

# Annual Report 2019

**Investment Company under Luxembourg Law (SICAV)**

**R.C.S. Luxembourg N° B 181 979**

**Annual report and audited financial statements as of 31 December 2019**

SULA UCITS SICAV – FLEXIBLE ALPHA FUND



# Annual report and audited financial statements as of 31 December 2019

<b>Table of contents</b>	<b>Page</b>		<b>ISIN</b>
Management and Administration	2		
Features of the Fund	3		
Investment Manager's Report	4		
Independent Auditor's Report	5		
SULA UCITS SICAV – FLEXIBLE ALPHA FUND	7	H Shares	LU1900183697
		R Shares	LU1900183424
		U Shares	LU1900183770
Notes to the Financial Statements	13		
Unaudited Information	20		

## **Sales restrictions**

Shares of this Fund may not be offered, sold or distributed within the United States of America.

# Management and Administration

Annual report and audited financial statements as of 31 December 2019  
SULA UCITS SICAV

## Registered office of the Fund

2C, rue Albert Borschette  
L-1246 Luxembourg

## Board of Directors

*Raquel Gómez-Pintado* (Chairman)  
Managing Director  
C & D Investments S.à r.l.  
14, rue Beck  
L-1222 Luxembourg  
Grand Duchy of Luxembourg

*Giorgio Savona*  
Managing Director  
Cladan Family Office  
C/ Prado del Rey, 4  
E-28223 Pozuelo de Alarcón  
Spain

*José Femenia Arguedas*  
Managing Director  
C & D Investments S.à r.l.  
14, rue Beck  
L-1222 Luxembourg  
Grand Duchy of Luxembourg

*Irène Zander*  
Independent Director  
6, rue Henri VII  
L-1725 Luxembourg  
Grand Duchy of Luxembourg

## Management Company

MDO Management Company S.A.  
19, Rue de Bitbourg  
L-1273 Luxembourg  
Grand Duchy of Luxembourg

## Depository and Paying Agent

UBS Europe SE, Luxembourg Branch  
33A, avenue J. F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

## Administrator and Domiciliary Agent

Northern Trust Global Services SE  
6, rue Lou Hemmer  
L-1748 Senningerberg  
Grand Duchy of Luxembourg

## Investment Manager

C & D Investments S.à r.l.  
14, rue Beck  
L-1222 Luxembourg  
Grand Duchy of Luxembourg

## Auditor

Ernst & Young Société Anonyme  
35E, avenue J. F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

## Legal adviser as to matters of Luxembourg law

Arendt & Medernach SA  
41A, avenue J. F. Kennedy  
L-2082 Luxembourg  
Grand Duchy of Luxembourg

# Features of the Fund

Annual report and audited financial statements as of 31 December 2019  
SULA UCITS SICAV

SULA UCITS SICAV (hereafter called “the Fund”) is a public limited company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg as an investment company with variable share capital (*société d’investissement à capital variable*). The Fund is subject to Part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as amended or supplemented from time to time.

The Fund is a single legal entity incorporated as an umbrella fund comprised of separate subfunds. Shares in the Fund are shares in a specific subfund. The Fund may issue shares of different share classes in each subfund. Such share classes may each have specific characteristics. Certain share classes may be reserved to certain categories of investors. Investors should refer to the relevant Supplement of the Prospectus for further information on characteristics of share classes.

The Fund has been incorporated in Luxembourg initially on 18 November 2013 as a financial holding company (*société de participations financières*) under the form of a private limited company (*société à responsabilité limitée*) and has been converted into an investment company with variable share capital (*société d’investissement à capital variable*) on 14 December 2018. The Fund is registered with the Luxembourg Trade and Companies Register under number B 181 979. The latest version of the Articles of Association will be published in the *Recueil électronique des sociétés et associations (“RESA”)*, the central electronic platform of the Grand-Duchy of Luxembourg.

The Fund has appointed MDO Management Company S.A. as its management company in accordance with the provisions of the 2010 Law pursuant to the Management Company Agreement.

The Management Company is a public limited company (*société anonyme*) registered under number B 96 744 in the Luxembourg commercial and companies’ register, where copies of its articles of association are available for inspection and can be received upon request. Its registered office is in 19, rue de Bitbourg, L-1273 Luxembourg.

The articles of association were published in the *Mémorial* in Luxembourg on 26 November 2003 and the latest update has been published on 14 April 2014. The Management Company is authorised and regulated

by the CSSF in Luxembourg under Luxembourg law. Its main business activity is the management of Luxembourg and foreign undertakings for collective investment in transferable securities authorised according to Directive 2009/65/EC and the additional management of other Luxembourg and foreign undertakings for collective investment, in accordance with Article 101 (2) and Annex II of the 2010 Law and the performance, for Luxembourg and foreign alternative investment funds (AIFs) within the meaning of Directive 2011/61/EU of management functions, administration functions, marketing functions and other activities related to the assets of AIFs, in accordance with Article 5 (2) and Annex I of the Luxembourg Law of 12 July 2013 relating to alternative investment fund managers.

The fully paid-up capital of the Management Company amounts to EUR 2 450 000 as of 22 June 2017.

The financial year of the Fund will begin on 1 January of each year and end on 31 December of the same year.

Currently, the Fund offers Class U Shares, Class H Shares and Class R Shares which are open to retail and institutional investors.

The annual general meeting of shareholders will be held within six (6) months of the end of each financial year in Luxembourg in order to approve the financial statements of the Fund for the previous financial year. The annual general meeting of shareholders will be held at the registered office of the Fund, or at such alternative location in Luxembourg as may be specified in the convening notice of such meeting.

Only the information contained in the sales prospectus and in one of the documents referred to therein shall be deemed to be valid.

The detailed schedule of portfolio movements, the annual and semi-annual reports are available free of charge to shareholders at the registered office of the Fund and the Depositary.

No subscription may be accepted on the basis of the financial reports. Subscriptions are accepted only on the basis of the current prospectus accompanied by the latest annual report and the latest semi-annual report if available.

The figures stated in this report are historical and not necessarily indicative of future performance.

# Investment Manager's Report

Annual report and audited financial statements as of 31 December 2019  
SULA UCITS SICAV

Despite very challenging market conditions, in 2019 the Fund managed to achieve its performance target of Eonia +3.5% (in share class R) set forth in the Fund's Prospectus.

Throughout the year the financial markets as well as the global economy was under significant influence of the trade wars between the USA and China and other economic regions. Strong position taken by the Trump's administration on these geo-political and geo-economic issues resulted in strong volatility and significant uncertainty in the financial markets.

Whereas the year 2018 ended with valuations in the markets being at very low levels, the trend changed already in the first months of 2019. A strong rally began in early 2019 and lasted up until summer where Trump's decision of a new increase of tariff rates on Chinese goods produced strong volatility in the markets.

However, as in September 2019 a possibility of a trade agreement between China and USA emerged, the year ended with the global financial markets being rather in a strong mood.

In 2019 the asset manager took a conservative approach with regards to the Fund's portfolio. For this first year of the Fund's existence, the main goal was to preserve the capital while trying to achieve the minimum target return of Eonia +3.5%.

In the fixed income side, during the whole year the Fund held a high quality corporate bonds portfolio with an average credit rating between A+ and AA-. Investment in Treasuries was also an important part of the Fund's asset allocation in 2019.

All fixed income assets were denominated in US dollars, and the currency risk was managed by the asset manager in an active way with derivatives (futures and forwards).

The bond duration was managed in an active way as well. Starting the year with a range duration between 3 and 7 years, the asset manager decided to reduce the duration gradually up to below 3 years from September on, once a possibility of an agreement between the USA and China (Phase 1 agreement) emerged.

During the last two months of 2019 the average duration of the bond portfolio was close to 1.5 years.

The Fund's return was closely related to the evolution of Treasury rates which were, in turn, dependent on the news about the trade relations evolution between China and the USA.

The 10 Year Treasury rate began to drop at the end of March 2019 (from the then level of 2.40%) and continued falling up until early September at the level of 1.50% - once the trade agreement appeared to be a real possibility.

From September till the end of the year, the rates were rising in a smooth way.

Reflecting the uncertainty of trade negotiations between the Trump's administration and the Chinese government that persisted throughout the year, the equity exposure of the Fund was intentionally kept very low (below 10% all year long). The Fund's investment return has been therefore generated mainly by the fixed income portfolio. The equity exposure was mainly focused on USA-based companies.

Throughout the year, all risk metrics and ratios of the Fund were kept within the limits set forth in the Fund's Prospectus.

## Independent auditor's report

To the Shareholders of  
SULA UCITS SICAV  
2C, rue Albert Borschette  
L-1246 Luxembourg

### Opinion

We have audited the financial statements of SULA UCITS SICAV (the "Fund"), which comprise the statement of net assets and the statement of investments in securities and other net assets as at 31 December 2019, and the statement of operations and the statement of changes in net assets for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2019, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

### Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

### Responsibilities of the Board of Directors of the Fund for the financial statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund'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 Board of Directors of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

### **Responsibilities of the “réviseur d’entreprises agréé” for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund.
- Conclude on the appropriateness of the Board of Directors of the Fund’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “réviseur d’entreprises agréé” to the related disclosures in the financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the “réviseur d’entreprises agréé”. However, future events or conditions may cause the Fund to cease to continue as a going concern.

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

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

Ernst & Young  
Société anonyme  
Cabinet de révision agréé



Kerry Nichol

Luxembourg, 28 April 2020



# SULA UCITS SICAV – FLEXIBLE ALPHA FUND

Annual report and audited financial statements as of 31 December 2019

## Most important figures

Date	ISIN	31.12.2019	31.12.2018
Net assets in EUR		74 369 955.27	58 087 728.80
<b>Class H Shares<sup>1</sup></b>	<b>LU1900183697</b>		
Shares outstanding		119 059.4530	-
Net asset value per share in EUR <sup>2</sup>		102.49	-
<b>Class R Shares<sup>3</sup></b>	<b>LU1900183424</b>		
Shares outstanding		3 448.0000	-
Net asset value per share in EUR <sup>2</sup>		102.11	-
<b>Class U Shares<sup>4</sup></b>	<b>LU1900183770</b>		
Shares outstanding		536 836.0000	519 576.0000
Net asset value per share in EUR <sup>2</sup>		115.15	111.80

<sup>1</sup> First NAV: 14.1.2019

<sup>2</sup> See note 1

<sup>3</sup> First NAV: 9.1.2019

<sup>4</sup> First NAV: 17.12.2018

## Structure of the Securities Portfolio

Geographical Breakdown as a % of net assets	
United States	71.20
Luxembourg	4.91
Germany	3.52
Philippines	3.31
The Netherlands	1.53
South Korea	0.61
Eurozone	-0.01
<b>Total</b>	<b>85.07</b>

Economic Breakdown as a % of net assets	
Countries & central governments	28.00
Supranational organisations	11.60
Internet, software & IT services	7.49
Retail trade, department stores	6.30
Pharmaceuticals, cosmetics & medical products	6.08
Finance & holding companies	5.70
Banks & credit institutions	5.66
Food & soft drinks	4.50
Miscellaneous consumer goods	3.75
Computer hardware & network equipment providers	3.52
Electronics & semiconductors	2.47
<b>Total</b>	<b>85.07</b>

## Statement of Net Assets

	<b>EUR</b>
<b>Assets</b>	<b>31.12.2019</b>
Investments in securities, cost	62 090 149.58
Investments in securities, unrealized appreciation (depreciation)	1 176 957.80
Total investments in securities (Note 1)	63 267 107.38
Cash at banks, deposits on demand and deposit accounts	9 455 925.29
Other liquid assets (Margins)	739 641.42
Receivable on subscriptions	39 795.60
Interest receivable on securities	371 034.69
Formation expenses, net (Note 1)	16 056.22
Unrealized gain (loss) on financial futures (Note 1)	399 780.03
Unrealized gain (loss) on forward foreign exchange contracts (Note 1)	242 388.84
<b>Total Assets</b>	<b>74 531 729.47</b>
<b>Liabilities</b>	
Payable on securities purchases (Note 1)	-13 155.80
Provisions for administration fees (Note 2)	-10 057.84
Provisions for investment manager fees (Note 2)	-35 483.79
Provisions for management company fees (Note 2)	-14 547.81
Provisions for performance fees (Note 2)	-1 608.73
Provisions for formation expenses (Note 1)	-7 250.00
Provisions for depositary fees (Note 2)	-5 168.64
Provisions for taxe d'abonnement (Note 3)	-15 183.99
Provisions for regulatory fees (Note 2)	-12 980.35
Provisions for audit fees, legal and economic advice (Note 2)	-11 814.47
Provisions for other commissions and fees (Note 2)	-34 522.78
Total provisions	-148 618.40
<b>Total Liabilities</b>	<b>-161 774.20</b>
<b>Net assets at the end of the financial year</b>	<b>74 369 955.27</b>

## Statement of Operations

	EUR
	1.1.2019-31.12.2019
<b>Income</b>	
Interest on liquid assets	56 195.27
Interest on securities	1 365 485.12
Dividends	3 975.20
<b>Total income</b>	<b>1 425 655.59</b>
<b>Expenses</b>	
Administration fees (Note 2)	-55 965.27
Investment manager fees (Note 2)	-351 479.03
Management company fees (Note 2)	-59 775.50
Performance fees (Note 2)	-1 608.73
Depositary fees (Note 2)	-54 248.72
Distribution fees (Note 2)	-12 000.00
Taxe d'abonnement (Note 3)	-33 701.54
Regulatory fees (Note 2)	-15 150.60
Audit fees, legal and economic advice (Note 2)	-22 046.15
Amortization of formation expenses (Note 1)	-3 240.12
Other commissions and fees (Note 2)	-91 391.69
Interest on cash and bank overdraft	-42 685.83
<b>Total expenses</b>	<b>-743 293.18</b>
<b>Net income (loss) on investments</b>	<b>682 362.41</b>
<b>Realized gain (loss) (Note 1)</b>	
Realized gain (loss) on market-priced securities without options	2 500 080.80
Realized gain (loss) on options	37 067.15
Realized gain (loss) on financial futures	-2 416 911.62
Realized gain (loss) on forward foreign exchange contracts	-849 097.63
Realized gain (loss) on foreign exchange	265 248.70
<b>Total realized gain (loss)</b>	<b>-463 612.60</b>
<b>Net realized gain (loss) of the financial year</b>	<b>218 749.81</b>
<b>Changes in unrealized appreciation (depreciation) (Note 1)</b>	
Unrealized appreciation (depreciation) on market-priced securities without options	1 372 993.02
Unrealized appreciation (depreciation) on options	11 536.23
Unrealized appreciation (depreciation) on financial futures	-44 759.18
Unrealized appreciation (depreciation) on forward foreign exchange contracts	242 388.84
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>1 582 158.91</b>
<b>Net increase (decrease) in net assets as a result of operations</b>	<b>1 800 908.72</b>

## Statement of Changes in Net Assets

	EUR
	<b>1.1.2019-31.12.2019</b>
Net assets at the beginning of the financial year	58 087 728.80
Subscriptions	17 256 117.25
Redemptions	-2 774 799.50
Total net subscriptions (redemptions)	14 481 317.75
Net income (loss) on investments	682 362.41
Total realized gain (loss)	-463 612.60
Total changes in unrealized appreciation (depreciation)	1 582 158.91
Net increase (decrease) in net assets as a result of operations	1 800 908.72
<b>Net assets at the end of the financial year</b>	<b>74 369 955.27</b>

## Changes in the Number of Shares outstanding

	1.1.2019-31.12.2019
<b>Class</b>	<b>H Shares</b>
Number of shares outstanding at the beginning of the financial year	0.0000
Number of shares issued	121 509.4530
Number of shares redeemed	-2 450.0000
<b>Number of shares outstanding at the end of the financial year</b>	<b>119 059.4530</b>
<b>Class</b>	<b>R Shares</b>
Number of shares outstanding at the beginning of the financial year	0.0000
Number of shares issued	28 448.0000
Number of shares redeemed	-25 000.0000
<b>Number of shares outstanding at the end of the financial year</b>	<b>3 448.0000</b>
<b>Class</b>	<b>U Shares</b>
Number of shares outstanding at the beginning of the financial year	519 576.0000
Number of shares issued	17 260.0000
Number of shares redeemed	0.0000
<b>Number of shares outstanding at the end of the financial year</b>	<b>536 836.0000</b>

## Statement of Investments in Securities and other Net Assets as of 31 December 2019

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Forward Exchange Contracts (Note 1)	as a % of net assets
<b>Transferable securities and money market instruments listed on an official stock exchange</b>			
<b>Notes, fixed rate</b>			
<b>USD</b>			
USD ALPHABET INC 1.99800% 16-15.08.26	2 000 000.00	1 772 883.33	2.38
USD ALPHABET INC 3.37500% 16-25.02.24	2 000 000.00	1 895 321.34	2.55
USD APPLE INC 2.85000% 14-06.05.21	800 000.00	723 688.98	0.97
USD APPLE INC 3.45000% 14-06.05.24	2 000 000.00	1 892 270.11	2.55
USD BERKSHIRE HATHAWAY INC 3.12500% 16-15.03.26	3 000 000.00	2 816 953.23	3.79
USD COCA-COLA CO/THE 2.25000% 16-01.09.26	2 200 000.00	1 973 106.41	2.65
USD EUROPEAN INVESTMENT BANK 2.50000% 18-15.03.23	4 000 000.00	3 651 733.81	4.91
USD EXPORT-IMPORT BANK OF KOREA 2.62500% 16-26.05.26	500 000.00	449 192.65	0.61
USD INTEL CORP 3.10000% 15-29.07.22	2 000 000.00	1 838 703.79	2.47
USD JOHNSON & JOHNSON 2.45000% 16-01.03.26	5 000 000.00	4 523 726.95	6.08
USD KREDITANSTALT FUER WIEDERAUFBAU 2.87500% 18-03.04.28	2 750 000.00	2 620 604.23	3.52
USD MICROSOFT CORP 3.30000% 17-06.02.27	2 000 000.00	1 904 510.65	2.56
USD PROCTER & GAMBLE CO 3.10000% 13-15.08.23	3 000 000.00	2 792 023.16	3.76
USD WALMART INC 3.40000% 18-26.06.23	5 000 000.00	4 683 735.86	6.30
<b>Total USD</b>		<b>33 538 454.50</b>	<b>45.10</b>
<b>Total Notes, fixed rate</b>		<b>33 538 454.50</b>	<b>45.10</b>
<b>Medium term notes, fixed rate</b>			
<b>USD</b>			
USD ASIAN DEVELOPMENT BANK 2.00000% 16-24.04.26	2 750 000.00	2 464 391.98	3.31
USD INTER-AMERICAN DEVELOPMENT BANK 2.00000% 16-02.06.26	1 500 000.00	1 345 659.28	1.81
USD INTL BK FOR RECONSTR & DEVT WORLD BANK 2.50000% 17-22.11.27	1 250 000.00	1 160 816.59	1.56
USD NESTLE HOLDINGS INC-REG-S 2.37500% 17-18.01.22	1 500 000.00	1 349 965.26	1.82
<b>Total USD</b>		<b>6 320 833.11</b>	<b>8.50</b>
<b>Total Medium term notes, fixed rate</b>		<b>6 320 833.11</b>	<b>8.50</b>
<b>Bonds, fixed rate</b>			
<b>USD</b>			
USD NEDERLANDSE WATERSCHAPS BANK NV-REG-S 2.37500% 16-24.03.26	1 250 000.00	1 140 133.63	1.53
<b>Total USD</b>		<b>1 140 133.63</b>	<b>1.53</b>
<b>Total Bonds, fixed rate</b>		<b>1 140 133.63</b>	<b>1.53</b>
<b>Treasury notes, fixed rate</b>			
<b>USD</b>			
USD AMERICA, UNITED STATES OF 1.62500% 17-15.10.20	5 300 000.00	4 721 050.24	6.35
<b>Total USD</b>		<b>4 721 050.24</b>	<b>6.35</b>
<b>Total Treasury notes, fixed rate</b>		<b>4 721 050.24</b>	<b>6.35</b>
<b>Total Transferable securities and money market instruments listed on an official stock exchange</b>		<b>45 720 471.48</b>	<b>61.48</b>
<b>Transferable securities and money market instruments traded on another regulated market</b>			
<b>Notes, fixed rate</b>			
<b>USD</b>			
USD COCA-COLA CO/THE 3.30000% 11-01.09.21	1 500 000.00	1 369 421.83	1.84
<b>Total USD</b>		<b>1 369 421.83</b>	<b>1.84</b>
<b>Total Notes, fixed rate</b>		<b>1 369 421.83</b>	<b>1.84</b>
<b>Treasury notes, fixed rate</b>			
<b>USD</b>			
USD AMERICA, UNITED STATES OF 2.00000% 13-30.11.20	14 000 000.00	12 512 596.35	16.82
USD AMERICA, UNITED STATES OF 2.25000% 14-31.03.21	4 000 000.00	3 590 617.72	4.83
<b>Total USD</b>		<b>16 103 214.07</b>	<b>21.65</b>
<b>Total Treasury notes, fixed rate</b>		<b>16 103 214.07</b>	<b>21.65</b>
<b>Total Transferable securities and money market instruments traded on another regulated market</b>		<b>17 472 635.90</b>	<b>23.49</b>

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Forward Exchange Contracts (Note 1)	as a % of net assets
<b>Derivative instruments listed on an official stock exchange</b>			
<b>Options on indices, classic-styled</b>			
<b>EUR</b>			
EUR DOW JONES EURO STOXX BANKS (PRICE) CALL 95.00000 21.02.20	400.00	83 000.00	0.11
EUR DOW JONES EURO STOXX BANKS (PRICE) CALL 107.50000 21.02.20	-400.00	-9 000.00	-0.01
<b>Total EUR</b>		<b>74 000.00</b>	<b>0.10</b>
<b>Total Options on indices, classic-styled</b>		<b>74 000.00</b>	<b>0.10</b>
<b>Total Derivative instruments listed on an official stock exchange</b>		<b>74 000.00</b>	<b>0.10</b>
<b>Total investments in securities</b>		<b>63 267 107.38</b>	<b>85.07</b>

## Derivative instruments

### Derivative instruments listed on an official stock exchange

#### Financial Futures on bonds

EUR EURO-BUND FUTURE 06.03.20	-18.00	14 040.00	0.02
USD US 10YR TREASURY NOTE FUTURE 20.03.20	-290.00	147 550.11	0.20
<b>Total Financial Futures on bonds</b>		<b>161 590.11</b>	<b>0.22</b>

#### Financial Futures on currencies

USD EURO FX CURRENCY FUTURE 16.03.20	274.00	247 789.53	0.33
<b>Total Financial Futures on currencies</b>		<b>247 789.53</b>	<b>0.33</b>

#### Financial Futures on Indices

EUR DAX INDEX FUTURE 20.03.20	-9.00	-21 025.00	-0.03
USD NASDAQ 100 E-MINI FUTURE 20.03.20	18.00	11 425.39	0.02
<b>Total Financial Futures on Indices</b>		<b>-9 599.61</b>	<b>-0.01</b>

**Total Derivative instruments listed on an official stock exchange**

**399 780.03**

**0.54**

**Total Derivative instruments**

**399 780.03**

**0.54**

### Forward Foreign Exchange contracts

#### Forward Foreign Exchange contracts (Purchase/Sale)

EUR 13 339 473.05	USD 15 000 000.00	21.1.2020	-9 354.82	-0.01
EUR 31 780 618.84	USD 35 500 000.00	20.2.2020	251 743.66	0.34
<b>Total Forward Foreign Exchange contracts (Purchase/Sale)</b>			<b>242 388.84</b>	<b>0.33</b>

**Cash at banks, deposits on demand and deposit accounts and other liquid assets**

**10 195 566.71**

**13.71**

**Other assets and liabilities**

**265 112.31**

**0.35**

**Total net assets**

**74 369 955.27**

**100.00**

# Notes to the Financial Statements

Annual report and audited financial statements as of 31 December 2019  
SULA UCITS SICAV

## Note 1 – Summary of significant accounting policies

The financial statements have been prepared in accordance with the generally accepted accounting principles for investment funds in Luxembourg. The significant accounting policies are summarised as follows:

### *a) Calculation of the net asset value*

The net asset value per share shall be determined by the Administrator as of each Valuation Day (as specified for each subfund in the relevant Supplement of the Prospectus) and at least twice a month. It is calculated by dividing the net asset value of the share class of a subfund by the total number of shares of such share class in issue as of that Valuation Day. The net asset value per share is expressed in the reference currency of the share class and may be rounded up or down to two (2) decimal places.

The net asset value of a share class is equal to the value of the assets allocated to such share class within a subfund less the value of the liabilities allocated to such share class, both being calculated as of each Valuation Day.

The net asset value of a subfund is equal to the value of the assets allocated to such subfund less the value of the liabilities allocated to such subfund, both calculated as of each Valuation Day in the reference currency of the subfund.

### *b) Valuation principles*

- 1) The value of any cash on hand or on deposit, bills or notes payable, accounts receivable, prepaid expenses, cash dividends and interest accrued but not yet received shall be equal to the entire nominal or face amount thereof, unless the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the Board of Directors may consider appropriate in such case to reflect the true value thereof.
- 2) Transferable Securities and Money Market Instruments which are quoted, listed or traded on an exchange or regulated market will be valued, unless otherwise provided under paragraphs 3) and 6) below, at the last available market price or quotation, prior to the time of valuation, on the exchange or regulated market where the securities or instruments are primarily quoted, listed or traded. Where securities or instruments are quoted, listed or traded on more than one exchange or regulated

market, the Board of Directors will determine on which exchange or regulated market the securities or instruments are primarily quoted, listed or traded and the market prices or quotations on such exchange or regulated market will be used for the purpose of their valuation. Transferable Securities and Money Market Instruments for which market prices or quotations are not available or representative, or which are not quoted, listed or traded on an exchange or regulated market, will be valued at their probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.

- 3) Notwithstanding paragraph 2) above, where permitted under applicable laws and regulations, Money Market Instruments may be valued using an amortisation method whereby instruments are valued at their acquisition cost as adjusted for amortisation of premium or accrual of discount on a constant basis until maturity, regardless of the impact of fluctuating interest rates on the market value of the instruments. The amortisation method will only be used if it is not expected to result in a material discrepancy between the market value of the instruments and their value calculated according to the amortisation method.
- 4) Financial derivative instruments which are quoted, listed or traded on an exchange or regulated market will be valued at the last available settlement price or, if such settlement price is not available, at the last available bid price, prior to the time of valuation, on the exchange or regulated market where the instruments are primarily quoted, listed or traded. Where instruments are quoted, listed or traded on more than one exchange or regulated market, the Board of Directors will determine on which exchange or regulated market the instruments are primarily quoted, listed or traded and the closing or settlement prices or quotations on such exchange or regulated market will be used for the purpose of their valuation. Financial derivative instruments for which closing or settlement prices or quotations are not available or representative will be valued at their probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.
- 5) Financial derivative instruments which are traded "over-the-counter" (OTC) will be valued daily at their fair market value, on the basis of valuations provided by the counterparty which will be approved or verified on a regular basis independently from the counterparty. Alternatively, OTC financial derivative

instruments may be valued on the basis of independent pricing services or valuation models approved by the Board of Directors which follow international best practice and valuation principles. Any such valuation will be reconciled to the counterparty valuation on a regular basis independently from the counterparty, and significant differences will be promptly investigated and explained.

- 6) Notwithstanding paragraph 2) above, shares or units in target investment funds (including UCITS and UCI) will be valued at their latest available official net asset value, as reported or provided by or on behalf of the investment fund or at their latest available unofficial or estimated net asset value if more recent than the latest available official net asset value, provided that the Board of Directors is satisfied of the reliability of such unofficial net asset value. The Net Asset Value calculated on the basis of unofficial net asset values of the target investment fund may differ from the Net Asset Value which would have been calculated, on the same Valuation Day, on the basis of the official net asset value of the target investment fund. Alternatively, shares or units in target investment funds which are quoted, listed or traded on an exchange or regulated market may be valued in accordance with the provisions of paragraph 2) above.
- 7) The value of any other asset not specifically referenced above will be the probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.

*c) Net realized gain (loss) on sales of securities*

The realized gains or losses on the sales of securities are calculated on the basis of the average cost of the securities sold.

*d) Valuation of forward foreign exchange contracts*

The unrealized gain (loss) of outstanding forward foreign exchange contracts is valued on the basis of the forward exchange rates prevailing at valuation date.

*e) Valuation of financial futures contracts*

Financial futures contracts are valued based on the latest available published price applicable on the valuation date. Realized gains and losses and the changes in unrealized gains and losses are recorded in the statement of operations. The realized gains and losses are calculated in accordance with the FIFO method, i.e. the first contracts acquired are regarded as the first to be sold.

*f) Conversion of foreign currencies*

Bank accounts, other net assets and the valuation of the investments in securities held denominated in currencies other than the reference currency of the different subfunds are converted at the mid closing spot rates on the valuation date. Income and expenses denominated in currencies other than the currency of the different subfunds are converted at the mid closing spot rates at payment date. Gain or loss on foreign exchange is included in the statement of operations.

The cost of securities denominated in currencies other than the reference currency of the different subfunds is converted at the mid closing spot rate prevailing on the day of acquisition.

*g) Receivable on securities sales, Payable on securities purchases*

The position "Receivable on securities sales" can also include receivables from foreign currency transactions. The position "Payable on securities purchases" can also include payables from foreign currency transactions.

Receivables and payables from foreign exchange transactions are netted.

*h) Income recognition*

Dividends, net of withholding taxes, are recognized as income on the date upon which the relevant securities are first listed as "ex-dividend". Interest income is accrued on a daily basis.

*i) Formation expenses*

The fees and expenses incurred in connection with the formation of the Fund are estimated to an amount of approximately 60 000 EUR. Such costs will be borne by the Fund and may be amortised over a period of up to five (5) years from the date of incorporation of the Fund. The formation expenses of each new subfund will be borne by such subfund and may be amortised over a period of up to five (5) years. New subfunds created after the incorporation and launch of the Fund will participate in the non-amortised formation expenses of the Fund.



## Note 2 – Fees and Expenses

### Management Company Fee

In consideration for the services provided by the Management Company, the Management Company is entitled to an annual Management Company Fee, calculated as the average of the month-end Net Asset Value of the previous quarter and invoiced quarterly in arrears. The Management Company Fee is payable quarterly out of the assets of each subfund at a rate as specified for each subfund and/or Class in the relevant Special Section. The Management Company Fee is subject to a maximum of 0.06% p.a. of the Net Asset Value and subject to a minimum annual fee of EUR 15 000 per subfund.

In addition to the Management Company Fee, the Management Company is entitled to an annual fee per subfund of up to EUR 10 000 for the provision of risk management and investment compliance monitoring services. The Management Company may receive other fees for providing additional services, as agreed with the Board of Directors.

In addition, where applicable, any value added tax ("VAT") associated with the above fees and reimbursements will be charged to the relevant subfund.

The Management Company will also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties.

### Investment Manager Fee

The Investment Manager will be entitled to an annual fee equal to a percentage of the average Net Asset Value of each subfund or Share Class consistent with market practice as set out in the Supplement of the Prospectus for each subfund or Share Class. The Investment Manager fee will accrue on each Valuation Day and will be payable monthly in arrears out of the assets of each subfund and Share Class at a rate as follows:

SULA UCITS SICAV – FLEXIBLE ALPHA FUND	
Share Class name	Investment Management Fee
Class H Shares	0.85% p.a.
Class R Shares	1.20% p.a.
Class U Shares	0.50% p.a.

The Investment Manager will also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties.

The Investment Manager may from time to time, at its sole discretion, decide to waive or return to the Fund all or part of its annual fee. Subject to applicable laws and regulations, the Investment Manager may also from time to time, at its sole discretion, enter into private arrangements with certain investors or financial intermediaries, affiliates and/or third-parties, whereby the Investment Manager will agree to pay an amount representing all or part of its annual fee.

### Performance Fee

The Investment Manager may be entitled to receive a Performance Fee with respect to certain subfunds or Share Classes. The payment and size of the Performance Fee depends on the performance of the subfund or Share Class over a specified time period. The Performance Fee is calculated and accrued at each Valuation Day on the basis of the Net Asset Value after deducting all fees and expenses, including the Investment Manager Fee (but not the Performance Fee) and adjusting for subscriptions and redemptions during the performance period so these will not affect the calculation of the Performance Fee. The Performance Fee is paid out of the assets of the Fund and allocated to the relevant subfunds and Share Classes as described in section 8.2 (Valuation procedure) in the sales prospectus. Details regarding the calculation and payment of Performance Fees are contained in the Supplement of the Prospectus.

Over the reference period, the Performance Fee shall be accrued daily whereby the amount accrued shall be paid to the Investment Manager within fifteen Business Days following the closure of the reference period. The reference period is represented by each calendar year. In the inception year of the subfund the reference period starts on the last day of the inception month and ends on the last day of the inception year.

The Performance Fee will be equal to a specific percentage set out in the relevant Supplement of the Prospectus of the over-performance of the relevant subfund compared to a specific benchmark as set out in the relevant Supplement of the Prospectus, in case there is an increase of the Net Asset Value compared to a high water mark. The increase will be calculated

by comparing the Net Asset Value (after deducting all fees and expenses, including the Management Fee, the Investment Manager Fee (except Performance Fees) and adjusting for subscriptions and redemptions during the performance period) of the end of the reference period to the high water mark. The high water mark is equal to the highest Net Asset Value (after performance fees) reached on the previous reference period or since inception, as further set out in the relevant Supplement of the Prospectus, adjusted according to the amounts received for investments and the amounts payable for redemptions of the share class. The high-water-mark principle ensures that in case of loss, no performance fee will be paid until the loss has been recovered.

Furthermore, if so provided in the relevant Supplement of the Prospectus, the amount of the Performance Fee may depend on the performance of the NAV of the relevant Share Class compared to the performance of the relevant performance benchmark. For a specific Share Class, the Performance Fee rate equals a certain percentage of the over-performance of the subfunds versus its relevant benchmark over the reference period, as further specified in the relevant Supplement of the Prospectus.

### **Depositary Fees**

The Depositary will be entitled to an annual fee equal to a percentage of the Net Asset Value of each subfund consistent with market practice in Luxembourg, subject to a minimum flat fee per subfund of EUR 30 000 per annum and a maximum rate of up to 0.085 percent (0.085%) per annum. The Depositary fee will be calculated by reference to the Net Asset Value of each subfund at the rate specified in the Supplement of the Prospectus for each subfund or Share Class calculated on each Valuation Day and be payable on a monthly basis in arrears. The Depositary will also be entitled to transaction fees charged on the basis of the investments made by each subfund consistent with market practice in Luxembourg. Fees paid to the Depositary may vary depending on the nature of the investments of each subfund and the countries and/or markets in which the investments are made. The Depositary will also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties. Further fees may be payable to the Depositary in consideration of ancillary services rendered to the Fund and relating to the core services of the Depositary.

### **Administration Fees**

The Administrator will be entitled to an annual fee equal to a percentage of the Net Asset Value of each subfund consistent with market practice in Luxembourg, subject to a minimum flat fee per subfund of EUR 30 000 per annum and a maximum annual rate of up to 0.08 percent (0.08%) per annum. The Administrator fee will accrue on each Valuation Day and will be payable monthly in arrears. The Administrator will also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties.

Further fees may be payable to the Administrator in consideration of ancillary services rendered to the Fund and relating to the core services of the Administrator.

### **Directors' fees and expenses**

The members of the Board of Directors are entitled to receive a fee in consideration for their function. The Fund will also reimburse the members of the Board of Directors for appropriate insurance coverage and expenses and other costs incurred by the members of the Board of Directors in the performance of their duties, including reasonable out-of-pocket expenses, traveling costs incurred to attend meetings of the Board of Directors, and any costs of legal proceedings unless such costs are caused by intentional or grossly negligent conduct by the member of the Board of Directors in question. The Fund may also pay fees and expenses to members of any committee established by the Board of Directors, where applicable.

### **Operating and Administrative Expenses**

The Fund bears all ordinary operating costs and expenses incurred in the operation of the Fund or any subfund or Share Class ("Operating and Administrative Expenses") including but not limited to costs and expenses incurred in connection with:

- preparing, producing, printing, depositing, publishing and/or distributing any documents relating to the Fund, a subfund or Share Class that are required by applicable laws and regulations (such as the Articles of Association, the Prospectus, key investor information documents, financial reports and notices to investors) or any other documents and materials made available to investors (such as explanatory memoranda, statements, reports, fact-sheets and similar documents);

- other fees in relation to the establishment and launch of the Fund;
- organising and holding general meetings of shareholders and preparing, printing, publishing and/or distributing notices and other communications to shareholders as well as other corporate secretarial services;
- professional advisory services (such legal, tax, accounting, compliance, auditing and other advisory services) taken by the Fund or the Management Company on behalf of the Fund;
- investment services taken and/or data obtained by the Fund or the Management Company on behalf of the Fund (including fees and expenses incurred in obtaining investment research, systems and other services or data utilised for portfolio and risk management purposes), further information concerning the amount of research costs applicable to the relevant subfund in which they are invested being available to the shareholders at the registered office of the Fund;
- the authorisation of the Fund, the subfunds and Share Classes, regulatory compliance obligations and reporting requirements of the Fund (such as administrative fees, filing fees, insurance costs and other types of fees and expenses incurred in the course of regulatory compliance), and all types of insurance obtained on behalf of the Fund and/or the members of the Board of Directors;
- initial and ongoing obligations relating to the registration and/or listing of the Fund, a subfund or Share Class and the distribution of Shares in Luxembourg and abroad (such as fees charged by and expenses payable to financial regulators, distributors, correspondent banks, representatives, listing agents, paying agents, fund platforms, and other agents and/or service providers appointed in this context, as well as advisory, legal, and translation costs);
- due diligence fees, fees for the update of procedures and ancillary services based on applicable laws and regulations charged by the Management Company to the Fund;
- fees for domiciliation and transfer agency services;
- the determination and publication of tax factors for the EU/EEA Member States and/or any other countries where distribution licences and/or private placements exist, according to the actual expenditure incurred at market rates;
- memberships or services provided by international organisations or industry bodies such as the Association of the Luxembourg Fund Industry (ALFI);
- taxes, charges and duties payable to governments and local authorities (including the Luxembourg annual subscription tax (taxe d'abonnement) and any other taxes payable on assets, income or expenses) and any value added tax (VAT) or similar tax associated with any fees and expenses paid by the Fund; and
- the reorganisation or liquidation of the Fund, a subfund or Share Class.

### Note 3 – Taxe d'abonnement

According to the law and practice currently in force, the Fund is not liable to any Luxembourg tax on withholding, income, capital gains or wealth taxes. The Fund is, however, liable in Luxembourg to a tax of 0.05% per annum ("Taxe d'Abonnement") of its net asset value, such tax being payable quarterly on the basis of the value of the net assets of the Fund at the end of the relevant calendar quarter or 0.01% per annum for the Classes of shares dedicated to institutional investor as defined from time to time by the Luxembourg laws and regulations.

### Note 4 – Commitments on Financial Futures and Options

Commitments on Financial Futures and Options per subfund and respective currency as of 31 December 2019 can be summarised as follows:

#### a) Financial Futures

SULA UCITS SICAV	Financial Futures on Indices (bought)	Financial Futures on Indices (sold)
– FLEXIBLE ALPHA FUND	2 806 957.68 EUR	2 980 462.50 EUR

SULA UCITS SICAV	Financial Futures on bonds (bought)	Financial Futures on bonds (sold)
– FLEXIBLE ALPHA FUND	- EUR	36 246 854.53 EUR

SULA UCITS SICAV	Financial Futures on currencies (bought)	Financial Futures on currencies (sold)
– FLEXIBLE ALPHA FUND	34 423 919.83 EUR	- EUR

The commitments on Financial Futures on currencies or index (if any) are calculated based on the market value of the Financial Futures (Number of contracts\*notional contract size\*market price of the futures).

b) Options

SULA UCITS SICAV	Options on indices, classic-styled
– FLEXIBLE ALPHA FUND	274 656.40 EUR

**Note 5 – Transaction costs**

Transaction costs include brokerage fees, stamp duty, local taxes and other foreign charges if incurred during the fiscal year. Transaction fees are included in the cost of securities purchased and sold.

For the year ended on 31 December 2019, the Fund incurred transaction costs relating to purchase or sale of investments in securities and similar transactions as follows:

SULA UCITS SICAV	Transaction costs
– FLEXIBLE ALPHA FUND	565 917.99 EUR

Not all transaction costs are separately identifiable. For fixed income investments, forward currency contracts and other derivative contracts, transaction costs will be included in the purchase and sale price of the investment. Whilst not separately identifiable these transaction costs will be captured within the performance of each subfund.

**Note 6 – Subsequent event**

As at the end of the Reporting Period, a limited number of cases of an unknown virus had been reported to the World Health Organization. Following the subsequent spread of the virus globally, the World Health Organization declared the COVID-19 outbreak to be a pandemic on 11 March 2020. The identification of the virus after the end of the Reporting Period as a new coronavirus, and its subsequent global outbreak, is considered a non-adjusting subsequent event. At

present it is not possible to assess the detailed impact, of this emerging risk, on the portfolios of the Fund but there is growing concern about the impact on the world economy and as a result of this uncertainty the values reflected in these financial statements may materially differ from the value received upon actual sales of those investments. In the light of significant corrections and heightened volatility in the financial markets over the past few weeks, the impact for the Fund might be important in terms of future valuations of its assets, nevertheless the Board and the Investment Manager continue to observe the efforts of governments to contain the spread of the virus in order to monitor and manage the economic impact on the portfolios and the Fund itself.

In addition, there is no indication that the going concern assumption of the Fund is inappropriate.

No other events took place between the end of the Reporting Period and the date of the approval of these financial statements that would require disclosure in or adjustments to the amounts recognized in these financial statements.

**Note 7 – Official language**

The English version of these financial statements is the authoritative version and only this version was audited by the auditor. However, in the case of Fund shares sold to investors from other countries in which Fund shares can be bought and sold, the Fund and the Depositary may recognize approved translations (i.e. approved by the Fund and the Depositary) into the languages concerned as binding upon themselves.

## Note 8 – OTC-Derivatives

If the Company enters into OTC transactions, it may be exposed to risks related to the creditworthiness of the OTC counterparties: when the Company enters into futures contracts, forward transactions, options and swap transactions or uses other derivative techniques it is subject to the risk that an OTC counterparty may not meet (or cannot meet) its obligations under a specific or multiple contracts. Counterparty risk can be reduced by depositing a security. If the Company owes a security pursuant to an applicable agreement, such security shall be held in custody by the Depositary in favour of the Company. Bankruptcy and insolvency events or other credit events with the OTC counterparty, the Depositary or within their subdepository/correspondent bank network may result in the rights or recognition of the Company in connection with the security to be delayed, restricted or even eliminated, which would force the Company to fulfill its obligations in the framework of the OTC transaction, in spite of any security that had previously been made available to cover any such obligation.

### OTC-Derivatives\*

The OTC-derivatives of the below subfund with no securities collateral have margin accounts instead.

<b>Subfund Counterparty</b>	<b>Unrealized gain (loss)</b>	<b>Collateral received</b>
<b>SULA UCITS SICAV – FLEXIBLE ALPHA FUND</b>		
UBS AG	242 388.84 EUR	0.00 EUR

\* Derivatives traded on an official exchange are not included in this table as they are guaranteed by a clearing house. In the event of a counterparty default the clearing house assumes the risk of loss.

# Unaudited Information

Annual report and audited financial statements as of 31 December 2019  
SULA UCITS SICAV

## 1) Global Exposure

Risk management

Risk management in accordance with the commitment approach and the value-at-risk approach is applied pursuant to the applicable laws and regulatory provisions.

Leverage

Leverage is defined pursuant to the applicable ESMA directives as the total of the notional values of the derivatives used by the respective subfund. According to this definition, leverage may result in artificially increased leverage amounts, as some derivatives that can be used for hedging purposes may be included in the calculation. Consequently, this information does not necessarily reflect the precise actual leverage risk that the investor is exposed to.

Subfund	Global risk calculation method	Model used	Min VaR (%)		Max VaR (%)		Avg VaR (%)		Avg Leverage 31.12.2019 (%)	Reference portfolio (benchmark)
			VaR 20d	VaR 1d	VaR 20d	VaR 1d	VaR 20d	VaR 1d		
SULA UCITS SICAV – FLEXIBLE ALPHA FUND	VaR approach	Historical VaR	0.37%	0.08%	4.87%	1.09%	2.22%	0.50%	115.07%	n/a

## 2) Remuneration Policy and quantitative disclosure

The management company has adopted a remuneration policy pursuant to applicable laws and regulations with the objective to ensure that its remuneration structure is in line with its interests and those of the collective investment schemes it manages and to prevent risk-taking which is inconsistent with the risk profiles, rules or articles of incorporation or management regulations of the collective investment schemes it manages.

Details of the remuneration policy of the management company, including the persons in charge of determining the fixed and variable remunerations of staff, a description of the key remuneration elements and an overview of how remuneration is determined, is available at <http://www.mdo-manco.com/about-us/legal-documents>.

With respect to the financial year ended 31 December 2019 (as of that date, the management company had a headcount of 63 employees), the total fixed and variable remuneration paid by the management company to its employees amounted to EUR 4 752 158 and to EUR 1 180 144 respectively. The total remuneration paid by the management company to senior management and members of its staff whose actions have a material impact on the risk profile of the collective investment

schemes managed amounted to EUR 3 232 370. The remuneration committee of the management company has reviewed the implementation of the remuneration policy and has not identified any deficiency in that respect. Moreover, the current version of the remuneration policy was updated and approved by the board of directors in the course of the financial year ended 31 December 2019, the current version being dated July 2019.

### **3) Transparency of securities financing transactions and their reuse**

No securities financing transactions or total return swaps within the meaning of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 ("SFTR") were used by the Fund. As a result, no disclosures within the meaning of Article 13 of said Regulation need to be made to investors in the annual report.