

EASTERNMED FUNDS VCIC PLC
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

EASTERNMED FUNDS VCIC PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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EASTERNMED FUNDS VCIC PLC

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Athanasios J. Martinos Ioannis Papaioannou Andreas Theophanous Stavros A. Karides Maria Panayi Drakos
Secretary:	K and K Secretarial Limited 11 Kyriakou Matsi Street, Nikis Center, 8th floor 1082 Nicosia Cyprus
Management Company:	Easternmed Asset Management Services Ltd 11 Kyriakou Matsi Street, Nikis Center, 8th floor 1082 Nicosia Cyprus
Fund Administration:	MFO Asset Management Ltd 66 Acropolis Avenue, Acropolis Tower, 1st floor 2012 Nicosia Cyprus
External Auditors:	KPMG Limited 14 Esperidon Street 1087 Nicosia Cyprus
External Legal Advisers:	Karides & Karides LLC 11 Kyriakou Matsi Street, Nikis Center, 8th floor 1082 Nicosia Cyprus
Registered office:	48 Themistokli Dervi Avenue Athienitis Centennial Building, Office 104 1066 Nicosia Cyprus
Depository:	Bank of Cyprus Public Company Ltd 51 Stasinou Street 1398 Nicosia Cyprus
Registration number:	HE354779

EASTERNMED FUNDS VCIC PLC

GENERAL INFORMATION

Introduction

Easternmed Funds VCIC Plc (the 'Fund') was incorporated in Cyprus on 19 April 2016 as a public limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. The Fund was granted UCITS license No. UCITS 07/78 by the Cyprus Securities and Exchange Commission on 22 March 2016.

The Fund as an umbrella fund, it may accommodate sub funds relating to different investment portfolios and strategies. Separate classes of shares are issued for each sub fund. The Board of Directors of the Fund may authorise the creation of additional sub funds/share classes in the future subject to CySEC approval.

As of 31 December 2019, there was 1 sub fund active, Easternmed Equities Fund (Class A) (the 'Sub-Fund') managed by Easternmed Asset Management Services Ltd (the 'Management Company'), with the administration delegated to MFO Asset Management Ltd (the 'Fund Administrator').

The prospectus of the Fund has been amended and approved by CySEC as of 20 December 2018. The amended investment policy and investment limits allow the fund manager to adapt and invest under different market conditions. In addition, the amended investment policy facilitates better risk management monitoring, since all investment limits are calculated based on the Net Assets Value (the 'NAV').

Investment objective

The Sub-Fund's objective is to preserve its investors' wealth and to pursue a long-term capital growth strategy subject to moderate volatility with:

- targeted (unlevered) return 3-month Euribor +5% p.a.
- volatility, generally below relevant equity market benchmarks over the investment horizon
- an investment horizon of 10 plus years

Investment strategy

The Sub-Fund's investment strategy is characterised as long-term, value-oriented and opportunistic. The Sub-Fund invests in highly liquid assets for the long term with emphasis on industries with real rather than intangible assets. While exposures and run comparisons are monitored, there is not at any time strict adherence to commonly used benchmarks. Economic and market risks are closely monitored. In extreme market conditions and in order to safeguard the interests of its stakeholders, the investment manager may decide to liquidate the entire portfolio and invest up to 100% of the Fund's assets in cash and/or cash equivalents.

The strategy focuses on portfolio diversification and risk minimisation. Risk is assessed on individual investments as well as on a portfolio level.

The Sub-Fund is allowed to borrow on a temporary basis up to 10% of its net assets and may use financial derivatives for hedging purposes.

Investment policy

The Sub-Fund invests more than 50% and up to 100% of its NAV in listed Equities. The Sub-Fund mainly invests in large capitalization (>\$10 billion), well-established European, but also US, companies with a recognizable brand name, solid market share and reputable management. The allocation in European and US equities will vary depending on macroeconomic and financial conditions, attractiveness of each region in terms of companies' valuations, financial risks and on the general investment strategy of the investment manager.

The Sub-Fund may also to a limited extent be allowed to invest opportunistically in less liquid mid and small-cap equities (< \$10 billion) up to 20% of NAV. Although European (but also US) equities will be the main investments of the Sub-Fund, up to 20% of NAV may be allocated to equities of other developed markets while not more than 20% of NAV may be allocated to emerging markets equities.

The Sub-Fund's direct equity investments will concentrate on (a) companies with a solid real asset base in industries such as energy, materials, utilities, industrials, etc., (b) financial companies such as banks and insurance companies and (c) healthcare. Investments in companies with high intangibles relative to their long-terms assets, predominantly IT patents and brand names, will generally be avoided. Specifically, the Sub-Fund may invest up to 35% of NAV in energy, up to 30% of NAV in financials and up to 25% of NAV in each of all other equity sectors.

EASTERNMED FUNDS VCIC PLC

GENERAL INFORMATION

Investment policy (continued)

In order to supplement its direct equity investment activities, the Sub-Fund may further invest a portion of its assets (up to 25% of its net assets) in long-only equity funds (UCITS and Other UCIs) with Assets under Management (the 'AuM') in excess of €500 million.

The Sub-Fund may finally invest less than 50% of its net assets in fixed income and cash (less than 50% of its net assets). Fixed income may also include investments in bond funds (e.g. UCITS, Other UCIs) and money market instruments, which should not exceed 10% of the Sub-Fund's net assets.

The Sub-Fund's bond investments shall focus on developed market corporates as well as emerging markets bonds. Investments in Emerging Market High Yield bonds would be limited to instruments for which the Government, including state-owned entities, has an ownership stake of more than 50%.

The Sub-Fund will normally invest in low duration bonds (up to 3 years' maturities) as a means to mitigate credit and interest rate risk. Bonds will generally be deployed as an alternative to cash, preferably with a higher yield, and generally be kept until maturity. Nevertheless, the investment manager may also opt to invest in longer duration bonds in a high interest rate environment.

The Sub-Fund will aim to invest in bonds denominated in the Sub-Fund's base currency i.e. Euro, unless yields available are judged not to be competitive by the investment manager. In such case, as well as taking into consideration currency prospects, the investment manager may also choose to invest in non-EUR denominated bonds, but excluding emerging markets local currency bonds, for currency diversification and/or added yield. The Sub-Fund will not invest in ABS, MBS and convertible bonds (or contingent convertible bonds).

Benchmark

The Sub-Fund does not have an official benchmark, nevertheless its performance is monitored and compared to stock market indices.

Market outlook

The surprising correction (and the magnitude of such a correction) of the last quarter of 2018 was followed by an opposite and nearly equal rebound in the first quarter of 2019, during which the S&P rose by 13,1% and the MSCI Europe by 12%. Similar to the surprising reaction of markets in Q4'18, the first quarter's upward reaction appeared in disconnect with economic fundamentals as the economy continued to slow down in the US while in Europe remained close to stagnation. This change in the investment climate was attributed to the "reversal of overreaction" which was based on an improving investing sentiment as a result of the Fed's decision to pause as well as the improving climate in the US-Sino trade negotiations.

Equity markets recorded a positive performance in the second quarter of 2019 as well, supported by the anticipated monetary stimulus signaled by the Fed and the ECB. Actions of Central Banks were mainly driven by weaker economic data, risks to the trade outlook and low inflation.

In the third quarter of 2019, markets continued to rise, climbing a "wall of worries" as geopolitical risks receded. For instance, the progress with Brexit negotiations lowered the "no deal Brexit" probability and a possible partial US-China trade deal lowered the risk of re-escalation of the trade war. However fundamentally, the global economic growth remained sluggish. Third quarter corporate earnings announcements were generally better than expected and, in combination with declining geopolitical risks, supported a positive investment environment.

Following the muted Q3'19 performance, Q4'19 was again a very strong quarter with all asset classes delivering solid returns. Sentiment improved overall on US-China reaching a preliminary trade agreement, the third FED rate cut, and the result of the UK elections, which removed uncertainties around Brexit. Emerging market equity and US tech stocks were particularly strong aided by the US-China trade deal. Bond yields narrowed further with the new FED rate cut, with both HY and EM bonds outperforming. Even commodities enjoyed a relief rally, having struggled for almost the entire year.

In summary, from the Sino-US trade war discussions to the Brexit negotiations on the other side of the Atlantic, 2019 was an eventful year on the news front. Despite some market volatility in May, August and October 2019, triggered by a simple tweet or more profound political announcements, 2019 was a good year for Equity markets globally; the figures speak for themselves: S&P 500 Index up +28,9% YTD, Euro Stoxx 50 Index up +30,7% YTD and the Nikkei 225 Index up +18,2% YTD.

EASTERNMED FUNDS VCIC PLC

GENERAL INFORMATION

Performance

The Sub-Fund had a NAV of € 84.824.617 at the beginning of the Year (as of 31 December 2018), with a positive evolution ending the year with a NAV of € 189.855.768 (as of 31 December 2019).

The evolution of the AuM is explained by (1) two significant inflows from subscriptions in kind of the existing unit-holders of a total amount of around €80 million and (2) the performance of the fund which recorded an annual return of 20,7% yielding a net increase in the NAV of around €25 million.

The Sub-Fund returned 20,7% in the course of the year. The performance of the Fund registered a 30,62% since inception of the Sub-Fund. All quarters in 2019 recorded positive performance as follows: Q1: 11,50%, Q2: 1,80%, Q3: 0,59% and Q4: 5,53%. The best performing months were January, September and June with returns of 5,83%, 4,36% and 4,01%, respectively.

All asset classes, namely equities, mutual funds and funds witnessed absolute positive performance during the year.

Sub-Fund's performance has been positively affected by the improving investing sentiment as a result of the Fed's and ECB's relaxed monetary policies as well as the improving climate in the US-Sino trade negotiations.

The Fund's absolute performance continues to lag in comparison to its composite benchmark. Indeed, on a sector basis the Fund, which has a significant bias towards typical value sectors like Energy and Materials (with around a combined 40% exposure towards Year-end with respect to total equity investments), has lagged the performance of other sectors in which the Fund has lower exposure, such as technology and consumer discretionary. The Sub-Fund is mostly positioned in Large Cap equities (i.e. 88,1% with respect to total equity direct investments) with a predominant part being invested in Europe and a significant bias towards heavy capital and capital intensive type of businesses. After the unit-holders subscription in kind, the exposure in financials also increased reaching 25,4% of direct equity investments.

NAV in the last three financial years

The Fund's issued units and NAV per unit in the last three financial years are as follows:

	2019 (Audited)	2018 (Audited)	2017 (Audited)
Class A Units	1.455.814	782.880	574.904
Net Asset Value per Unit	€130,4121	€108,3494	€119,2505
Net assets attributable to Class A unitholders	€189.855.768	€84.824.617	€68.557.565
Class B Units	-	-	-
Net Asset Value per Unit	-	-	-
Net assets attributable to Class B unitholders	-	-	-

Coronavirus COVID-19 outbreak

The COVID-19 impacted severely the financial markets globally in the course of March 2020. However, until end of March, no unusual level of redemptions was noted in the Fund due to this event.

Besides, the pricing of the securities and other instruments held by the Fund did not encounter difficulties when applying the usual pricing policy.

With respect to liquidity, no particular mechanisms were activated, and no exceptional actions were undertaken due to the absence of redemptions during the period. As a result, the investment strategy of the Sub-Fund has not been altered.



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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
EASTERNMED FUNDS VCIC PLC

Opinion

We have audited the accompanying financial statements of Easternmed Funds VCIC Plc (the "Company"), which are presented on page 8 to 33 and comprise the statement of financial position as at 31 December 2019, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and 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 Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report. We remained independent of the Company throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements in Cyprus that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors 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 is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional 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 Company'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.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.


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

- 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.

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

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Maria A. Karantoni, FCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

21 May 2020

EASTERNMED FUNDS VCIC PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Easternmed Equities Fund Class A 2019 €	Easternmed Equities Fund Class A 2018 €
Revenue			
Dividend income		3.626.987	2.903.798
Interest income	5	442.001	105.173
Net realised gains on financial assets at fair value through profit or loss	7	1.804.430	687.707
Net unrealised gains/(losses) on financial assets at fair value through profit or loss	6,12	19.942.886	(11.714.348)
Net foreign currency gains		47.315	25.527
Other operating income		46.176	43.498
Total revenue		25.909.795	(7.948.645)
Operating expenses			
Management fees		(576.138)	(422.870)
Depositary fees		(59.552)	(44.067)
Administration fees		(50.000)	(42.287)
Directors' fees		(9.570)	(9.570)
Transaction costs		(61.110)	(73.991)
Auditors' remuneration		(8.449)	(9.342)
Secretarial fees		(4.760)	(4.760)
Professional fees		(2.800)	(2.550)
Licences and annual contributions		(1.800)	(1.800)
Other expenses		(902)	(835)
Total operating expenses		(775.081)	(612.072)
Operating profit/(loss) before finance costs		25.134.714	(8.560.717)
Net finance costs	8	(432)	(151)
Increase/(decrease) in net assets attributable to holders of investor shares before tax		25.134.282	(8.560.868)
Tax	9	(250.647)	(171.696)
Increase/(decrease) in net assets attributable to holders of investor shares for the year		24.883.635	(8.732.564)

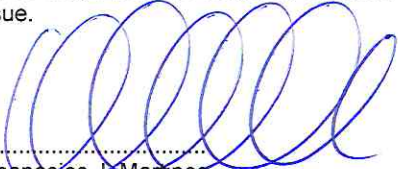
The notes on pages 12 to 33 form an integral part of these financial statements.

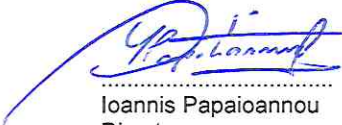
EASTERNMED FUNDS VCIC PLC

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

		Easternmed Equities Fund Class A 2019 €	Easternmed Equities Fund Class A 2018 €
ASSETS			
Financial assets at fair value through profit or loss	12	189.049.894	78.132.877
Cash and cash equivalents	13	885.888	6.695.179
Other receivables	11	51.602	70.253
Refundable taxes	16	16	-
Total assets		189.987.400	84.898.309
LIABILITIES			
Other payables	15	131.632	73.658
Current tax liabilities	16	-	34
Total liabilities (excluding net assets attributable to holders of investor shares)		131.632	73.692
Net assets attributable to holders of investor shares		189.855.768	84.824.617
		189.855.768	84.824.617

On 21 May 2020 the Board of Directors of Easternmed Funds VCIC Plc authorised these financial statements for issue.


.....
Athanasios J. Martines
Director


.....
Ioannis Papaioannou
Director

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

EASTERNMED FUNDS VCIC PLC

STATEMENT OF NET ASSETS ATTRIBUTABLE TO HOLDERS OF INVESTOR SHARES FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Easternmed Equities Fund Class A 2019 €	Easternmed Equities Fund Class A 2018 €
Balance at 1 January		84.824.617	68.557.565
Increase/(decrease) in net assets attributable to holders of investor shares	14	<u>24.883.635</u>	<u>(8.732.564)</u>
Contributions and redemptions by holders of investor shares:			
Subscription for Class A investor shares during the year		<u>80.147.516</u>	<u>24.999.616</u>
Total contributions and redemptions by holders of investor shares		<u>80.147.516</u>	<u>24.999.616</u>
Balance at 31 December		<u>189.855.768</u>	<u>84.824.617</u>

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

EASTERNMED FUNDS VCIC PLC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Eastermed Equities Fund Class A 2019 €	Eastermed Equities Fund Class A 2018 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Increase/(decrease) in net assets attributable to holders of investor shares before tax		25.134.282	(8.560.868)
Adjustments for:			
Net realised gains on financial assets at fair value through profit or loss	7	(1.804.430)	(687.707)
Net unrealised (gains)/losses on financial assets at fair value through profit or loss	6	(19.942.886)	11.714.348
Net foreign currency gains		(47.315)	(25.527)
Dividend income		(3.626.987)	(2.903.798)
Interest income	5	(442.001)	(105.173)
Other operating income		(46.176)	(43.498)
		(775.513)	(612.223)
Changes in working capital:			
Increase in other payables		57.974	17.384
Cash used in operations		(717.539)	(594.839)
Interest received		236.622	34.379
Dividends received		3.575.385	2.833.545
Proceeds from sale of financial assets at fair value through profit or loss		15.358.584	7.839.856
Payments for acquisition of financial assets at fair value through profit or loss		(24.059.006)	(28.962.135)
Tax paid		(9.582)	(3.526)
Withholding tax paid		(241.115)	(170.558)
Net cash used in operating activities		(5.856.651)	(19.023.278)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of investor shares	14	45	24.999.616
Net cash generated from financing activities		45	24.999.616
Net increase/(decrease) in cash and cash equivalents		(5.856.606)	5.976.338
Cash and cash equivalents at beginning of the year		6.695.179	693.314
Effect of exchange rate fluctuations on cash held		47.315	25.527
Cash and cash equivalents at end of the year	13	885.888	6.695.179

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

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Incorporation and principal activities

Country of incorporation

Easternmed Funds VCIC Plc (the 'Fund') was incorporated in Cyprus on 19 April 2016 as a public limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. The Fund was granted UCITS license No. UCITS 07/78 by the Cyprus Securities and Exchange Commission on 22 March 2016. Its registered office is at 48 Themistokii Dervi Avenue, Athienitis Centennial Building, Office 104, 1066 Nicosia, Cyprus.

The Fund as an umbrella investment company comprises various sub-funds each relating to a separate investment portfolio of securities, cash and other assets. Separate classes of shares are issued in relation to the sub-funds. The Board of Directors of the Fund may authorise the creation of additional sub-funds/share classes in the future subject to CySEC approval. As of 31 December 2019, there was one sub-fund active, namely the Easternmed Equities Fund Class A (the 'Sub-Fund').

The Fund is primarily involved in investing in a highly diversified portfolio of equity securities issued by companies listed on major European stock exchanges and on the New York Stock Exchange (NYSE), investment funds and corporate debt securities, with the objective of providing shareholders with long-term capital growth subject to moderate volatility.

The Fund's management is performed by Easternmed Asset Management Services Ltd (the 'Management Company'), with the administration delegated to MFO Asset Management Ltd (the 'Fund Administrator').

2. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (the 'IFRSs') as adopted by the European Union (the 'EU') and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention except for financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Adoption of new and revised IFRSs

During the current year the Fund adopted all the new and revised IFRSs as adopted by the EU that are relevant to its operations and are effective for accounting periods beginning on 1 January 2019.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board (the 'IASB') which were not yet effective. Some of them were adopted by the EU and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Fund.

Revenue recognition

- **Net realised/unrealised gain on financial assets at fair value through profit or loss**

Net realised/unrealised gain from financial assets at fair value through profit or loss includes all realised and unrealised fair value changes, foreign exchange differences but excludes interest and dividend income.

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Significant accounting policies (continued)

Revenue recognition (continued)

- **Interest income**

Interest on debt securities at fair value through profit or loss is accrued on a time-proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is recognised gross of withholding tax, if any. Also, interest income from cash and cash equivalents is recognised on a time-proportionate basis using the effective interest method.

- **Dividend income**

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Dividends to holders of investor shares

Dividends to holders of investor shares are recognised in the statement of comprehensive income as finance costs when they are authorised and are no longer at the discretion of the Fund. Dividends are subject to the special defense levy applicable to natural persons, whereas legal entities or natural persons who are not tax residents of Cyprus are exempted from the levy.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Fund's functional and presentation currency.

(2) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary items and non-monetary assets and liabilities that are measured at fair value in a foreign currency are included in profit or loss. Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value. Net foreign exchange gains/(losses) on non-monetary and monetary financial assets and liabilities other than those classified as at fair value through profit or loss are included in the line item net foreign currency gains/(losses) in the statement of comprehensive income.

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Income from investments held by the Fund may be subject to withholding taxes in jurisdictions other than that of the Fund's as imposed by the country of origin. Withholding taxes, if any, are shown in a separate line item in the statement of comprehensive income.

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Significant accounting policies (continued)

Financial assets and financial liabilities at fair value through profit or loss

(1) Classification

On initial recognition, the Fund classifies financial assets as measured at amortised cost or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (the "SPPI").

All other financial assets of the Fund are measured at fair value through profit or loss.

Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Fund has determined that it has two business models:

- Held-to-collect business model: this includes cash and cash equivalents and balances due from brokers. These financial assets are held to collect contractual cash flow.
- Other business model: this includes debt securities, equity investments, investments in unlisted open-ended investment funds. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

Assessment whether contractual cash flows are SPPI

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Significant accounting policies (continued)

Financial assets and financial liabilities at fair value through profit or loss (continued)

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

(2) Recognition, derecognition and measurement

Financial assets and liabilities at fair value through profit or loss are recognised when the Fund becomes party to the contractual provisions of the instrument. Recognition takes place on the trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs on financial assets and liabilities at fair value through profit or loss are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the contractual rights to the cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership. Financial liabilities at fair value through profit or loss are derecognised when the obligation specified in the contract is discharged, cancelled or expired. Realised gains and realised losses on derecognition are determined using the weighted average cost method and are included in profit or loss for the period in which they arise.

Subsequent to initial recognition, financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in their fair value are included in the statement of comprehensive income for the period in which they arise. Interest earned on financial assets at fair value through profit or loss and interest expense on the financial liabilities at fair value through profit or loss are disclosed in a separate line item in the statement of comprehensive income.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income when the Fund's right to receive payments is established. Interest on debt securities at fair value through profit or loss is recognised in the statement of comprehensive income within interest income based on the effective interest rate.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term investments with original maturities of three months or less, bank overdrafts and money market funds with daily liquidity and all highly liquid financial instruments that mature within three months of being purchased.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses.

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Significant accounting policies (continued)

Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Fund expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Expenses

All expenses are recognised in the statement of comprehensive income on an accrual basis.

Investor shares and net assets attributable to holders of investor shares

The Fund has two classes of investor shares in issue: Class A and Class B. Both are the most subordinate classes of financial instruments in the Fund and rank *pari passu* in all material respects and have the same terms and conditions, with the exemption of the subscription, redemption and management fee. As the share classes do not have identical features, these instruments do not meet the definition of puttable financial instruments to be classified as equity in accordance with IAS 32.

Investor shares can be put back into the Fund at any time for cash equal to a proportionate share of the Fund's Net Asset Value ('NAV') attributable to the share class. The investor shares are classified as financial liabilities and are measured at the redemption amounts.

Investor shares are issued and redeemed at the holder's option at prices based on the Fund's net asset value per share at the time of issue or redemption. The Fund's net asset value per share is calculated by dividing the net assets attributable to the holders of each class of investor shares with the total number of outstanding investor shares for each respective class. In accordance with the provisions of the Fund's regulations, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per share for subscriptions and redemptions.

Proposed distributions to holders of investor shares are recognised in the statement of comprehensive income when they are appropriately authorised and no longer at the discretion of the Fund. This typically occurs when proposed distribution is ratified at the Annual General Meeting. The distribution on the investor shares is recognised as a finance cost in the statement of comprehensive income.

Income not distributed is included in net assets attributable to holders of investor shares. Movements in net assets attributable to holders of investor shares are recognised in the statement of comprehensive income as finance costs.

Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party transactions are transfers of resources or obligations between related parties, regardless of whether a price is charged.

Events after the reporting period

Assets and liabilities are adjusted for events that occurred during the period from the reporting date to the date of approval of the financial statements by the Board of Directors, when these events provide additional information for the valuation of amounts relating to events existing at the reporting date or imply that the going concern concept in relation to part or the whole of the Fund is not appropriate.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Financial risk management

Financial risk factors

The Fund is exposed to credit risk, liquidity risk, market risk and operational risk arising from the financial instruments it holds. The risk management policies employed by the Fund to manage these risks are discussed below:

3.1 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. The Fund is exposed to credit risk from its operating activities, primarily from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

At reporting date, the main concentration to which the Fund is exposed arises from the Fund's investments in debt securities. The Fund is also exposed to counterparty credit risk on cash and cash equivalents and other receivable balances. It is the opinion of the Board of Directors that the carrying amounts of these financial assets represent the maximum credit risk exposure at the reporting date.

The Board of Directors has a documented policy in place of spreading the aggregate value of transactions concluded amongst approved counterparties with an appropriate credit quality. The Fund's exposure and the credit ratings of its counterparties are continuously monitored by management. The following table summarises the credit quality of the debt instruments in the portfolio, as rated by well-known rating agencies such as Standard & Poor's approved by the Board of Directors, or in the case of an unrated debt instrument, the rating as assigned by the Board of Directors using an approach consistent with that of the respective rating agencies.

3.1.1 Analysis of credit quality on financial assets

Cash and cash equivalents

The Fund's cash and cash equivalents are held mainly with Bank of Cyprus Public Company Ltd, which has a baseline credit assessment of Caa1 (2018: Caa1) based on Moody's ratings. The investment manager monitors the financial position of Bank of Cyprus Public Company Ltd on a monthly basis.

Investments in debt securities

At 31 December, the Fund invested in corporate debt securities with the following credit quality. The ratings are based on Standard & Poor's ratings.

	Easternmed Equities Fund Class A 2019 €	Easternmed Equities Fund Class A 2018 €	Easternmed Equities Fund Class A 2019 %	Easternmed Equities Fund Class A 2018 %
BBB+	2.336.413	867.087	17,76%	17,60%
BBB	-	1.361.331	-	27,64%
BBB-	2.964.549	-	22,53%	-
BB+	4.190.711	2.280.308	31,85%	46,29%
BB-	606.674	-	4,61%	-
Unrated	3.058.603	417.368	23,25%	8,47%
Total	13.156.950	4.926.094	100,00%	100,00%

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Financial risk management (continued)

3.1 Credit risk (continued)

3.1.2 Concentration of credit risk of financial assets

The investment manager reviews the credit concentration of debt securities held based on counterparties and industries.

As at the reporting date, the Fund's debt securities exposures were concentrated in the following industries.

	Easternmed Equities Fund Class A 2019 %	Easternmed Equities Fund Class A 2018 %
Consumer Discretionary	12,01%	-
Energy	26,29%	17,68%
Financials	53,52%	82,32%
Government	3,57%	-
Health Care	4,61%	-
	100,00%	100,00%

3.2 Liquidity risk

Liquidity risk is the risk that the Fund 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 Fund is exposed to the daily settlement of cash redemptions of investor shares. The Fund's investor shares are redeemable at the shareholders' option at any time for cash equal to a proportionate share of the Fund's NAV. The Fund is therefore potentially exposed to redemptions by its shareholders.

The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. The Fund's marketable securities and other financial instruments are considered readily realisable, as the majority are listed on the New York and European stock exchanges. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed. Only a limited proportion of its assets in investments are not actively traded on a stock exchange. In addition, the Fund's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

The Fund's financial assets include investments in unlisted open-ended investment funds which may not be readily realisable due to lock-up periods, extended withdrawal, notice or settlement periods or in extraordinary cases periods in which redemptions are suspended due to adverse market conditions.

It is the Fund's policy that the investment manager and the Board of Directors monitor the Fund's liquidity position on a weekly basis.

The following tables detail the Fund's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Fund may be required to pay. The table includes both interest and principal cash flows.

31 December 2019	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €
Accruals	119.757	119.757	119.757	-
Other creditors	10.699	10.699	10.699	-
Payables to related parties	1.176	1.176	-	1.176
Net assets attributable to holders of investor shares	<u>189.855.768</u>	<u>189.855.768</u>	<u>189.855.768</u>	<u>-</u>
	<u>189.987.400</u>	<u>189.987.400</u>	<u>189.986.224</u>	<u>1.176</u>

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Financial risk management (continued)

3.2 Liquidity risk (continued)

31 December 2018	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €
Accruals	70.683	70.683	70.683	-
Other creditors	2.393	2.393	2.393	-
Payables to related parties	582	582	-	582
Net assets attributable to holders of investor shares	84.824.617	84.824.617	84.824.617	-
	<u>84.898.275</u>	<u>84.898.275</u>	<u>84.897.693</u>	<u>582</u>

The tables above show the undiscounted cash flows of the Fund's financial liabilities on the basis of their earliest possible contractual maturity. The Fund's expected cash flows on these instruments (other than net assets attributable to the holders of investor shares) do not vary significantly from this analysis. For net assets attributable to the holders of investor shares, the Fund has a contractual obligation to redeem within four working days from the date the application for the redemption of the investor shares is submitted.

3.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments.

The Fund's market risk is managed on a monthly basis by the investment manager in accordance with the policies and procedures in place and through diversification of the investment portfolio. The Fund's market positions are monitored on a quarterly basis by the Board of Directors.

3.3.1 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Fund is exposed to financial instruments price risk because of investments held by the Fund and classified on the statement of financial position at fair value through profit or loss. The Fund is not exposed to commodity price risk.

The investment manager manages the Fund's price risk on a monthly basis and through diversification of the investment portfolio. The Fund's overall market positions are monitored on a quarterly basis by the Board of Directors.

Sensitivity analysis

A five percent change in prices is the sensitivity rate used when reporting price risk internally to key management personnel and representing management's assessment of a reasonably possible change in prices.

At 31 December 2019, if prices had been five percent higher with all other variables held constant, the increase in net assets attributable to holders of investor shares for the year would have been €8.794.647 higher, arising due to the increase in the fair value of financial assets at fair value through profit or loss by €8.794.647.

If prices had been five percent lower with all other variables held constant the decrease in net assets attributable to holders of investor shares for the year would have been €8.794.647 lower, arising mainly due to the decrease in the fair value of financial assets at fair value through profit or loss by €8.794.647.

3.3.2 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.

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Financial risk management (continued)

3.3. Market risk (continued)

3.3.2 Interest rate risk (continued)

The Fund is exposed to interest rate risk as it invests in listed debt securities bearing interest at both fixed and floating interest rates. Other financial assets exposed to interest rate risk include cash and bank balances which are invested at short term interest rates. The investment manager manages the Fund's exposure to interest rate risk on a monthly basis in accordance with the Fund's investment objectives and policies. The Fund's overall exposure to interest rate risk is monitored on a quarterly basis by the board of directors.

The following table details the Fund's exposure to interest rate risk as at 31 December 2019 by the earlier of contractual maturities or re-pricing:

31 December 2019	Less than 1 month €	1-3 months €	3 months to 1 year €	More than 1 year €	Total €
Assets					
Fixed interest rate debt securities	1.198.246	956.022	7.279.898	3.722.784	13.156.950
Cash and bank balances	885.888	-	-	-	885.888
Total assets	<u>2.084.134</u>	<u>956.022</u>	<u>7.279.898</u>	<u>3.722.784</u>	<u>14.042.838</u>
Liabilities					
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

31 December 2018	Less than 1 month €	1-3 months €	3 months to 1 year €	More than 1 year €	Total €
Assets					
Fixed interest rate debt securities	32.150	-	2.265.295	2.628.649	4.926.094
Cash and bank balances	6.695.179	-	-	-	6.695.179
Total assets	<u>6.727.329</u>	<u>-</u>	<u>2.265.295</u>	<u>2.628.649</u>	<u>11.621.273</u>
Liabilities					
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Sensitivity analysis

If interest rates had been 50 basis points higher and all other variables were held constant, the Fund's net assets attributable to holders of investor shares for the period ended 31 December 2019 would have increased by €84.914 mainly due to the increase in the fair value of fixed interest rate debt securities.

If interest rates had been 50 basis points lower and all other variables were held constant, the Fund's net assets attributable to holders of investor shares for the year ended 31 December 2019 would have decreased by €85.979 mainly due to the decrease in the fair value of fixed interest rate debt securities.

In accordance with the Fund's policies, the investment manager monitors the Fund's overall interest sensitivity on a monthly basis and the Board of Directors reviews it on a quarterly basis.

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Financial risk management (continued)

3.3. Market risk (continued)

3.3.3 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund invests in securities and other investments that are denominated in currencies other than the Euro. Accordingly, the value of the Fund's assets may be affected favorably or unfavorably by fluctuations in currency rates and therefore the Fund is subject to foreign exchange risks. The Fund undertakes certain transactions denominated in foreign currencies and hence is exposed to the effects of exchange rate fluctuations. The Fund's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Fund's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities Easternmed Equities Fund Class A 2019 €	Liabilities Easternmed Equities Fund Class A 2018 €	Assets Easternmed Equities Fund Class A 2019 €	Assets Easternmed Equities Fund Class A 2018 €
United States Dollars	-	-	22.814.347	14.790.490
British Pounds	-	-	15.089.472	9.617.344
Swiss Franc	-	-	27.802.659	6.116.672
Swedish Krona	-	-	-	1.200.546
Norwegian Krone	-	-	5.551.847	283.709
Danish Krone	-	-	2.102.316	1.337.464
Canadian Dollars	-	-	2.915.607	2.035.947
	<u>-</u>	<u>-</u>	<u>76.276.248</u>	<u>35.382.172</u>

Sensitivity analysis

A 10% strengthening of the Euro against the following currencies at 31 December 2019 would have increased/(decreased) net assets attributable to holders of investor shares by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the Euro against the relevant currency, there would be an equal and opposite impact on net assets attributable to holders of investor shares.

	Net Assets Easternmed Equities Fund Class A 2019 €	Net Assets Easternmed Equities Fund Class A 2018 €
United States Dollars	2.281.435	1.479.049
British Pounds	1.508.947	961.734
Swiss Franc	2.780.266	611.667
Swedish Krona	-	120.055
Norwegian Krone	555.185	28.371
Danish Krone	210.232	133.746
Canadian Dollars	291.560	203.595
	<u>7.627.625</u>	<u>3.538.217</u>

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Financial risk management (continued)

3.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities with financial instruments, either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour.

The Fund's objective is to manage operational risk so as to balance the limiting of financial losses and damage to its reputation with achieving its investment objective.

The directors' assessment of the adequacy of the controls and processes in place at the service providers with respect to operational risk is carried out via regular discussions with the service providers and a review of the service providers' reports on internal controls, if any are available.

Substantially all of the assets of the Fund are held by Bank of Cyprus Public Company Ltd (the 'Depositary'). The bankruptcy or insolvency of the Fund's Depositary may cause the Fund's rights with respect to the securities held by the Depositary to be limited. The investment manager monitors the credit ratings and capital adequacy of its Depositary on a monthly basis, and reviews the findings documented in the reports on the internal controls annually.

3.5 Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and securities) are based on quoted market prices at the close of trading on the year-end date. If no stock exchange transaction was made on the date of valuation, account shall be taken of the price of the previous day when the regulated market was in session and, if no stock exchange transaction was made on that day either, account shall be taken of the last bid or ask price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each year-end date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants, making the maximum use of observable inputs and relying as little as possible on unobservable inputs.

For instruments for which there is no active market, the Fund may also use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Financial risk management (continued)

3.5 Fair value estimation (continued)

Fair value measurements recognised in statement of financial position

The level of the fair value hierarchy of an instrument is determined considering the inputs that are significant to the entire measurement of such instrument and the level of the fair value hierarchy within which those inputs are categorised.

The fair value hierarchy categorises inputs into the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

The following table provides an analysis of financial instruments measured at fair value at the year end date by the level in the fair value hierarchy into which the fair value measurement is categorised. All these fair value measurements are recurring.

31 December 2019	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets mandatorily at fair value through profit or loss at inception:				
Equity securities				
Financials	43,052,311	-	-	43,052,311
Materials	24,975,728	-	-	24,975,728
Energy	43,527,083	-	-	43,527,083
Utilities	24,005,929	-	-	24,005,929
Consumer Staples	373,780	-	-	373,780
Technology	3,593,700	-	-	3,593,700
Industrials	14,175,463	-	-	14,175,463
Health Care	12,100,590	-	-	12,100,590
Communications	3,238,732	-	-	3,238,732
Consumer Discretionary	475,410	-	-	475,410
	<u>169,518,726</u>	<u>-</u>	<u>-</u>	<u>169,518,726</u>
Unlisted open-ended investment funds				
Health Care	-	6,374,218	-	6,374,218
	<u>-</u>	<u>6,374,218</u>	<u>-</u>	<u>6,374,218</u>
Debt securities				
Energy	3,459,067	-	-	3,459,067
Financials	7,041,710	-	-	7,041,710
Consumer Discretionary	1,579,855	-	-	1,579,855
Government	469,644	-	-	469,644
Health Care	606,674	-	-	606,674
	<u>13,156,950</u>	<u>-</u>	<u>-</u>	<u>13,156,950</u>
Total	<u>182,675,676</u>	<u>6,374,218</u>	<u>-</u>	<u>189,049,894</u>

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Financial risk management (continued)

3.5 Fair value estimation (continued)

31 December 2018	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets designated at fair value through profit or loss at inception:				
Equity securities				
Financials	11,516,266	-	-	11,516,266
Materials	13,309,791	-	-	13,309,791
Energy	19,943,402	-	-	19,943,402
Utilities	8,167,511	-	-	8,167,511
Consumer Staples	1,434,971	-	-	1,434,971
Technology	2,242,146	-	-	2,242,146
Industrials	5,503,006	-	-	5,503,006
Health Care	4,546,737	-	-	4,546,737
Communications	1,802,837	-	-	1,802,837
Consumer Discretionary	459,550	-	-	459,550
	<u>68,926,217</u>	<u>-</u>	<u>-</u>	<u>68,926,217</u>
Unlisted open-ended investment funds				
Health Care	-	4,280,566	-	4,280,566
	<u>-</u>	<u>4,280,566</u>	<u>-</u>	<u>4,280,566</u>
Debt securities				
Energy	871,083	-	-	871,083
Financials	4,055,011	-	-	4,055,011
	<u>4,926,094</u>	<u>-</u>	<u>-</u>	<u>4,926,094</u>
Total	<u>73,852,311</u>	<u>4,280,566</u>	<u>-</u>	<u>78,132,877</u>

Valuation techniques and the inputs used for the fair value measurements categorised within Level 1 and 2 of the fair value hierarchy are given below:

Corporate debt securities

Where quoted prices in an active market are available at the measurement date for an identical corporate debt security, those prices are used (Level 1 measurement). The Fund measures instruments quoted in an active market at bid price.

Listed equity securities

Listed equity securities are valued using quoted prices in an active market for an identical instrument (Level 1 measurement).

Unlisted open-ended investment funds

The Fund invests in managed funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets. The Fund's investment manager considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the NAV of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, and other specific factors of the fund and fund manager. In measuring fair value, consideration is also given to any transactions in the shares of the fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the fund, the Fund classifies these funds as either Level 2 or Level 3.

There were no transfers between Level 1 and Level 2 in the year.

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgement in the process of applying the Fund's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

• Income taxes

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Fund recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

5. Interest income

	Easternmed Equities Fund Class A 2019 €	Easternmed Equities Fund Class A 2018 €
Cash and cash equivalents	1.749	11.968
Listed debt securities at fair value through profit or loss	440.252	93.205
	<u>442.001</u>	<u>105.173</u>

6. Net unrealised change on financial assets at fair value through profit or loss

Net unrealised gains/(losses) on financial assets at fair value through profit or loss is analysed as follows:

	Easternmed Equities Fund Class A 2019 €	Easternmed Equities Fund Class A 2018 €
Equity securities	18.728.859	(11.944.963)
Unlisted open-ended investment funds	1.268.127	101.576
Debt securities	(54.100)	129.039
	<u>19.942.886</u>	<u>(11.714.348)</u>

The net unrealised gains from financial assets at fair value through profit or loss represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period and its carrying amount at the end of the reporting period.

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

7. Net realised change on financial assets at fair value through profit or loss

Net realised gains/(losses) on financial assets at fair value through profit or loss is analysed as follows:

	Easternmed Equities Fund Class A 2019 €	Easternmed Equities Fund Class A 2018 €
Equity securities	1.757.329	854.749
Unlisted open-ended investment funds	4.924	(10.382)
Debt securities	42.177	(156.660)
	<u>1.804.430</u>	<u>687.707</u>

The realised gains on financial assets at fair value through profit or loss represents the difference between the carrying amount of a financial asset at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its settlement price.

8. Finance costs

	Easternmed Equities Fund Class A 2019 €	Easternmed Equities Fund Class A 2018 €
Sundry finance expenses	432	151
	<u>432</u>	<u>151</u>

9. Tax

	Easternmed Equities Fund Class A 2019 €	Easternmed Equities Fund Class A 2018 €
Corporation tax - current year	9.532	704
Corporation tax - prior years	-	434
Withholding tax	241.115	170.558
Charge for the year	<u>250.647</u>	<u>171.696</u>

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

9. Tax (continued)

The tax on the Fund's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	Easternmed Equities Fund Class A 2019 €	Easternmed Equities Fund Class A 2018 €
Increase/(decrease) in net assets attributable to holders of investor shares before tax	25.134.282	(8.560.868)
Applicable tax rates	12,50	12,50
Tax calculated at the applicable tax rates	3.141.785	(1.070.109)
Tax effect of expenses not deductible for tax purposes	89.349	1.531.194
Tax effect of allowances and income not subject to tax	(3.221.602)	(460.381)
Prior year tax	-	434
Withholding tax	241.115	170.558
Tax charge	250.647	171.696

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defense contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defense contribution at the rate of 17%.

Dividend income of €1.546.714 (2018: €1.454.398) received by the Fund is subject to withholding tax imposed in the countries of origin. During the year, the average statutory withholding tax rate was 16% (2018: 12%).

10. Classification and fair values of financial assets and liabilities

The table below provides a reconciliation of the line items in the Fund's statement of financial position to the categories of financial instruments.

31 December 2019	Mandatorily at fair value €	Loans and receivables €	Total €
Cash and cash equivalents	-	885.888	885.888
Financial assets at fair value through profit or loss	189.049.894	-	189.049.894
Total	189.049.894	885.888	189.935.782
		Other financial liabilities €	Total €
Net assets attributable to holders of investor shares		189.855.752	189.855.752
Total		189.855.752	189.855.752

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

10. Financial instruments by category (continued)

31 December 2018

	Mandatorily at fair value	Loans and receivables	Total
	€	€	€
Cash and cash equivalents	-	6.695.179	6.695.179
Financial assets at fair value through profit or loss	78.132.877	-	78.132.877
Total	78.132.877	6.695.179	84.828.056

	Other financial liabilities	Total
	€	€
Net assets attributable to holders of investor shares	84.824.617	84.824.617
Total	84.824.617	84.824.617

11. Other receivables

	Easternmed Equities Fund Class A 2019	Easternmed Equities Fund Class A 2018
	€	€
Other receivables	51.602	70.253
	<u>51.602</u>	<u>70.253</u>

Other receivables include dividends for equity securities in financial assets at fair value through profit or loss, which their ex-dividend date was during the year with a pay date in 2020. The outstanding declared dividends for the year ended 31 December 2019 totaled €51.602 (2018: €70.253) and are presented in the statement of financial position in other receivables.

The exposure of the Fund to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the financial statements.

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

12. Financial assets at fair value through profit or loss

	Easternmed Equities Fund Class A 2019 €	Easternmed Equities Fund Class A 2018 €
Balance at 1 January	78.132.877	67.742.900
Additions	24.279.522	28.962.135
Contribution in kind	80.147.471	-
Disposals	(13.452.862)	(6.857.810)
Net fair value losses/(gains)	19.942.886	(11.714.348)
Balance at 31 December	189.049.894	78.132.877

Financial assets at fair value through profit or loss are analysed as follows:

	Easternmed Equities Fund Class A 2019 €	Easternmed Equities Fund Class A 2018 €
Financial assets at fair value through profit or loss		
Equity securities	169.518.726	68.926.217
Unlisted open-ended investment funds	6.374.218	4.280.566
Debt securities	13.156.950	4.926.094
	189.049.894	78.132.877

The financial assets at fair value through profit or loss are marketable securities and are valued at market value at the close of business on 31 December by reference to Stock Exchange closing prices or quoted bid prices. The fair value estimation of the financial assets at fair value through profit or loss is disclosed in note 3.

In the statement of cash flows, financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital. In the statement of comprehensive income, changes in fair values of financial assets at fair value through profit or loss are recorded in operating income.

The exposure of the Fund to market risk in relation to financial assets is reported in note 3 of the financial statements.

13. Cash and cash equivalents

For the purposes of the statement of cash flows, the cash and cash equivalents include the following:

	Easternmed Equities Fund Class A 2019 €	Easternmed Equities Fund Class A 2018 €
Cash at bank	885.888	6.695.179
	885.888	6.695.179

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

13. Cash and cash equivalents (continued)

Cash and cash equivalents by currency:

	Easternmed Equities Fund Class A 2019 €	Easternmed Equities Fund Class A 2018 €
United States Dollars	114.554	277.104
Euro	658.593	6.143.701
British Pounds	112.589	212.366
Norwegian Krone	13	93
Swiss Franc	-	29.595
Canadian Dollars	139	32.320
	<u>885.888</u>	<u>6.695.179</u>

The exposure of the Fund to credit risk in relation to cash and cash equivalents is reported in note 3 of the financial statements.

14. Net assets attributable to holders of investor shares

Investor shares

The Fund was set up with authorised share capital of 500.000.000 investor shares, no fractions of a share are recognised and each share represents the same percentage holding in the overall assets. The price of each investor share in the Fund, at the time of incorporation, was set at €100, with euro as reference currency.

The initial issued share capital of the Fund is 2.000 investor shares issued at the price of €100 each.

Investor shares are classified into Class A investor shares and Class B investor shares. The rights and obligations of the two share classes are identical, with the exemption of the subscription, redemption and management fee charge.

The Minimum Holding and Minimum Initial Subscription required for Class A investor shares is €800.000 and the Minimum Additional Subscription required for Class A investor shares is €500.000. The Minimum Holding, Minimum Initial Subscription and Minimum Additional Subscription required for Class B investor shares is €5.000. These minimum initial and additional subscription amounts may be reduced or increased, at the discretion of the Fund, whenever the Fund considers it reasonable or appropriate, taking into consideration the diversification of shareholders and other factors and subject to the provisions for amendment to the instruments of incorporation of the Fund.

	Easternmed Equities Fund Class A 2019 Number of shares	Easternmed Equities Fund Class A 2019 €	Easternmed Equities Fund Class A 2018 Number of shares	Easternmed Equities Fund Class A 2018 €
Issued and fully paid				
Balance at 1 January	782.880	84.824.617	574.904	68.557.563
Increase/(decrease) in net assets attributable to holders of investor shares	-	24.883.635	-	(8.732.564)
Issue of investor shares during the year	672.934	80.147.516	207.976	24.999.616
Balance at 31 December	<u>1.455.814</u>	<u>189.855.768</u>	<u>782.880</u>	<u>84.824.617</u>

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

14. Net assets attributable to holders of investor shares (continued)

The rights attaching to the investor shares are as follows:

- The shares may be redeemed daily at the net asset value per share of the respective class.
- The shares carry a right to receive notice of, attend and vote at general meetings.
- The holders of investor shares are entitled to receive all dividends declared and paid by the Fund. On winding-up, the holders are entitled to a return of capital based on the net asset value per share of their respective classes and if applicable to the class of the subscription, and redemption fee.

15. Other payables

	Easternmed Equities Fund Class A 2019	Easternmed Equities Fund Class A 2018
	€	€
Accruals	130.456	73.076
Payables to related companies (Note 17.3)	1.176	582
	<u>131.632</u>	<u>73.658</u>

The exposure of the Fund to liquidity risk in relation to financial instruments is reported in note 3 of the financial statements.

16. (Refundable) taxes/current tax liabilities

	Easternmed Equities Fund Class A 2019	Easternmed Equities Fund Class A 2018
	€	€
Corporation tax	(16)	34
	<u>(16)</u>	<u>34</u>

17. Related party balances and transactions

The related party balances and transactions are as follows:

17.1 Investment manager

The Fund has appointed the Management Company to provide management services pursuant to a management agreement dated 9 June 2016. Under the terms of the agreement the Fund pays the investment manager 0,50% per annum for Class A investor shares and 1% per annum for Class B investor shares, currently not active, of the average net asset value of the Fund for the relevant fiscal year, for managing the Fund. The management fee is computed daily on the daily value of the Fund's net assets and is paid by debiting it from the Fund at the end of each month. The management fee includes fees to enable the Management Company to perform its tasks and functions, or to provide services, irrespective of whether those functions is carried out by the Management Company itself or have been outsourced to third parties.

Management fees for the year ended 31 December 2019 totaled €576.138 (2018: €422.870) and are presented in the statement of comprehensive income. The amount outstanding at the year end is €82.373 (2018: €36.792) and it is included in accruals in other payables.

On 20 December 2019, an addendum of the management agreement dated 9 June 2016 was signed. The management fee the Fund pays the investment manager for Class A investor shares will decrease to 0,30% from 0,50% with effective date 1 January 2020. The Prospectus has been amended accordingly and the holders of investor shares have been informed via email.

At 31 December 2019, 10.000 Class A investor shares were held by the investment manager.

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

17. Related party balances and transactions (continued)

17.2 Directors' remuneration

Directors' fees paid during the year ended 31 December 2019 totaled €9,570 (2018: €9,570) and are presented in the statement of comprehensive income. The amount outstanding at the year end is €893 (2018: €2,393) and it is included in accruals in other payables. Directors' remuneration consisted of only fixed directors' fees and no other staff costs are paid by the Fund.

17.3 Payables to related parties (Note 15)

Name	Nature of transactions	Easternmed	Easternmed
		Equities Fund Class A 2019	Equities Fund Class A 2018
		€	€
Easternmed Asset Management Services Ltd	Other	1,176	582
		<u>1,176</u>	<u>582</u>

The payables to related parties were provided interest free, and there was no specified repayment date.

18. Other key contracts

The Fund has appointed the Administrator to provide administrative services pursuant to an administration agreement dated 9 June 2016. Under the terms of the agreement the Fund pays the administrative agent 0,05% per annum of the average net asset value of the Fund for the relevant fiscal year, with a floor of €12,500 and a ceiling of €50,000 per annum. The administration fee is computed daily on the daily value of the Fund's net assets and is billed at the end of each month. The administration fees for the year ended 31 December 2019 totaled €50,000 (2018: €42,287) and are presented in the statement of comprehensive income. The amount outstanding at the year end is €8,006 (2018: €7,436) and it is included in other creditors.

The Fund has appointed the Depositary to provide depositary services pursuant to a depositary agreement dated 9 June 2016. Under the terms of the agreement the Fund pays the depositary 0,05% per annum of the average net value of the Fund's assets held by the Depositary during the relevant fiscal year with a minimum fee of €2,500 per quarter. The Depositary's fee is computed daily on the daily valuation of the net assets held by the Depositary and billed at the end of each quarter. This fee includes Depositary fees which may be payable to third parties who undertake to safeguard all or part of the assets of the Fund on the basis of outsourcing arrangements. The depositary fees for the year ended 31 December 2019 totaled €59,552 (2018: €44,067) and are presented in the statement of comprehensive income. The amount outstanding at the year end is €23,282 (2018: €12,081) and it is included in accruals in other payables.

19. Contingent liabilities

The Fund had no contingent liabilities as at 31 December 2019.

20. Commitments

The Fund had no capital or other commitments as at 31 December 2019.

EASTERNMED FUNDS VCIC PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

21. Events after the reporting period

Subscriptions

From 1 January 2019 and up to the date of authorisation of the financial statements, the total subscription requests processed by the Fund amounted to €30.199.366.

Coronavirus COVID-19 outbreak

With the recent and rapid development of the Coronavirus disease (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome.

Management has considered the unique circumstances and the risk exposures of the Fund and has concluded that there are some important mitigating factors with regards to the nature of investments of the fund and the type of investors which reduces the impact of the COVID-19 outbreak to the profitability of the Fund. In particular, the Fund is not currently facing liquidity issues since it mainly invests in highly liquid financial instruments, namely equities in listed companies in Europe and USA with large market capitalisation. Furthermore, the investors of the Fund are professional value investors seeking investments with attractive valuations and take advantage market corrections to increase their overall equity exposure. This also explains the fact that in the last few months the Fund has not received any redemption requests, but on the contrary, the investors carried out additional subscriptions. The event is not expected to have an immediate material impact on the business operations. We cannot however preclude the possibility that extended lock down periods, an escalation in the severity of such measures, or a consequential adverse impact of such measures on the economic environment we operate in will not have an adverse effect on the Fund, and its financial position and operating results, in the medium and longer term. Management continues to monitor the situations closely and will respond to mitigate the impact of such events and circumstances as they occur.

The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2019.

Independent auditors' report on pages 5 to 7

EASTERNMED FUNDS VCIC PLC

SCHEDULE OF INVESTMENTS - UNAUDITED FOR THE YEAR ENDED 31 DECEMBER 2019

	Easternmed Equities Fund Class A Fair value 2019 €	Easternmed Equities Fund Class A Percentage of Net Assets 2019 %
ASSETS		
Equity securities, listed		
NYSE and European exchange-traded equity securities:		
418.000 shares in Aviva Plc	2.057.083	1,08%
425.000 shares in Axa SA	10.671.750	5,62%
41.600 shares in Baker Hughes a GE Co	949.090	0,50%
70.000 shares in BASF SE	4.714.500	2,48%
6.500 shares in Bayerische Motoren Werke AG	475.410	0,25%
6.500 shares in BHP Group Plc	4.176.775	2,20%
11.000 shares in BNP Paribas SA	3.381.120	1,78%
250.000 shares in BP Plc	1.385.754	0,73%
33.000 shares in Capgemini SA	3.593.700	1,89%
25.002 shares in Carrefour SA	373.780	0,20%
46.000 shares in Cie de Saint-Gobain	1.679.000	0,88%
31.000 shares in Citigroup Inc	2.204.549	1,16%
10.333 shares in Corteva Inc	271.892	0,14%
10.333 shares in Dow Inc	1.477.768	0,78%
10.333 shares in Dupont De Nemouris Inc	590.510	0,31%
603.130 shares in E.ON SE	5.744.210	3,03%
260.949 shares in Engie SA	3.757.666	1,98%
35.500 shares in Exxon Mobil Corp	2.205.083	1,16%
410.000 shares in Gazprom PJSC	3.002.920	1,58%
12.500 shares in H. Lundbeck A/S	425.617	0,22%
130.000 shares in Iberdrola SA	1.193.400	0,63%
548.568 shares in ING Groep NV	5.863.095	3,09%
243.867 shares in LafargeHolcim Ltd (CHF)	12.065.283	6,35%
1.000.000 shares in Lloyds Banking Group Plc	734.603	0,39%
120.000 shares in M&G Plc	334.556	0,18%
13.500 shares in Muenchener Rueckversicherungs-Gesellschaft AG	3.550.500	1,87%
81.710 shares in Novartis AG	6.918.324	3,64%
32.400 shares in Novo Nordisk A/S	1.676.699	0,88%
135.100 shares in Orange SA	1.772.512	0,93%
120.000 shares in Prudential Plc	2.043.723	1,08%
186.093 shares in Royal Boskalis Westminster NV	4.242.920	2,23%
580.000 shares in Royal Dutch Shell Plc	15.175.700	7,99%
310.028 shares in Safe Bulkers Inc	469.154	0,25%
22.500 shares in Sanofi SA	2.016.450	1,06%
30.000 shares in Schlumberger Ltd	1.073.527	0,57%
45.000 shares in Scor SE	1.683.900	0,89%
15.000 shares in Siemens AG	1.748.100	0,92%
488.980 shares in Suez SA	6.593.895	3,47%
100.000 shares in Suncor Energy Inc	2.915.468	1,54%
70.882 Swiss RE AG	7.098.649	3,74%
330.000 shares in Total SA	16.236.000	8,55%
557.437 shares in Tsakos Energy Navigation Ltd	2.163.455	1,14%
60.000 shares in UBS Group AG	675.788	0,36%
15.000 shares in UCB SA	1.063.500	0,56%
131.212 shares in Unicredit SPA	1.708.380	0,90%
7.000 shares in Valero Energy Corp	583.541	0,31%

EASTERNMED FUNDS VCIC PLC

SCHEDULE OF INVESTMENTS - UNAUDITED FOR THE YEAR ENDED 31 DECEMBER 2019

	Easternmed Equities Fund Class A Fair value 2019 €	Easternmed Equities Fund Class A Percentage of Net Assets 2019 %
ASSETS		
Equity securities, listed(continued)		
NYSE and European exchange-traded equity securities: (continued)		
283.288 shares in Veolia Environment SA	6.716.758	3,54%
850.000 shares in Vodafone Group Plc	1.466.220	0,77%
7.315 shares in VP Bank AG	1.044.615	0,55%
95.000 shares in Wallenius Wilhelmsen Logistics ASA	210.152	0,11%
319.329 shares in Wilh Wilhelmsen Holding ASA	5.341.682	2,81%
Total equity securities, listed	169.518.726	89,29%
Open-ended investment funds, unlisted		
Unlisted open-ended investment funds:		
75.000 units in BlackRock Global Funds - World Healthscience Fund D2	3.777.372	1,99%
1.160 units in Viopartner SICAV - MIV Global Medtech Fund	2.596.846	1,37%
Total open-ended investment funds, unlisted	6.374.218	3,36%
Debt securities		
NYSE, Asia and European exchange-traded debt securities:		
Bank of China Hong Kong 5,55% 11/02/20	911.464	0,48%
Bank of India (London) 3,125% 06/05/20	894.631	0,47%
Bank of India (London) 6,25% 16/02/21	471.539	0,25%
Credit Suisse AG 5,4% 14/1/2020	913.299	0,48%
Deutsche Bank AG 1,625% 12/02/21	1.026.236	0,54%
Deutsche Bank AG 5% 24/6/2020	2.824.541	1,49%
Ford 2,681% 09/01/20	963.485	0,51%
Gazprombank 4% 1/7/2019	270.355	0,14%
Hellenic Petroleum Finance Plc 5,25% 4/7/2019	1.468.669	0,77%
Petroleos Mexicanos 3,125% 27/11/2020	1.026.913	0,54%
TEVA 0,375% 25/07/20	606.674	0,32%
Veb Finance Plc 6,902% 09/07/20	469.644	0,25%
Volkswagen Fin. Services NV 1,5% 12/04/21	1.309.500	0,69%
Total debt securities	13.156.950	6,93%
Total investments	189.049.894	99,58%
Cash and cash equivalents	885.888	0,47%
Other liabilities in excess of other assets	(80.014)	(0,04)%
Total net assets	189.855.768	100,01%

EASTERNMED FUNDS VCIC PLC

ADDITIONAL UNAUDITED INFORMATION

Information concerning the remuneration policy

The remuneration policy of the Management Company may be obtained upon request and free of charge at the registered office. It is also available on the Management Company's website.

The Management Company has paid the following amounts to its staff for the financial year:

Total gross amount of the fixed remunerations paid (excluding the payments or benefits that may be deemed to form part of a general and non-discretionary policy and having no incentive effect on risk management): €494.185

Total gross amount of the variable remunerations paid: Nil

Number of beneficiaries: 12

Aggregate amount of the remunerations, broken down between the senior management and the members of staff of the Management Company whose activities have a significant impact on the risk profile of the Fund:

The systems of the Management Company do not allow such amounts to be identified per fund/investment service offered. The figures below therefore show the aggregate amount of the remunerations at the overall level of the Management Company.

Aggregate amount of the remunerations of the senior management: €188.008

Risk management

Taking into account the investment strategy pursued by the Fund and since the use of derivatives is limited, the risk management function of the Management Company, in accordance with the provisions of CySEC Directive 78/2012/03, computes the overall exposure of the Fund to risk by using the commitment approach as this is described in Directive 78/2012/03. The Commitment approach has been selected taking into account the investment strategy pursued by the Fund and the fact that the use of derivatives is limited and only for hedging purposes, and more specifically considering that:

- the Fund does not adopt a complex investment strategy
- the Fund is not exposed to exotic derivatives
- the commitment approach fully captures the market risk of the portfolio

The global exposure of the Fund calculated using the commitment approach shall always be less than 100% of the Fund's NAV.

During the year, the Fund has not used any financial derivative instruments, hence the global exposure of the Fund has been nil.