statement of Financial Position. This is because the Trust and its counterparty do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Under the terms of the master netting agreement, collateral can only be seized by a party in the event of default of the other party. An event of default includes the following:

- failure by a party to make a payment when due;
- failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied by the end of the business day following the business day after notice of such failure is given to the party;
- or bankruptcy.

As at 31 December 2023, all of the forward foreign currency contracts and futures contracts of the Trust which are subject to such arrangements are held with CACEIS Bank and Essence Futures (Hong Kong) limited respectively.

## APUANO FUNDS

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2023

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

##### (b) Credit risk (continued)

##### Offsetting financial assets and financial liabilities (continued)

The following tables represent the Sub-Fund's forward foreign currency contracts and futures contracts subject to offsetting, master netting arrangements and similar agreements or otherwise as at 31 December 2023:

##### Apuano Foundation China Fund 31 December 2023

Description	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set-off in the Statement of Net Assets Attributable to Holders of Redeemable Units	Net amounts of financial assets presented in the Statement of Net Assets Attributable to Holders of Redeemable Units	Related amounts not offset in the Statement of Net Assets Attributable to Holders of Redeemable Units		Net Amount
				Financial instruments	Cash collateral received/(pledged)	
CACEIS Bank	288,131	-	288,131	(8,358)	(270,000)	9,773
	288,131	-	288,131	(8,358)	(270,000)	9,773

Description	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set-off in the Statement of Net Assets Attributable to Holders of Redeemable Units	Net amounts of financial liabilities presented in the Statement of Net Assets Attributable to Holders of Redeemable Units	Related amounts not offset in the Statement of Net Assets Attributable to Holders of Redeemable Units		Net Amount
				Financial instruments	Cash collateral received/(pledged)	
CACEIS Bank	(8,358)	-	(8,358)	8,358	-	-
Essence Futures (Hong Kong) Limited	(124,840)	-	(124,840)	-	124,835	(5)
	(133,198)	-	(133,198)	8,358	124,835	(5)

## APUANO FUNDS

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2023

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

##### (b) Credit risk (continued)

##### Offsetting financial assets and financial liabilities (continued)

The following tables represent the Sub-Fund's forward foreign currency contracts and futures contracts subject to offsetting, master netting arrangements and similar agreements or otherwise as at 31 December 2022:

##### Apuano Foundation China Fund 31 December 2022

Description	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set-off in the Statement of Net Assets Attributable to Holders of Redeemable Units	Net amounts of financial assets presented in the Statement of Net Assets Attributable to Holders of Redeemable Units	Related amounts not offset in the Statement of Net Assets Attributable to Holders of Redeemable Units		Net Amount
				Financial instruments	Cash collateral received/(pledged)	
CACEIS Bank	29,025	-	29,025	(469)	-	28,556
Essence Futures (Hong Kong) Limited	57,027	-	57,027	(50,359)	(6,668)	-
	86,052	-	86,052	(50,828)	(6,668)	28,556

Description	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set-off in the Statement of Net Assets Attributable to Holders of Redeemable Units	Net amounts of financial liabilities presented in the Statement of Net Assets Attributable to Holders of Redeemable Units	Related amounts not offset in the Statement of Net Assets Attributable to Holders of Redeemable Units		Net Amount
				Financial instruments	Cash collateral received/(pledged)	
CACEIS Bank	(469)	-	(469)	469	-	-
Essence Futures (Hong Kong) Limited	(50,359)	-	(50,359)	50,359	-	-
	(50,828)	-	(50,828)	50,828	-	-

## APUANO FUNDS

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2023

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

##### (c) Liquidity risk

Liquidity risk is the risk that the Trust may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Sub-Fund's redeemable units are redeemable at the unitholder's option for cash equal to a proportionate share of the Sub-Fund's Net Asset Value ("NAV").

The Sub-Fund invests in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash and cash equivalents.

To manage liquidity risk, where outstanding redemption requests from all holders of units in the Sub-Fund on any Dealing Day total an aggregate of more than 10% of the NAV of the Sub-Fund on such Dealing Day, the Manager shall be entitled at their discretion to refuse to redeem such number of units in issue in respect of the Sub-Fund on that Dealing Day in respect of which redemption requests have been received in excess of 10% of the NAV of the Sub-Fund as the Manager shall determine.

If the Trust refuses to redeem units for this reason, the requests for redemption on such date shall be reduced rateably and the units to which each request relates which are not redeemed shall be redeemed on each subsequent Dealing Day in priority to any request received thereafter, provided that the Trust shall not be obliged to redeem more than 10% of the NAV of the Sub-Fund outstanding on any Dealing Day, until all the units to which the original request related have been redeemed.

The Manager monitors the Sub-Fund's liquidity risk on a daily basis in accordance with the Sub-Fund's investment objectives, policies and investment guidelines. The Trust's overall liquidity positions are reviewed on a daily basis for the Sub-Fund.

The Manager performs Liquidity Stress Testing on a monthly basis as per ESMA guidelines utilising both historical and hypothetical scenarios considering the investment objectives, policies and investment guidelines for each Sub-Fund. The Manager also reviews the liquidity profile of the Sub-Fund on a monthly basis. The Liquidity Stress Testing Policy has been implemented per the ESMA guidelines since 30 September 2020.

The following tables detail the Sub-Fund's remaining contractual maturity for its financial liabilities with agreed repayment years. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Sub-Fund can be required to pay.

The following table sets out the Sub-Fund's total exposure to liquidity risk as at 31 December 2023:

<b>Apuano Foundation China Fund</b>					
<b>31 December 2023</b>	<b>Less than 1 Month USD</b>	<b>1 Month- 3 Months USD</b>	<b>3 Months- 1 Year USD</b>	<b>1 Year- 5 Years USD</b>	<b>Total USD</b>
<b>Liabilities</b>					
Financial liabilities at fair value through profit or loss:					
- Forward foreign currency contracts	8,358	-	-	-	8,358
- Futures contracts	106,326	18,514	-	-	124,840
Margin overdraft	270,000	-	-	-	270,000
Payable on redemptions	139,679	-	-	-	139,679
Management fees payable	26,743	-	-	-	26,743
Administration fees payable	10,791	-	-	-	10,791
Depository fees payable	6,628	-	-	-	6,628
Audit fees payable	-	15,276	-	-	15,276
Other liabilities	13,187	-	-	-	13,187
Net Asset Value attributable to holders of redeemable units	14,408,918	-	-	-	14,408,918
<b>Total liabilities</b>	<b>14,990,630</b>	<b>33,790</b>	<b>-</b>	<b>-</b>	<b>15,024,420</b>

## APUANO FUNDS

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2023

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

##### (c) Liquidity risk (continued)

The following table sets out the Sub-Fund's total exposure to liquidity risk as at 31 December 2022:

Apuano Foundation China Fund 31 December 2022	Less than 1 Month USD	1 Month- 3 Months USD	3 Months- 1 Year USD	1 Year- 5 Years USD	Total USD
<b>Liabilities</b>					
Financial liabilities at fair value through profit or loss:					
- Forward foreign currency contracts	-	469	-	-	469
- Futures contracts	50,359	-	-	-	50,359
Margin overdraft	6,668	-	-	-	6,668
Payable on redemptions	16,530	-	-	-	16,530
Management fees payable	54,006	-	-	-	54,006
Administration fees payable	4,722	-	-	-	4,722
Depositary fees payable	2,135	-	-	-	2,135
Audit fees payable	-	15,625	-	-	15,625
Other liabilities	10,043	-	-	-	10,043
Net Asset Value attributable to holders of redeemable units	28,388,396	-	-	-	28,388,396
<b>Total liabilities</b>	<b>28,532,859</b>	<b>16,094</b>	<b>-</b>	<b>-</b>	<b>28,548,953</b>

##### (d) Market risk

###### (i) Market price risk

Market price risk arises mainly from uncertainty about future prices of investments held, which are classified as financial assets at fair value. It represents the potential loss that the Trust might suffer, through its holdings in the face of price movements. The Manager of the Sub-Fund reviews the positions and gains and losses on a daily basis to monitor the underlying risks. Market price risk is managed by the Manager through careful selection of securities and other financial instruments within the Sub-Fund's mandates and specified limits. The Manager maintains the Sub-Fund's overall exposures making sure they fall within the diversification limits of the Sub-Fund. The Sub-Fund may invest up to 100% of its NAV in transferable securities including equity securities. These securities are subject to market price risk.

As at 31 December 2023, if the total market prices increased or decreased by 5% then under normal market conditions it is estimated that the Sub-Fund's portfolio would increase or decrease by USD 692,130 (2022: USD 1,263,088).

Limitations to sensitivity analysis:

This sensitivity analysis is not necessarily indicative of the effect on the Trust's NAV as future market movements are impossible to predict. The analysis is based on historical data and cannot take into account of the fact that future market price movements and the portfolio of the Sub-Fund may bear no relation to historical patterns.

The Trust employs an advanced risk management methodology which monitors global exposure using a risk management process which, aims to ensure that on any day the absolute Value at Risk (VaR) of the Sub-Fund will be no greater than its respective limit. The VaR limit for the Sub-Fund cannot be greater than 20% of the NAV of the Sub-Fund. The VaR for the Sub-Fund will be calculated using a 99% confidence level, a twenty day holding period and the historical period will not be less than one year unless a shorter period is justified. The Manager monitors the aggregate exposure of the Sub-Fund on a daily basis to ensure that the VaR limit is not breached.

## APUANO FUNDS

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2023

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

##### (d) Market risk (continued)

##### (i) Market price risk (continued)

Some limitations of VaR/sensitivity analysis are:

- the models are based on historical data and cannot take account of the fact that future market price movements, correlations between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive (in the case of probability-based methods, such as VaR, profits and losses are almost certain to exceed the reported amount with a frequency depending on the confidence interval chosen); and
- future market conditions could vary significantly from those experienced in the past.

Global exposure is measured using the VaR approach which considers the full constituents of the portfolios.

The use of derivative instruments may expose the Sub-Fund to a higher degree of risk, in particular, derivative contracts can be highly volatile, and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard instruments. Leveraged derivative positions can therefore increase volatility of the Sub-Fund.

The table below details the VaR of the Sub-Fund for the financial year ended 31 December 2023:

	% Wgt	VaR (Parametric)	VaR (MC)	VaR (Hist3Y)
<b>Apuano Foundation China Fund</b>	60.49	6.10	6.46	7.98
Cash	4.52	0.02	0.02	0.02
Derivatives	-39.51	3.95	4.51	4.63
Equity	87.20	8.94	9.81	13.15

The table below details the VaR of the Sub-Fund for the financial year ended 31 December 2022:

	% Wgt	VaR (Parametric)	VaR (MC)	VaR (Hist3Y)
<b>Apuano Foundation China Fund</b>	63.33	11.43	13.72	13.87
Cash	11.36	0.12	0.13	0.12
Derivatives	-36.67	4.7	4.89	5.98
Equity	88.64	14.46	16.23	17.55

##### Global exposure and leverage

Leverage will be generated by the Sub-Fund through the leverage inherent in derivative instruments. Under normal market conditions, the Sub-Fund will not be leveraged in excess of 150% of the Net Asset Value of the Sub-Fund and in exceptional circumstances leverage may reach 200% of the Net Asset Value of the Sub-Fund. Leverage will be calculated based on the sum of the notionals of the derivatives used in accordance with the requirements of the Central Bank. Further details of the risk management process of the Trust are set out in the Prospectus.

Disclosed in the table below is the leverage employed during the financial year ended 31 December 2023.

Sub Fund	Total Exposure (FDI)	Goss Long Exposure (FDI)	Goss Short Exposure (FDI)	Leverage	Long exposure	Short exposure	Leverage Limit
APUANO FOUNDATION CHINA FUND	5,125,850	-	5,125,850	39%	-	39%	200%



## APUANO FUNDS

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2023

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

##### (d) Market risk (continued)

##### (i) Market price risk (continued)

Disclosed in the table below is the leverage employed during the financial year ended 31 December 2022.

Sub Fund	Total Exposure (FDI)	Gross Long Exposure (FDI)	Gross Short Exposure (FDI)	Leverage	Long exposure	Short exposure	Leverage Limit
APUANO FOUNDATION CHINA FUND	10,467,759	-	10,467,759	37%	-	37%	200%

##### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Trust's interest bearing financial assets and financial liabilities expose it to risk associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The tables below summarises the Sub-Fund's exposure to interest rate risks as at 31 December 2023 and 31 December 2022. It includes the Sub-Fund's assets and financial liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates.

#### Apuano Foundation China Fund 31 December 2023

	Less than 1 Month USD	1 Month- 1 Year USD	1 Year- 5 Years USD	More than 5 Years USD	Non-Interest Bearing USD	Total USD
<b>Assets</b>						
Cash and cash equivalents	917,718	-	-	-	-	917,718
Margin cash	124,835	-	-	-	-	124,835
Financial assets at fair value through profit or loss:						
- Equity securities	-	-	-	-	13,687,664	13,687,664
- Forward foreign currency contracts	-	-	-	-	288,131	288,131
Other receivables	-	-	-	-	6,072	6,072
<b>Total assets</b>	<b>1,042,553</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,981,867</b>	<b>15,024,420</b>
<b>Liabilities</b>						
Margin overdraft	(270,000)	-	-	-	-	(270,000)
Financial liabilities at fair value through profit or loss:						
- Forward foreign currency contracts	-	-	-	-	(8,358)	(8,358)
- Futures contracts	-	-	-	-	(124,840)	(124,840)
Other liabilities	-	-	-	-	(212,304)	(212,304)
<b>Total liabilities</b>	<b>(270,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(345,502)</b>	<b>(615,502)</b>
<b>Total interest sensitivity gap</b>	<b>772,553</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>772,553</b>

## APUANO FUNDS

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2023

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

##### (d) Market risk (continued)

##### (ii) Interest rate risk (continued)

##### Apuano Foundation China Fund 31 December 2022

	Less than 1 Month USD	1 Month- 1 Year USD	1 Year- 5 Years USD	More than 5 Years USD	Non-Interest Bearing USD	Total USD
<b>Assets</b>						
Cash and cash equivalents	3,234,421	-	-	-	-	3,234,421
Financial assets at fair value through profit or loss:						
- Equity securities	-	-	-	-	25,226,526	25,226,526
- Forward foreign currency contracts	-	-	-	-	29,025	29,025
- Futures contracts	-	-	-	-	57,027	57,027
Other receivables	-	-	-	-	1,954	1,954
<b>Total assets</b>	<b>3,234,421</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,314,532</b>	<b>28,548,953</b>
<b>Liabilities</b>						
Margin overdraft	(6,668)	-	-	-	-	(6,668)
Financial liabilities at fair value through profit or loss:						
- Forward foreign currency contracts	-	-	-	-	(469)	(469)
- Futures contracts	-	-	-	-	(50,359)	(50,359)
Other liabilities	-	-	-	-	(103,061)	(103,061)
<b>Total liabilities</b>	<b>(6,668)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(153,889)</b>	<b>(160,557)</b>
<b>Total interest sensitivity gap</b>	<b>3,227,753</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,227,753</b>

As at 31 December 2023, if interest rates on short-term deposits had been 50bps higher or lower with all other variables held constant, the decrease or increase in the NAV would have been USD 3,863 (2022:USD 16,139) lower or higher.

##### (iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Trust may invest in financial instruments denominated in currencies other than the base currency or in financial instruments which are determined with references to currencies other than the base currency.

The Sub-Fund, however, will invest a portion of its assets in financial instruments denominated in USD or in financial instruments which are determined with references to USD. To the extent that the base currency is a denomination other than the denomination of the financial instruments owned by the Sub-Fund and no hedge is utilised, the value of the Sub-Fund's net assets will fluctuate based on fluctuations of the exchange rates as well as with price changes of their investments in the various local markets and currencies.

An increase in the value of the USD compared to the other currencies in which the Sub-Fund may make investments will reduce the effect of increases and magnify the USD equivalent of the effect of decreases in the prices of the Sub-Fund's financial instruments in their local markets. Conversely, a decrease in the value of the USD will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of the Sub-Fund's non-USD financial instruments. It may not be possible or practical to hedge against the consequent currency risk exposure and in certain instances the Manager may consider it desirable not to hedge against such risk. Currency risk is managed in the Sub-Fund by monitoring the overall currency exposures and ensuring they fall within the Sub-Fund's specified mandates and limits. The Manager uses forward foreign currency contracts and futures contracts for hedging purposes at portfolio level.

## APUANO FUNDS

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2023

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

##### (d) Market risk (continued)

##### (iii) Currency risk (continued)

The following table sets out the total exposure to foreign currency risk, possible currency movements and the impact of a 10% currency movement on the size indicated on the net assets as at 31 December 2023 and 31 December 2022.

##### Apuano Foundation China Fund 31 December 2023

	Financial Assets USD	Financial Liabilities USD	Net Other Assets/ (Liabilities) USD	Net Cash and Cash Equivalents USD	Forwards Inflow/ (Outflow) USD	Exposure USD	Impact to Net Assets of a 10% Currency Movement USD
CNY	6,424,187	-	-	2,204	-	6,426,391	642,639
EUR	-	-	(114,711)	14,954	8,566,194	8,466,437	846,644
HKD	3,815,755	(79,976)	-	545,632	-	4,281,411	428,141

##### Apuano Foundation China Fund 31 December 2022

	Financial Assets USD	Financial Liabilities USD	Net Other Assets/ (Liabilities) USD	Net Cash and Cash Equivalents USD	Forwards Inflow/ (Outflow) USD	Exposure USD	Impact to Net Assets of a 10% Currency Movement USD
CNH	-	-	-	107,009	-	107,009	10,701
CNY	9,298,836	-	-	748,787	-	10,047,623	1,004,762
EUR	-	-	(86,934)	3,871	18,140,606	18,057,543	1,805,754
HKD	9,989,742	(21,204)	-	1,855,386	-	11,823,924	1,182,392

##### (e) Fair value information

The Sub-Fund's investments will be carried at fair value on the Statement of Financial Position. Usually the fair value of the financial assets and financial liabilities can be reliably determined within a reasonable range of estimates. The carrying amounts of all the Sub-Fund's financial assets and financial liabilities at the Statement of Financial Position date will approximate their fair values.

##### Determining fair values

The determination of fair value for financial assets for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

##### Valuation of financial instruments

The Sub-Fund measures fair values using the following hierarchy of methods:

- Level 1 - Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2 - Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived by prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

## APUANO FUNDS

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2023

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

##### (e) Fair value information (continued)

##### Valuation of financial instruments (continued)

The majority of the Sub-Fund's investments are equity securities which along with futures contracts are classified within Level 1 – Quoted prices in active markets that are accessible at the measurement date for identical, unrestricted investments.

The forward foreign currency contracts are classified within Level 2 - Other significant observable inputs.

The table below summarises the Sub-Fund's classification of investments, into the above hierarchy levels as at 31 December 2023 and 31 December 2022:

##### Apuano Foundation China Fund

31 December 2023

	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
<b>Financial assets at fair value through profit or loss - held for trading:</b>				
Equity securities	13,687,664	-	-	13,687,664
Forward foreign currency contracts	-	288,131	-	288,131
	<b>13,687,664</b>	<b>288,131</b>	<b>-</b>	<b>13,975,795</b>

	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
<b>Financial liabilities at fair value through profit or loss:</b>				
Forward foreign currency contracts	-	(8,358)	-	(8,358)
Futures contracts	(124,840)	-	-	(124,840)
	<b>(124,840)</b>	<b>(8,358)</b>	<b>-</b>	<b>(133,198)</b>

##### Apuano Foundation China Fund

31 December 2022

	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
<b>Financial assets at fair value through profit or loss - held for trading:</b>				
Equity securities	25,226,526	-	-	25,226,526
Forward foreign currency contracts	-	29,025	-	29,025
Futures contracts	57,027	-	-	57,027
	<b>25,283,553</b>	<b>29,025</b>	<b>-</b>	<b>25,312,578</b>

	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
<b>Financial liabilities at fair value through profit or loss:</b>				
Forward foreign currency contracts	-	(469)	-	(469)
Futures contracts	(50,359)	-	-	(50,359)
	<b>(50,359)</b>	<b>(469)</b>	<b>-</b>	<b>(50,828)</b>

There were no transfers between the levels for the financial year ended 31 December 2023 and the financial year ended 31 December 2022.

## APUANO FUNDS

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2023

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

##### (e) Fair value information (continued)

##### Valuation of financial instruments (continued)

The following tables analyse within the fair value hierarchy the Trust's assets and liabilities (by classification) not measured at fair value but for which fair value is disclosed:

##### Apuano Foundation China Fund

31 December 2023

	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
<b>Assets</b>				
Cash and cash equivalents	917,718	-	-	917,718
Margin cash	124,835	-	-	124,835
Other assets	-	6,072	-	6,072
	<b>1,042,553</b>	<b>6,072</b>	<b>-</b>	<b>1,048,625</b>

	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
<b>Liabilities</b>				
Margin overdraft	270,000	-	-	270,000
Payable on redemptions	-	139,679	-	139,679
Management fees payable	-	26,743	-	26,743
Other payables	-	45,882	-	45,882
Net assets attributable to holders of redeemable units	-	14,408,918	-	14,408,918
	<b>270,000</b>	<b>14,621,222</b>	<b>-</b>	<b>14,891,222</b>

##### Apuano Foundation China Fund

31 December 2022

	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
<b>Assets</b>				
Cash and cash equivalents	3,234,421	-	-	3,234,421
Other assets	-	1,954	-	1,954
	<b>3,234,421</b>	<b>1,954</b>	<b>-</b>	<b>3,236,375</b>

	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
<b>Liabilities</b>				
Margin overdraft	6,668	-	-	6,668
Payable on redemptions	-	16,530	-	16,530
Management fees payable	-	54,006	-	54,006
Other payables	-	32,525	-	32,525
Net assets attributable to holders of redeemable units	-	28,388,396	-	28,388,396
	<b>6,668</b>	<b>28,491,457</b>	<b>-</b>	<b>28,498,125</b>

## APUANO FUNDS

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2023

#### 5. NET GAINS AND LOSSES ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Apuano Foundation China Fund	31 December 2023	31 December 2022
	USD	USD
<b>Net realised (loss)/gain from financial assets and financial liabilities at fair value through profit or loss:</b>		
Equity securities	(2,502,657)	(10,248,600)
Futures contracts	52,571	4,184,325
Forward foreign currency contracts	(25,568)	(1,874,537)
Foreign currency	(41,310)	(215,009)
	<b>(2,516,964)</b>	<b>(8,153,821)</b>
<b>Net change in unrealised (loss)/gain from financial assets and financial liabilities at fair value through profit or loss:</b>		
Equity securities	365,659	(2,078,467)
Futures contracts	(131,508)	286,182
Forward foreign currency contracts	251,217	(142,395)
	<b>485,368</b>	<b>(1,934,680)</b>
<b>Total net loss on financial assets and financial liabilities at fair value through profit or loss</b>	<b>(2,031,596)</b>	<b>(10,088,501)</b>

#### 6. CASH AND CASH EQUIVALENTS AND MARGIN CASH

Apuano Foundation China Fund	CACEIS Bank, Essence Futures		
31 December 2023	Ireland Branch	Limited	Total
	USD	USD	USD
Cash at bank	917,718	-	917,718
Margin cash	124,835	-	124,835
Margin overdraft	-	(270,000)	(270,000)
	<b>1,042,553</b>	<b>(270,000)</b>	<b>772,553</b>
<b>Apuano Foundation China Fund</b>			
31 December 2022	Ireland Branch	Limited	Total
	USD	USD	USD
Cash at bank	3,234,421	-	3,234,421
Margin overdraft	-	(6,668)	(6,668)
	<b>3,234,421</b>	<b>(6,668)</b>	<b>3,227,753</b>

## APUANO FUNDS

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2023

#### 7. UNITHOLDERS' INTERESTS

Units of each Sub-Fund are all freely transferable and entitle the unitholder to participate equally in the profits and distributions (if any) of that Sub-Fund and in its assets in the event of termination. The units, which are of no par value and which must be fully paid for upon issue, carry no preferential or pre-emptive rights. A unit in a Sub-Fund represents the beneficial ownership under a trust of one undivided unit in the assets of the relevant Sub-Fund attributable to the relevant Class.

"A" units are non-distributing units and, accordingly, the Manager does not intend to make distributions in respect of "A" units.

The Administrator will at any time, following receipt of a request in writing by a unitholder, redeem on any dealing day all or any part of such unitholder's holding of units at a price per unit equal to the Net Asset Value per unit.

Unit transactions for the financial year ended 31 December 2023 and the financial year ended 31 December 2022 are summarised in the table below.

##### Apuano Foundation China Fund 31 December 2023

	A Institutional USD	A Retail Plus EUR	A Retail Premium EUR	A Institutional EUR
Opening Balance	111,711	29,071	119,787	31,538
Units issued	4,030	-	7,986	11,882
Units redeemed	(45,162)	(1,125)	(91,738)	(13,797)
Ending balance	70,579	27,946	36,035	29,623

##### Apuano Foundation China Fund 31 December 2022

	A Institutional USD	A Retail Plus EUR	A Retail Premium EUR	A Institutional EUR
Opening Balance	119,262	28,483	115,586	39,088
Units issued	21,274	673	21,356	17,813
Units redeemed	(28,825)	(85)	(17,155)	(25,363)
Ending balance	111,711	29,071	119,787	31,538

#### 8. CHARGES AND EXPENSES

##### Management Fees

European and Global Investments Limited (the "Manager") is entitled to an annual management fee as set out in the table below, accrued daily and payable monthly in arrears out of the assets of the Sub Fund attributable to the class and is calculated on that proportion of the Net Asset Value of the class (plus VAT, if any).

Unit Class	Management Fee
A Institutional USD	1.50%
A Retail Plus EUR	2.25%
A Retail Premium EUR	2.25%
A Institutional EUR	1.50%
A Institutional D EUR	1.20%
A Institutional ES EUR	1.50%
A Retail ES EUR	2.50%
A Retail EUR	2.40%

The Manager, in its capacity as Global Distributor shall also be entitled to a service and maintenance fee (plus VAT, if any), accrued daily and payable monthly out of the net assets of each class of the Sub-Fund attributable to the relevant class at an annual rate, which will be 0.30% of the net assets in respect of each class of the Sub Fund subject to minimum of EUR 50,000 for net assets below EUR 45 million. The service and maintenance fee on net assets in excess of EUR 45 million will be 0.15% of the net assets in respect of each class of the Sub Fund. The Investment Manager's fee is paid out of the management fees.

Management fees charges for the financial year ended 31 December 2023 were USD 512,065 (31 December 2022: USD 747,928) of which USD 26,743 (31 December 2022: USD 54,006) were payable as at the financial year ended.

## **APUANO FUNDS**

### **Notes to the Financial Statements** *(continued)*

For the financial year ended 31 December 2023

---

#### **8. CHARGES AND EXPENSES** *(continued)*

##### **Performance Fees**

The Manager shall also be entitled out of the assets attributable to a relevant class to a performance fee at a rate of 15% per annum of the increase in the Net Asset Value of the relevant class (plus VAT, if any), taking subscriptions and redemptions into account. At the end of the first performance period, the benchmark is the initial price of the relevant class. If the Net Asset Value per unit at the end of a performance period, which runs from the first business day of the accounting period to the last business day of the accounting period, exceeds the benchmark, a performance fee is payable. The benchmark is the value, on the last valuation day of each performance period which the Net Asset Value per unit on the same day must exceed in order for a performance fee to be payable. The performance fee shall be accrued on each valuation day and will crystallise and be payable annually in arrears at the end of each performance period. The Investment Manager's fee is paid out of the performance fees.

Performance fees charged for the financial year ended 31 December 2023 were USD Nil (31 December 2022: USD Nil), all of which USD Nil (31 December 2022: USD Nil) were payable as at the financial year end.

##### **Administrator Fees**

CACEIS Ireland Limited (the "Administrator") shall be entitled to receive out of the assets of the Sub-Fund an annual fee, accrued and calculated on each valuation point and payable monthly in arrears, at a rate of:

- 0.07% per annum up to EUR 100 million of the average net assets of each Sub-Fund; and
- 0.06% per annum on the average net assets of each Sub-Fund between EUR 100 million and EUR 300 million; and
- 0.05% per annum on the average net assets of each Sub-Fund in excess of EUR 300 million.

The administration fee is subject to an annual minimum fee of EUR 20,000 per Sub-Fund in the first year and EUR 36,000 per annum thereafter.

The Administrator is also entitled to receive out of the assets of the Sub-Fund, reasonable out-of-pocket expenses incurred in relation to the administration of the Sub-Fund.

Administrator fees charged for the financial year ended 31 December 2023 were USD 50,357 (31 December 2022: USD 47,931), of which USD 10,791 (31 December 2022: USD 4,722) were payable as at the financial year end.

##### **Trustee Fees**

CACEIS Bank, Ireland Branch (the "Trustee") shall be entitled to receive out of the assets of the Sub-Fund an annual fee, accrued and calculated on each valuation point and payable monthly in arrears, at a rate of 0.035% per annum of the net assets of each Sub-Fund.

The Trustee fee is subject to an annual minimum fee of EUR 20,000 per Sub-Fund in the first year and EUR 24,000 per annum thereafter.

The Trustee is also entitled to receive out of the assets of the Trustee, reasonable out-of-pocket expenses incurred by the Trustee and for transaction charges, banking and safe custody fees (which will not exceed normal commercial rates) and reasonable out-of-pocket expenses of any sub-custodian appointed by the Trustee.

Trustee fees charged for the financial year ended 31 December 2023 were USD 37,233 (31 December 2022: USD 42,339), of which USD 6,628 (31 December 2022: USD 2,135) were payable as at the financial year end.

#### **9. RELATED PARTY TRANSACTIONS**

As at 31 December 2023, the Manager is satisfied that all transactions with related parties, Manager or any party in which they have a material interest are entered into in the ordinary course of business on normal commercial terms.

European and Investment Consulting ("EIC") provides risk and performance measurement to the Sub-Fund. Fees charged for the financial year ended 31 December 2023 were USD 5,516 (31 December 2022: USD 6,581). Julian Alworth is a Director of the Manager and part owner of EIC.

As Manager, European and Global Investments Limited is entitled to receive hedging fees. Hedging fees charged for the financial year ended 31 December 2023 were USD 21,695 (31 December 2022: USD 26,439).



## APUANO FUNDS

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2023

#### 9. RELATED PARTY TRANSACTIONS (continued)

The Directors of the Manager may be entitled to remuneration as determined by the Manager. The Trust is not liable for the directors' fees of the Manager.

The fees payable to related parties are discussed in Note 8 "Charges and Expenses".

#### 10. NET ASSET VALUE COMPARISON

<b>A Institutional USD</b>	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Net Asset Value	USD 6,105,241	USD 10,751,601	USD 14,760,712
Units in Issue	70,579	111,711	119,262
Net Asset Value per unit	USD 86.50	USD 96.24	USD 123.77
<b>A Retail Plus EUR</b>	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Net Asset Value	EUR 2,231,408	EUR 2,665,439	EUR 3,455,356
Units in Issue	27,946	29,071	28,483
Net Asset Value per unit	EUR 79.85	EUR 91.69	EUR 121.31
<b>A Retail Premium EUR</b>	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Net Asset Value	EUR 2,859,485	EUR 10,915,262	EUR 13,935,638
Units in Issue	36,035	119,787	115,586
Net Asset Value per unit	EUR 79.35	EUR 91.12	EUR 120.57
<b>A Institutional EUR</b>	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Net Asset Value	EUR 2,426,128	EUR 2,944,757	EUR 4,793,032
Units in Issue	29,623	31,538	39,088
Net Asset Value per unit	EUR 81.90	EUR 93.37	EUR 122.62

#### 11. RECONCILIATION OF THE DEALING NET ASSET VALUE TO FINANCIAL STATEMENTS NET ASSET VALUE

	<b>Apuano Foundation China Fund</b>	<b>Apuano Foundation China Fund</b>
	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>USD</b>	<b>USD</b>
Net Asset Value for dealing purposes	14,408,918	28,390,520
Adjustment for write off of organisation costs	-	(2,124)
<b>Net Asset Value per financial statements</b>	<b>14,408,918</b>	<b>28,388,396</b>

#### 12. EFFICIENT PORTFOLIO MANAGEMENT

Efficient portfolio management transactions relating to the assets of a Sub-Fund may be entered into by the Manager/Portfolio Manager with one of the following aims a) a reduction of risk; b) a reduction of cost; c) generation of additional capital or income (relative to the expected return) and the diversification requirements in accordance with the Central Bank UCITS Regulations and any applicable guidance issued by the Central Bank. In relation to efficient portfolio management operations the Manager/Portfolio Manager will look to ensure that the techniques and instruments used are economically appropriate in that they will be realised in a cost effective way. Such techniques and instruments may include foreign exchange transactions which alter the currency characteristics of transferable securities held on behalf of the Sub-Fund.

The underlying exposures of the financial derivative instruments will be consistent with the Sub-Fund's investment objectives and policies and in each case may relate to transferable securities, collective investment schemes (including exchange traded funds), Money Market Instruments, stock indices, fixed income indices, foreign exchange rates or currencies.

During the financial year, the Trust entered into forward foreign currency contracts and futures contracts for the purpose of hedging currency risk on investments and cash holdings. Details of open forward foreign currency contracts as at 31 December 2023 are disclosed in the Schedule of Investments. The counterparty in respect of the forward foreign currency contracts held as 31 December 2023 is CACEIS Bank. The counterparty in respect of the futures contracts held as 31 December 2023 is Essence Futures (Hong Kong) Limited.

## APUANO FUNDS

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2023

#### 13. EXCHANGE RATES

The following exchange rates were used as at 31 December 2023 to convert investments and other assets and liabilities denominated from local to base currency:

	31 December 2023	31 December 2022
AUD	0.6823	0.6782
CHF	1.1882	1.0808
CNH	0.1404	0.1445
CNY	0.1410	0.1438
EUR	1.1047	1.0673
GBP	1.2748	1.2029
HKD	0.1281	0.1281

#### 14. SOFT COMMISSION ARRANGEMENTS

Foundation Asset Management (HK) Limited, as Investment Manager has entered into Soft Commission Arrangements with three brokers and herewith make the below disclosure.

##### 31 December 2023

		Transaction	Soft
Apuano Foundation China Fund	CCY	Executed	Commission
Transaction executed with CICC	USD	103,429,786	19,808
Transaction executed with GF	USD	10,937,192	2,390
		<u>114,366,978</u>	<u>22,198</u>

##### 31 December 2022

		Transaction	Soft
Apuano Foundation China Fund	CCY	Executed	Commission
Transaction executed with Huatai	USD	29,347,132	5,869
Transaction executed with CICC	USD	50,152,775	9,515
		<u>79,499,907</u>	<u>15,384</u>

The nature of the Soft Commission Arrangements is to pay for the Bloomberg services, agreements are available upon request.

## **APUANO FUNDS**

### **Notes to the Financial Statements** *(continued)*

For the financial year ended 31 December 2023

---

#### **15. SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR END DATE**

The new Sub-Fund, Apuano Emerging Markets Bond Fund, launched on 21 February 2024.

For the period from 1 January 2024 through 11 April 2024, the Trust received subscriptions and paid redemptions of the below amounts:

<b>Sub-Fund</b>	<b>CCY</b>	<b>Subscriptions</b>	<b>Redemptions</b>
Apuano Foundation China Fund	USD	197,870	908,447

The Manager has evaluated events that have occurred up to the date of approval of the financial statements and determined that no events have occurred that would require recognition or additional disclosures in the financial statements.

#### **16. COMPARATIVE INFORMATION**

Comparative figures are for the financial year ended 31 December 2022.

#### **17. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved by the Manager on 23 April 2024.

## APUANO FUNDS

### Schedule of Investments As at 31 December 2023

Quantity	Description	Fair Value USD	% of Net Asset Value
	<b>Transferable Securities</b>		
	<b>Equity Securities</b>		
	<b>Cayman Islands</b>		
81,000	NEW ORIENTAL EDUCATION & TECHNOLOGY GROUP INC	573,119	3.98%
32,100	SUNNY OPTICAL TECHNOLOGY (GRP) CO LTD	291,255	2.02%
14,400	TENCENT HOLDINGS LTD	541,435	3.76%
16,500	TRIP COM GROUP LTD	586,585	4.07%
		<u>1,992,394</u>	<u>13.83%</u>
	<b>China</b>		
182,000	CHINA SHENHUA ENERGY CO LTD	623,481	4.33%
872,200	DAQIN RAILWAY CO LTD	886,687	6.15%
271,700	FOXCONN INDUSTRIAL INTERNET CO LTD	579,242	4.02%
962,500	GUANGDONG PROVINCIAL EXPRESSWAY DEVELOPMENT CO LTD	1,148,127	7.97%
2,400	KWEICHOW MOUTAI CO LTD	584,078	4.05%
190,775	NARI TECHNOLOGY CO LTD	600,392	4.17%
69,876	SHENZHEN INOVANCE TECHNOLOGY CO LTD	622,088	4.32%
28,111	SHENZHEN MINDRAY BIO-MEDICAL ELECTRONICS CO LTD	1,151,837	7.99%
53,500	ZHONGJI INNOLIGHT CO LTD	851,736	5.91%
		<u>7,047,668</u>	<u>48.91%</u>
	<b>Hong Kong</b>		
858,000	LENOVO GROUP LTD	1,199,880	8.33%
		<u>1,199,880</u>	<u>8.33%</u>
	<b>Ireland</b>		
219,791	ISHARES \$ TREASURY BOND 1-3YR UCITS ETF	1,186,212	8.23%
		<u>1,186,212</u>	<u>8.23%</u>
	<b>United States of America</b>		
235	ADOBE INC	140,201	0.97%
3,113	DELL TECHNOLOGIES INC	238,145	1.65%
155,886	DIDI GLOBAL INC	615,750	4.27%
225	META PLATFORMS INC	79,641	0.55%
383	MICROSOFT CORP	144,023	1.00%
239	MICROSTRATEGY INC	150,957	1.05%
474	NVIDIA CORP	234,734	1.63%
581	SALESFORCE INC	152,884	1.06%
3,408	TAIWAN SEMICONDUCTOR CO ADR	354,432	2.46%
579	VISA INC	150,743	1.05%
		<u>2,261,510</u>	<u>15.69%</u>
	<b>Total Equity Securities</b>	<u><b>13,687,664</b></u>	<u><b>94.99%</b></u>

## APUANO FUNDS

### Schedule of Investments (continued) As at 31 December 2023

#### Futures Contracts

Quantity	Description	CCY	Maturity Date	Counterparty	Fair Value USD	% of Net Asset Value
(1)	S&P 500 EMIN /202403	USD	31 March 2024	Essence Futures (Hong Kong) Limited	(7,058)	(0.05%)
(23)	HANG SENG IN /202401	HKD	31 January 2024	Essence Futures (Hong Kong) Limited	(79,976)	(0.56%)
(56)	MSCI CHIN A50 0124	USD	31 January 2024	Essence Futures (Hong Kong) Limited	(26,350)	(0.18%)
(1)	NASDAQ 100 E /202403	USD	31 March 2024	Essence Futures (Hong Kong) Limited	(11,456)	(0.08%)
<b>Total Futures Contracts - Liabilities</b>					<b>(124,840)</b>	<b>(0.87%)</b>

#### Forward Foreign Currency Contracts

CCY	Buy	CCY	Sell	Maturity Date	Counterparty	Unrealised Loss USD	% of Net Asset Value
USD	8,250,000	USD	(8,830,388)	16 January 2024	CACEIS Bank	288,131	2.00%
<b>Unrealised gain on forward foreign currency contracts</b>						<b>288,131</b>	<b>2.00%</b>
EUR	544,275	EUR	(500,000)	16 January 2024	CACEIS Bank	(8,358)	(0.06%)
<b>Unrealised loss on forward foreign currency contracts</b>						<b>(8,358)</b>	<b>(0.06%)</b>

Description	Fair Value USD	% of Net Asset Value
Investments at fair value	13,687,664	94.99%
Unrealised gain on forward foreign currency contracts	288,131	2.00%
Financial Assets at fair value through profit or loss	13,975,795	96.99%
Unrealised loss on forward foreign currency contracts	(8,358)	(0.06%)
Unrealised loss on futures contracts	(124,840)	(0.87%)
Financial Liabilities at fair value through profit or loss	(133,198)	(0.93%)
Other assets in excess of other liabilities	566,321	3.94%
<b>Net assets attributable to holders of redeemable units</b>	<b>14,408,918</b>	<b>100.00%</b>

#### Analysis of Total Assets

Assets	% of Total Assets
Transferable securities admitted to an official stock exchange listing	91.10%
Financial derivative instruments dealt in on a regulated market	1.92%
Deposits with credit institutions	6.94%
Other assets	0.04%
	<b>100.00%</b>

## APUANO FUNDS

### Statement of Material Changes in the Composition of the Portfolio (unaudited)

For the financial year ended 31 December 2023

<b>Purchases</b>	<b>USD</b>
LENOVO GROUP LIMITED	4,817,987
ZHONGJI INNOLIGHT -AKTIE	4,084,570
KE HOLDINGS INC	3,870,136
FOXCONN INDUSTRIAL INTERNET	3,528,294
BYD COMPANY LIMITED	3,370,827
CONTEMPORARY AMPEREX TECHNO COMPANY LIMIED	3,302,407
DAQIN RAILWAY COMPANY LIMITED	3,076,974
CHINA SHENHUA ENERGY COMPANY LIMITED	3,029,124
SHENZHEN MINDRAY BIO-MEDICAL ELECTRONICS LIMITED	3,004,065
CHINA COMMUNICATION SERVICES CORPORATION LIMITED	2,912,265
YUNNAN YUNTIAN	2,653,791
VENUSTECH GROUP INC	2,231,796
GUANGDONG PROVINCIAL	2,029,714
IEIT SYSTEMS COMPANY LIMITED	2,011,733
ALIBABA GROUP	1,884,737
NVIDIA CORPORATION	1,761,039
BEIJING ENTERPRISES HOLDINGS	1,744,822
ASM PACIFIC TECHNOLOGY LIMITED	1,723,785
LI NING COMPANY	1,571,042
TRIP COM GROUP LIMITED	1,474,890
TENCENT HOLDINGS LIMITED	1,398,386
ISHARES \$ TREASURY BOND 1-3YR UCITS ETF USD	1,388,581
LUXSHARE PRECISION INDUSTRY	1,323,931
BAIDU - PREFERENTIAL	1,264,692
SENSETIME GROUP INC	1,231,394
CHINA STATE CONSTRUC	1,183,442
ZHUHAI GREE ELECTRIC	1,165,825
META PLATFORMS INC	1,163,204
HSBC HOLDINGS PLC	1,148,133
ADOBE SYSTEMS INC	1,143,594
ADVANCED MICRO DEVICES	1,112,107
SHANDONG INFRASTRUCTURE AKTIE	1,111,436
MONTAGE TECHNOLOGY COMPANY LIMITED	1,081,445
MICROSOFT CORPORATION	983,645
NEW ORIENT EDU AND TECHNOLOGY GROUP	874,185

Under UCITS Regulations (as amended), the Trust is required to disclose all purchases and all sales over 1% of total purchases and total sales respectively and at a minimum the largest twenty purchases and the largest twenty sales during the financial year.

## APUANO FUNDS

### Statement of Material Changes in the Composition of the Portfolio (unaudited) (continued)

For the financial year ended 31 December 2023

Sales	USD
LENOVO GROUP LIMITED	3,831,936
CHINA SHENHUA ENERGY COMPANY LIMITED	3,649,580
KE HOLDINGS INC	3,534,732
ZHONGJI INNOLIGHT -AKTIE	3,171,223
CHINA COMMUNICATION SERVICES CORPORATION LIMITED	3,037,540
BYD COMPANY LIMITED	3,015,916
CONTEMPORARY AMPEREX TECHNO COMPANY LIMITED	2,615,283
LUCKIN COFFEE INC	2,599,235
LI NING COMPANY	2,512,121
FOXCONN INDUSTRIAL INTERNET	2,438,729
DIDI GLOBAL INC	2,333,484
YUNNAN YUNTIAN	2,328,392
IEIT SYSTEMS COMPANY LIMITED	2,313,914
DAQIN RAILWAY COMPANY LIMITED	2,123,780
TENCENT HOLDINGS LIMITED	1,982,237
NVIDIA CORPORATION	1,908,815
VENUSTECH GROUP INC	1,901,438
SANDS CHINA LIMITED	1,807,422
ALIBABA GROUP	1,671,374
BEIJING ENTERPRISES HOLDINGS	1,662,033
SZ MINDRAY BIO	1,647,147
PROYA COSMETICS COMPANY	1,616,783
ASM PACIFIC TECHNOLOGY LIMITED	1,583,965
CHINA MERCHANTS BANK COMPANY LIMITED	1,357,524
ADOBE INC	1,345,260
HUA HONG SEMICONDUCTOR LIMITED	1,344,066
PING AN INS (GRP) COMPANY	1,322,442
PING AN INS (GRP) COMPANY	1,296,382
JD.COM COMPANY INC - CL A	1,262,782
META PLATFORMS INC A	1,240,819
CHINA MERCHANTS BANK CO LTD A	1,210,574
LUXSHARE PRECISION INDUSTRY	1,193,040
HSBC HOLDINGS PLC	1,185,841
SENSETIME GROUP INC	1,159,999
APPLE INC	1,158,858
BAIDU - PREFERENTIAL	1,141,689
CHINA SHENHUA ENERGY COMPANY LTD	1,138,267
INNER MONGOLIA YI LI INDUSTRY CO LTD	1,131,028
SZ INNOVANCE TECHNOLOGY	1,076,166
ADVANCED MICRO DEVICES INC	1,071,780
ZHUHAI GREE ELECTRIC	1,068,887
CHINA STATE CONSTRUCTION INTL HLDG LTD	1,047,099
MICROSOFT CORPORATION	1,046,614
SHANDONG INFRASTRUCTURE AKTIE	1,042,952
MONTAGE TECHNOLOGY COMPANY LIMITED	1,019,278
LONGI GREEN ENERGY TECHNOLOGY	1,012,791

Under UCITS Regulations (as amended), the Trust is required to disclose all purchases and all sales over 1% of total purchases and total sales respectively and at a minimum the largest twenty purchases and the largest twenty sales during the financial year.

## **APUANO FUNDS**

### **Appendix I: UCITS V – Remuneration Disclosure (unaudited)**

---

The Manager has designed and implements a remuneration policy which is consistent with and promotes sound and effective risk management by having a business model which by its nature does not promote excessive risk taking that is inconsistent with the risk profile of the Sub-Fund. The Manager's remuneration policy is consistent with the business strategy, objectives, values and interests of the Sub-Fund and the Unitholders of the Sub-Fund and includes measures to avoid conflicts of interest.

In line with the provisions of the UCITS Directive and ESMA Guidelines on Sound Remuneration Policies under the UCITS Directive and AIFMD (2016/ESMA/411) (the "ESMA Remuneration Guidelines") each of which may be amended from time to time, the Manager applies its remuneration policy and practices in a way and to the extent that is proportionate to its size, its internal organisation and the nature, scope and complexity of its activities.

Where the Manager delegates investment management functions in respect of the Sub-Fund, it will ensure that:

- a. the entities to which investment management activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Remuneration Guidelines; or
- b. appropriate contractual arrangements are put in place to ensure that there is no circumvention of the remuneration rules set out in the ESMA Remuneration Guidelines.

Details of the remuneration policy of the Manager including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, where such a committee exists, will be available at [www.egifunds.com](http://www.egifunds.com) and a paper copy will be made available free of charge upon request from the Manager.

During the financial year, there was an average of 6 staff members including an Executive Director working on the management of the Company, full time or part time. To these staff members remuneration fees, including pension contributions, of EUR 329,736 were paid. Of this total remuneration fees of EUR 19,250 were paid to Executive Directors during the financial year.



## **APUANO FUNDS**

### **Appendix II: UCITS V – Sustainable Finance Disclosure Regulation (unaudited)**

---

The Sub-Fund does not have as its objective sustainable investment, nor does it promote environmental or social characteristics. As a result, the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.