

EASTERNMED FUNDS VCIC PLC  
ANNUAL REPORT AND FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

# EASTERNMED FUNDS VCIC PLC

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## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### CONTENTS

### PAGE

Board of Directors and other officers	1
General information	2 - 4
Independent auditors' report	5 - 7
Statement of comprehensive income	8
Statement of financial position	9
Statement of net assets attributable to holders of investor shares	10
Statement of cash flows	11
Notes to the financial statements	12 - 33
Additional unaudited information	34 - 36

# EASTERNMED FUNDS VCIC PLC

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## 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

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## 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 2020, 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').

### 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 portfolio 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 Net Asset Value (the '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 Fund.

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-term 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.

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.

# EASTERNMED FUNDS VCIC PLC

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## GENERAL INFORMATION

### Investment policy (continued)

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 portfolio 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 portfolio manager. In such case, as well as taking into consideration currency prospects, the portfolio 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

During the first quarter, equities performed well almost wiping out losses experienced in 2020. Fresh US economic stimulus, the accelerating rollout of vaccination programs as well as the anchored inflation expectations provided the fuel for the market's ascent. February and March were particularly strong months with markets rising to new all-time high levels. The cyclical - growth sector divide expanded further.

Equity markets continued to rise in the second quarter with equity indices reaching new all-time high levels in the US. The smooth ride to new highs was the result of broadening global growth, contained growth expectations, falling bond yields and ample monetary and fiscal stimulus. Unexpected falling yields also sparked a market rotation from value to growth stocks during the quarter.

In the third quarter, equity markets took a breather as inflation fears re-surfaced while growth declined. The second quarter's momentum continued in July and August but markets came to a standstill in September as inflation made a dynamic comeback, while China experienced a rapid loss of momentum due to new infections, regulatory interventions and the property sector's slowdown.

Equity markets staged a remarkable comeback in the final quarter of 2021 after a sluggish third quarter. Third quarter's slowdown momentum reversed despite growing anxiety over the new Omicron variant and rising inflationary pressures. However, emerging markets, commodities and the fixed income markets did not follow suite. The commodity index performance was unusually weak as a result of declining US natural gas prices and a further decline in iron ore.

Global markets experienced a difficult start in 2022 as concerns surrounding the Russian invasion of Ukraine took hold. The evolution and magnitude of the Russia-Ukraine conflict remains uncertain and at this stage the clearest economic impact on developed markets is via food and energy prices. Higher energy prices could fuel higher or at least more persistent inflation, eating into household incomes. Investors are also concerned that the central banks may dampen growth in their efforts to get inflation under control.

### Performance

The Sub Fund had an NAV of €222.969.302 at the beginning of the Year (as of 31 December 2020), with a positive evolution ending the year with an NAV of €301.886.400 (as of 31 December 2021).

# EASTERNMED FUNDS VCIC PLC

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## GENERAL INFORMATION

### Performance (continued)

The evolution of the AuM is explained by (1) inflows from subscriptions of the existing unit holders of a total amount of around €17 million and (2) the performance of the fund which recorded an annual return of 26,7% yielding a net increase in the NAV of around €62 million.

The Sub-Fund returned 26,7% in the course of the year and 43,0% since its inception. All quarters in 2021 recorded positive performance as follows: Q1:12,5%, Q2:3,7%, Q3:1,1% and Q4:7,3%. The best performing month was March with a return of 7,1%, whereas the worst performing month was November with a return of -2,9%.

In terms of asset classes' performance, equities, mutual funds and bonds witnessed absolute positive performance during the year.

The Sub-Fund's performance in 2021 was mainly attributed to the relatively high exposure in Energy, Financials and Utilities, which exhibited very good performance during the year. The Health Care and Materials sectors in which the fund also maintains large exposure, also contributed positively to the overall performance of the Fund, although to a lower extent.

### 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:

	2021 (Audited)	2020 (Audited)	2019 (Audited)
Class A Units	2.111.052	1.974.942	1.455.814
Net Asset Value per Unit	€143,0028	€112,8992	€130,4121
<b>Net assets attributable to Class A unitholders</b>	<b>€301.886.400</b>	<b>€222.969.302</b>	<b>€189.855.768</b>
Class B Units	-	-	-
Net Asset Value per Unit	-	-	-
<b>Net assets attributable to Class B unitholders</b>	<b>-</b>	<b>-</b>	<b>-</b>



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

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

***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 2021, and the statements of profit or loss and other comprehensive income, net assets attributable to holders of redeemable shares 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 2021, 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 are independent of the Company in accordance with the International Code of Ethics (Including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants ("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.
- 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.

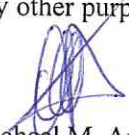


***Auditors' responsibilities for the audit of the financial statements*** (continued)

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 the Auditors Law 2017, L.53(I)/2017, as amended from time to time 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.



Michael M. Antoniadis, 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

19 April 2022

# EASTERNMED FUNDS VCIC PLC

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Easternmed Equities Fund Class A 2021 €	Easternmed Equities Fund Class A 2020 €
<b>Revenue</b>			
Dividend income		9.817.015	6.277.643
Interest income	5	143.700	318.241
Net realised gains on financial assets at fair value through profit or loss	7	2.704.714	247.482
Net unrealised gains/(losses) on financial assets at fair value through profit or loss	6,13	51.028.680	(23.353.242)
Net foreign currency gains/(losses)		45.822	(134.278)
Other operating income		58.602	53.850
<b>Total revenue</b>		<b>63.798.533</b>	<b>(16.590.304)</b>
<b>Operating expenses</b>			
Management fees		(690.834)	(558.657)
Depositary fees		(140.461)	(96.643)
Administration fees		(50.000)	(50.000)
Directors' fees		(9.570)	(9.570)
Transaction costs		(76.900)	(162.699)
Auditors' remuneration		(9.223)	(9.223)
Secretarial fees		(4.760)	(4.760)
Professional fees		(4.700)	(2.450)
Licences and annual contributions		(1.800)	(1.800)
Other expenses		(1.423)	(3.697)
<b>Total operating expenses</b>		<b>(989.671)</b>	<b>(899.499)</b>
<b>Operating profit/(loss) before finance costs</b>		<b>62.808.862</b>	<b>(17.489.803)</b>
Net finance costs	8	(14.913)	(14.639)
<b>Increase/(decrease) in net assets attributable to holders of investor shares before tax</b>		<b>62.793.949</b>	<b>(17.504.442)</b>
Tax	9	(876.348)	(580.785)
<b>Increase/(decrease) in net assets attributable to holders of investor shares for the year</b>		<b>61.917.601</b>	<b>(18.085.227)</b>

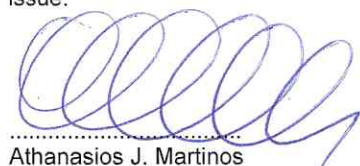
The notes on pages 12 to 33 form an integral part of these financial statements.

# EASTERNMED FUNDS VCIC PLC

## STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021

		Easternmed Equities Fund Class A 2021 €	Easternmed Equities Fund Class A 2020 €
<b>ASSETS</b>	Note		
Financial assets at fair value through profit or loss	13	298.659.989	218.566.342
Cash and cash equivalents	14	3.237.633	5.406.790
Other receivables	12	104.840	117.263
<b>Total assets</b>		<b>302.002.462</b>	<b>224.090.395</b>
<b>LIABILITIES</b>			
Balances due to brokers	11	-	1.005.193
Other payables	16	114.505	112.013
Current tax liabilities	17	1.557	3.887
<b>Total liabilities (excluding net assets attributable to holders of investor shares)</b>		<b>116.062</b>	<b>1.121.093</b>
<b>Net assets attributable to holders of investor shares</b>		<b>301.886.400</b>	<b>222.969.302</b>
		<b>301.886.400</b>	<b>222.969.302</b>

On 19 April 2022 the Board of Directors of Easternmed Funds VCIC Plc authorised these financial statements for issue.



.....  
Athanasios J. Martinos  
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 2021

		Easternmed Equities Fund Class A 2021 €	Easternmed Equities Fund Class A 2020 €
Balance at 1 January		222.969.302	189.855.768
Increase/(decrease) in net assets attributable to holders of investor shares	15	<u>61.917.601</u>	<u>(18.085.227)</u>
<b>Contributions and redemptions by holders of investor shares:</b>			
Subscription for Class A investor shares during the year		<u>16.999.497</u>	<u>51.198.761</u>
<b>Total contributions and redemptions by holders of investor shares</b>		<u>16.999.497</u>	<u>51.198.761</u>
<b>Balance at 31 December</b>		<u><b>301.886.400</b></u>	<u><b>222.969.302</b></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 2021

	Note	Easternmed Equities Fund Class A 2021 €	Easternmed Equities Fund Class A 2020 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Increase/(decrease) in net assets attributable to holders of investor shares before tax</b>		62.793.949	(17.504.442)
Adjustments for:			
Net realised gains on financial assets at fair value through profit or loss	7	(2.704.714)	(247.482)
Net unrealised (gains)/losses on financial assets at fair value through profit or loss	6	(51.028.680)	23.353.242
Net foreign currency (gains)/losses		(45.822)	134.278
Dividend income		(9.817.015)	(6.277.643)
Interest income	5	(143.700)	(318.241)
Negative interest on cash and cash equivalents	8	14.163	14.131
		(931.819)	(846.157)
<b>Changes in working capital:</b>			
Increase in balances with brokers		(1.005.193)	1.005.193
Increase/(decrease) in other payables		2.492	(19.619)
<b>Cash (used in)/generated from operations</b>		(1.934.520)	139.417
Interest received		145.282	461.868
Dividends received		9.829.438	6.211.981
Proceeds from sale of financial assets at fair value through profit or loss		13.492.925	16.527.040
Payments for acquisition of financial assets at fair value through profit or loss		(39.854.760)	(69.292.874)
Tax paid		(4.997)	(2.830)
Withholding tax paid		(873.681)	(574.052)
<b>Net cash used in operating activities</b>		(19.200.313)	(46.529.450)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of investor shares	15	16.999.497	51.198.761
Interest paid		(14.163)	(14.131)
<b>Net cash generated from financing activities</b>		16.985.334	51.184.630
<b>Net increase/(decrease) in cash and cash equivalents</b>		(2.214.979)	4.655.180
Cash and cash equivalents at beginning of the year		5.406.790	885.888
Effect of exchange rate fluctuations on cash held		45.822	(134.278)
<b>Cash and cash equivalents at end of the year</b>	14	3.237.633	5.406.790

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

# EASTERNMED FUNDS VCIC PLC

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 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 Themistokli 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 2021, 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, which are measured at fair value.

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 2021.

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/loss on financial assets at fair value through profit or loss**

Net realised/unrealised gain/loss 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

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 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

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 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 portfolio 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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 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

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 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 2021

### 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 Ba3 (2020: Caa1) based on Moody's ratings. The Management Company of the Fund 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 2021 €	Easternmed Equities Fund Class A 2020 €	Easternmed Equities Fund Class A 2021 %	Easternmed Equities Fund Class A 2020 %
A-	1.015.299	-	15,66%	-
BBB+	-	1.239.665	-	17,42%
BBB	-	1.007.879	-	14,16%
BBB-	1.067.991	1.015.981	16,46%	14,27%
BB+	994.543	1.392.005	15,34%	19,56%
BB-	2.009.869	-	31,00%	-
Unrated	1.396.437	2.462.060	21,54%	34,59%
<b>Total</b>	<b>6.484.139</b>	<b>7.117.590</b>	<b>100,00%</b>	<b>100,00%</b>

# EASTERNMED FUNDS VCIC PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. Financial risk management (continued)

#### 3.1 Credit risk (continued)

##### 3.1.2 Concentration of credit risk of financial assets

The Management Company of the Fund 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 2021 %	Easternmed Equities Fund Class A 2020 %
Materials	15,65%	14,16%
Consumer Discretionary	-	17,42%
Energy	38,01%	20,34%
Financials	15,34%	33,83%
Government	-	14,25%
Health Care	31,00%	-
	<u>100,00%</u>	<u>100,00%</u>

#### 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 extended withdrawal, notice or settlement periods or in extraordinary cases periods in which redemptions are suspended due to adverse market conditions.

It is the policy of the Management Company of the Fund to monitor the Fund's liquidity position on a monthly 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 2021	Carrying amounts €	Contractual cash flows €	Less than 7 days €	7 days to 1 month €	1-3 months €	3-12 months €
Accruals	109.720	109.720	-	46.866	50.262	12.592
Other creditors	2.353	2.353	-	2.353	-	-
Payables to related parties	2.432	2.432	-	-	-	2.432
Net assets attributable to holders of investor shares	<u>301.886.400</u>	<u>301.886.400</u>	<u>301.886.400</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>302.000.905</u>	<u>302.000.905</u>	<u>301.886.400</u>	<u>49.219</u>	<u>50.262</u>	<u>15.024</u>

# EASTERNMED FUNDS VCIC PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. Financial risk management (continued)

#### 3.2 Liquidity risk (continued)

31 December 2020	Carrying amounts	Contractual cash flows	Less than 7 days	7 days to 1 month	1-3 months	3-12 months
	€	€	€	€	€	€
Accruals	103.291	103.291	-	64.041	26.657	12.593
Other creditors	4.153	4.153	-	4.153	-	-
Payables to related parties	4.569	4.569	-	-	-	4.569
Balances due to brokers	1.005.193	1.005.193	1.005.193	-	-	-
Net assets attributable to holders of investor shares	<u>222.969.302</u>	<u>222.969.302</u>	<u>222.969.302</u>	-	-	-
	<u>224.086.508</u>	<u>224.086.508</u>	<u>223.974.495</u>	<u>68.194</u>	<u>26.657</u>	<u>17.162</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 risk manager in accordance with the policies and procedures in place and through diversification of the investment portfolio. The Fund's market positions are also monitored on a frequent 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 portfolio 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 also monitored on a frequent 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 2021, 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 €14.608.793 higher, arising due to the increase in the fair value of financial assets at fair value through profit or loss by €14.608.793.

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 €14.608.793 lower, arising mainly due to the decrease in the fair value of financial assets at fair value through profit or loss by €14.608.793.

##### 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 2021

### 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 portfolio 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 2021 by the earlier of contractual maturities or re-pricing:

31 December 2021	Less than 1 month €	1-3 months €	3 months to 1 year €	More than 1 year €	Total €
<b>Assets</b>					
Fixed interest rate debt securities	27.551	9.418	3.023.332	3.423.838	6.484.139
Cash and bank balances	3.237.633	-	-	-	3.237.633
<b>Total assets</b>	<u>3.265.184</u>	<u>9.418</u>	<u>3.023.332</u>	<u>3.423.838</u>	<u>9.721.772</u>
<b>Liabilities</b>					
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 December 2020	Less than 1 month €	1-3 months €	3 months to 1 year €	More than 1 year €	Total €
<b>Assets</b>					
Fixed interest rate debt securities	-	1.434.746	2.687.865	2.994.979	7.117.590
Cash and bank balances	5.406.790	-	-	-	5.406.790
<b>Total assets</b>	<u>5.406.790</u>	<u>1.434.746</u>	<u>2.687.865</u>	<u>2.994.979</u>	<u>12.524.380</u>
<b>Liabilities</b>					
<b>Total liabilities</b>	<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 2021 would have decreased by €59.262 mainly due to the decrease 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 2021 would have increased by €60.240 mainly due to the increase in the fair value of fixed interest rate debt securities.

In accordance with the Fund's policies, the risk manager monitors the Fund's overall interest sensitivity on a monthly basis.

##### 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.

# EASTERNMED FUNDS VCIC PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. Financial risk management (continued)

#### 3.3. Market risk (continued)

##### 3.3.3 Currency risk (continued)

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 2021 €	Liabilities Easternmed Equities Fund Class A 2020 €	Assets Easternmed Equities Fund Class A 2021 €	Assets Easternmed Equities Fund Class A 2020 €
United States Dollars	-	-	45.204.114	31.374.867
British Pounds	-	-	24.047.543	18.101.984
Swiss Franc	-	-	48.806.778	36.825.725
Swedish Krona	-	-	2.753.187	2.724.575
Norwegian Krone	-	-	7.479.141	5.364.755
Danish Krone	-	-	2.338.171	2.766.034
Canadian Dollars	-	-	2.223.769	1.377.099
	-	-	132.852.703	98.535.039

##### Sensitivity analysis

A 10% strengthening of the Euro against the following currencies at 31 December 2021 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 2021 €	Net Assets Easternmed Equities Fund Class A 2020 €
United States Dollars	4.520.411	3.137.487
British Pounds	2.404.754	1.810.198
Swiss Franc	4.880.678	3.682.572
Swedish Krona	275.319	272.458
Norwegian Krone	747.914	536.476
Danish Krone	233.817	276.603
Canadian Dollars	222.377	137.710
	13.285.270	9.853.504

# EASTERNMED FUNDS VCIC PLC

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 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 'Depository'). The bankruptcy or insolvency of the Fund's Depository may cause the Fund's rights with respect to the securities held by the Depository to be limited. The Management Company of the Fund monitors the credit ratings and capital adequacy of its Depository on a monthly basis.

#### 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.

#### 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.



# EASTERNMED FUNDS VCIC PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. Financial risk management (continued)

#### 3.5 Fair value estimation (continued)

##### Fair value measurements recognised in statement of financial position (continued)

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 2021	Level 1 €	Level 2 €	Level 3 €	Total €
<b>Financial assets mandatorily at fair value through profit or loss at inception:</b>				
<b>Equity securities</b>				
Financials	40,708,931	-	-	40,708,931
Materials	47,035,553	-	-	47,035,553
Energy	45,291,363	-	-	45,291,363
Utilities	37,574,705	-	-	37,574,705
Consumer Staples	11,584,089	-	-	11,584,089
Technology	18,366,446	-	-	18,366,446
Industrials	19,216,420	-	-	19,216,420
Health Care	45,810,501	-	-	45,810,501
Communications	3,317,255	-	-	3,317,255
Consumer Discretionary	8,565,783	-	-	8,565,783
	<u>277,471,046</u>	-	-	<u>277,471,046</u>
<b>Unlisted open-ended investment funds</b>				
Health Care	-	5,965,757	-	5,965,757
Other	-	8,739,047	-	8,739,047
	-	<u>14,704,804</u>	-	<u>14,704,804</u>
<b>Debt securities</b>				
Energy	2,464,428	-	-	2,464,428
Financials	-	994,543	-	994,543
Health Care	2,009,869	-	-	2,009,869
Materials	1,015,299	-	-	1,015,299
	<u>5,489,596</u>	<u>994,543</u>	-	<u>6,484,139</u>
<b>Total</b>	<b><u>282,960,642</u></b>	<b><u>15,699,347</u></b>	<b>-</b>	<b><u>298,659,989</u></b>

# EASTERNMED FUNDS VCIC PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. Financial risk management (continued)

#### 3.5 Fair value estimation (continued)

31 December 2020	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets mandatorily at fair value through profit or loss at inception:				
<b>Financials</b>				
Financials	33,224,710	-	-	33,224,710
Materials	36,671,712	-	-	36,671,712
Energy	29,987,979	-	-	29,987,979
Utilities	27,195,519	-	-	27,195,519
Consumer Staples	8,307,659	-	-	8,307,659
Technology	12,140,261	-	-	12,140,261
Industrials	12,605,095	-	-	12,605,095
Health Care	35,092,453	-	-	35,092,453
Communications	2,846,894	-	-	2,846,894
Consumer Discretionary	3,834,587	-	-	3,834,587
	<u>201,906,869</u>	-	-	<u>201,906,869</u>
<b>Unlisted open-ended investment funds</b>				
Health Care	-	8,505,755	-	8,505,755
Other	-	1,036,128	-	1,036,128
	-	<u>9,541,883</u>	-	<u>9,541,883</u>
<b>Debt securities</b>				
Energy	1,447,707	-	-	1,447,707
Financials	1,434,746	973,240	-	2,407,986
Consumer Discretionary	1,239,665	-	-	1,239,665
Government	1,014,353	-	-	1,014,353
Materials	1,007,879	-	-	1,007,879
	<u>6,144,350</u>	<u>973,240</u>	-	<u>7,117,590</u>
<b>Total</b>	<u>208,051,219</u>	<u>10,515,123</u>	-	<u>218,566,342</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.

In other cases, the fair value is estimated using the market comparison/discounted cash flow techniques. This considers (i) current or recent quoted prices for identical securities in markets that are not active and (ii) a net present value calculated using discount rates derived from quoted prices of securities with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor.

#### Listed equity securities

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

# EASTERNMED FUNDS VCIC PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. Financial risk management (continued)

#### 3.5 Fair value estimation (continued)

##### Unlisted open-ended investment funds

The Fund invests in open-ended investment funds, that are open to new investors and allow redemptions at net asset value, and are not quoted in an active market. The fair value of investments in the unlisted open-ended investment funds is determined either using unadjusted NAV (Level 2 measurement) or by applying a discount to the NAV (Level 3 measurement). The unadjusted NAV is used when the units in a fund are redeemable at the reportable NAV at, or approximately at, the measurement date. If this is not the case, then NAV is used as a valuation input and an adjustment is applied for lack of marketability and restrictions on redemptions. This adjustment is based on management judgement after considering the period of restrictions and the nature of the underlying investments.

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

#### 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.

#### 5. Interest income

	Easternmed Equities Fund Class A 2021 €	Easternmed Equities Fund Class A 2020 €
Cash and cash equivalents	59	1
Listed debt securities at fair value through profit or loss	143.641	318.240
	<u>143.700</u>	<u>318.241</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 2021 €	Easternmed Equities Fund Class A 2020 €
Equity securities	48.273.079	(23.579.354)
Unlisted open-ended investment funds	2.782.335	390.665
Debt securities	(26.734)	(164.553)
	<u>51.028.680</u>	<u>(23.353.242)</u>

The net unrealised gains/(losses) 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 2021

### 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 2021 €	Easternmed Equities Fund Class A 2020 €
Equity securities	2.585.163	273.466
Unlisted open-ended investment funds	71.088	2.143
Debt securities	48.463	(28.127)
	<u>2.704.714</u>	<u>247.482</u>

The realised gains/(losses) 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 2021 €	Easternmed Equities Fund Class A 2020 €
Negative interest on cash and cash equivalents	14.163	14.131
Sundry finance expenses	750	508
	<u>14.913</u>	<u>14.639</u>

### 9. Tax

	Easternmed Equities Fund Class A 2021 €	Easternmed Equities Fund Class A 2020 €
Corporation tax - current year	2.667	6.733
Withholding tax	873.681	574.052
<b>Charge for the year</b>	<u><b>876.348</b></u>	<u><b>580.785</b></u>

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 2021 €	Easternmed Equities Fund Class A 2020 €
Increase/(decrease) in net assets attributable to holders of investor shares before tax	<u>62.793.949</u>	<u>(17.504.442)</u>
Applicable tax rates	12,50%	12,50%
Tax calculated at the applicable tax rates	7.849.244	(2.188.055)
Tax effect of expenses not deductible for tax purposes	120.944	3.044.093
Tax effect of allowances and income not subject to tax	(7.967.521)	(849.305)
Withholding tax	873.681	574.052
<b>Tax charge</b>	<u><b>876.348</b></u>	<u><b>580.785</b></u>

# EASTERNMED FUNDS VCIC PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 9. Tax (continued)

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 €4.263.856 (2020: €2.895.024) 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 20% (2020: 20%).

### 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 2021

	Mandatorily at fair value	Loans and receivables	Total
	€	€	€
Cash and cash equivalents	-	3.237.633	3.237.633
Financial assets at fair value through profit or loss	<u>298.659.989</u>	-	<u>298.659.989</u>
<b>Total</b>	<u>298.659.989</u>	<u>3.237.633</u>	<u>301.897.622</u>

	Other financial liabilities	Total
	€	€
Net assets attributable to holders of investor shares	<u>301.886.400</u>	<u>301.886.400</u>
<b>Total</b>	<u>301.886.400</u>	<u>301.886.400</u>

#### 31 December 2020

	Mandatorily at fair value	Loans and receivables	Total
	€	€	€
Cash and cash equivalents	-	5.406.790	5.406.790
Financial assets at fair value through profit or loss	<u>218.566.342</u>	-	<u>218.566.342</u>
<b>Total</b>	<u>218.566.342</u>	<u>5.406.790</u>	<u>223.973.132</u>

	Other financial liabilities	Total
	€	€
Balances due to brokers	1.005.193	1.005.193
Net assets attributable to holders of investor shares	<u>222.969.302</u>	<u>222.969.302</u>
<b>Total</b>	<u>223.974.495</u>	<u>223.974.495</u>

### 11. Balances due to brokers

	Easternmed Equities Fund Class A 2021	Easternmed Equities Fund Class A 2020
	€	€
Balances due to brokers	-	1.005.193
	<u>-</u>	<u>1.005.193</u>

During previous year, an acquisition of equity security took place which was not settled prior to the year end. The acquisition was settled in January 2021.

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

# EASTERNMED FUNDS VCIC PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 12. Other receivables

	Easternmed Equities Fund Class A 2021 €	Easternmed Equities Fund Class A 2020 €
Other receivables	104.840	117.263
	<u>104.840</u>	<u>117.263</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 2022. The outstanding declared dividends for the year ended 31 December 2021 totaled €104.840 (2020: €117.263) and are presented in the statement of financial position in other receivables.

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

### 13. Financial assets at fair value through profit or loss

	Easternmed Equities Fund Class A 2021 €	Easternmed Equities Fund Class A 2020 €
Balance at 1 January	218.566.342	189.049.894
Additions	39.776.039	69.297.822
Disposals	(10.711.072)	(16.428.132)
Net fair value (gains)/losses	51.028.680	(23.353.242)
<b>Balance at 31 December</b>	<u><b>298.659.989</b></u>	<u><b>218.566.342</b></u>

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

	Easternmed Equities Fund Class A 2021 €	Easternmed Equities Fund Class A 2020 €
<b>Financial assets at fair value through profit or loss</b>		
Equity securities	277.471.046	201.906.869
Unlisted open-ended investment funds	14.704.804	9.541.883
Debt securities	6.484.139	7.117.590
	<u>298.659.989</u>	<u>218.566.342</u>

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.

# EASTERNMED FUNDS VCIC PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 14. 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 2021 €	Easternmed Equities Fund Class A 2020 €
Cash at bank	3.237.633	5.406.790
	<u>3.237.633</u>	<u>5.406.790</u>

### Cash and cash equivalents by currency:

	Easternmed Equities Fund Class A 2021 €	Easternmed Equities Fund Class A 2020 €
United States Dollars	321.351	304.455
Euro	2.007.462	5.054.514
British Pounds	766.593	10.872
Norwegian Krone	79.743	-
Swiss Franc	-	15.241
Canadian Dollars	24.784	11.397
Danish Krone	10.405	10.311
Swedish Krona	27.295	-
	<u>3.237.633</u>	<u>5.406.790</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.

### 15. 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 FUNDS VCIC PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

	Easternmed Equities Fund Class A 2021 Number of shares	Easternmed Equities Fund Class A 2021 €	Easternmed Equities Fund Class A 2020 Number of shares	Easternmed Equities Fund Class A 2020 €
<b>Issued and fully paid</b>				
Balance at 1 January	1,974,942	222,969,302	1,455,814	189,855,768
Increase/(decrease) in net assets attributable to holders of investor shares	-	61,917,601	-	(18,085,227)
Issue of investor shares during the year	136,110	16,999,497	519,128	51,198,761
<b>Balance at 31 December</b>	<b>2,111,052</b>	<b>301,886,400</b>	<b>1,974,942</b>	<b>222,969,302</b>

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.

### 16. Other payables

	Easternmed Equities Fund Class A 2021 €	Easternmed Equities Fund Class A 2020 €
Accruals	109,720	103,291
Other creditors	2,353	4,153
Payables to related companies (Note 19.3)	2,432	4,569
	<b>114,505</b>	<b>112,013</b>

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

### 17. Current tax liabilities

	Easternmed Equities Fund Class A 2021 €	Easternmed Equities Fund Class A 2020 €
Corporation tax	1,557	3,887
	<b>1,557</b>	<b>3,887</b>



# EASTERNMED FUNDS VCIC PLC

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 18. Operating Environment of the Fund

With the recent and rapid development of the Coronavirus disease (COVID-19) pandemic the world economy entered a period of unprecedented health care crisis that has 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 have implemented restrictions on travelling as well as strict quarantine measures throughout the year.

In Cyprus, on 15 March 2020, the Council of Ministers in an extraordinary meeting, announced that Cyprus is entering a state of emergency considering the uncertain situation as was unfold daily, the growing spread of COVID-19 outbreak and the World Health Organization's data on the situation.

To this end, certain measures have been taken by the Republic of Cyprus since then with a view to safeguarding public health and ensuring the economic survival of working people, businesses, vulnerable groups and the economy at large.

The objective of these public policy measures was to contain the spread of COVID-19 outbreak and have resulted in minor operational disruption for the Company.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty though, 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's current expectations and estimates could differ from actual results.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that the main impact in the Company's profitability position has arisen from provision of financial services across foreign exchange, equity and commodities derivatives and prime services including the reception and transmission of orders in relation to one or more financial instruments. The event did not have an immediate material impact on the business operations.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

### 19. Related party balances and transactions

The related party balances and transactions are as follows:

#### 19.1 Management Company

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 Management Company 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.

On 20 December 2019, an addendum of the management agreement dated 9 June 2016 was signed. The management fee the Fund pays the Management Company for Class A investor shares decreased 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.

On 30 July 2021, a second addendum of the management agreement dated 9 June 2016 was signed. The management fee the Fund pays the Management Company for Class A investor shares decreased to 0,20% from 0,30% with effective date 1 August 2021. The Prospectus has been amended accordingly and the holders of investor shares have been informed via email.

# EASTERNMED FUNDS VCIC PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 19. Related party balances and transactions (continued)

The management fees for the year ended 31 December 2021 totaled €690.834 (2020: €558.657) and are presented in the statement of comprehensive income. The amount outstanding at the year end is €50.012 (2020: €55.527) and it is included in accruals in other payables.

At 31 December 2021, 10.000 Class A investor shares were held by the Management Company.

#### 19.2 Directors' remuneration

Directors' fees for the year ended 31 December 2021 totaled €9.570 (2020: €9.570) and are presented in the statement of comprehensive income. The amount outstanding at the year end is €2.353 (2020: €2.353) and it is included in other creditors. Directors' remuneration consisted of only fixed directors' fees and no other staff costs are paid by the Fund.

#### 19.3 Payables to related parties (Note 16)

<u>Name</u>	<u>Nature of transactions</u>	Easternmed	Easternmed
		Equities Fund Class A 2021 €	Equities Fund Class A 2020 €
Easternmed Asset Management Services Ltd	Other	2.432	4.569
		<u>2.432</u>	<u>4.569</u>

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

#### 20. 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 2021 totaled €50.000 (2020: €50.000) and are presented in the statement of comprehensive income. The amount outstanding at the year end is €8.629 (2020: €8.470) and it is included in accruals in other payables.

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 2021 totaled €140.461 (2020: €96.643) and are presented in the statement of comprehensive income. The amount outstanding at the year end is €38.194 (2020: €26.657) and it is included in accruals in other payables.

# **EASTERNMED FUNDS VCIC PLC**

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

### **21. Events after the reporting period**

The Russian invasion in Ukraine on 24 February 2022 and the reaction of western countries implementing heavy sanctions against Russia have severe economic consequences for the global economy and has affected global financial markets. The higher risks stem from the rising energy prices and higher inflation which is already well above the Central Banks' target of 2%. The Fund has relatively small direct exposure in Russian equities and bonds as of 31 December 2021 with 410,000 shares of Gazprom PJSC ADR and one corporate bond of Gazprom of nominal value EUR 1million maturing on 24 January 2024. Although there is still uncertainty on future developments concerning the Ukrainian crisis and its impact in financial markets, there are some positive signs related to our holdings since Gazprom has made payments in dollars of other corporate bonds maturing on 7 March 2022. Furthermore, the Hungarian Prime Minister posted that the EU will not impose sanctions on Russian gas or oil after a summit of EU leaders in France on 11 March 2022. Alternatively, the EU leaders agreed on certain steps to gradually cut their reliance on Russian fossil fuels.

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

**Independent auditors' report on pages 5 to 7**

# EASTERNMED FUNDS VCIC PLC

## SCHEDULE OF INVESTMENTS - UNAUDITED FOR THE YEAR ENDED 31 DECEMBER 2021

	Easternmed Equities Fund Class A Fair value 2021 €	Easternmed Equities Fund Class A Percentage of Net Assets 2021 %
<b>ASSETS</b>		
<b>Equity securities, listed</b>		
NYSE and European exchange-traded equity securities:		
61.000 shares in Astrazeneca Plc	6.299.781	2,09%
418.000 shares in Aviva Plc	2.041.548	0,68%
425.000 shares in Axa SA	11.128.625	3,69%
200.000 shares in BAE Systems Plc	1.308.611	0,43%
141.600 shares in Baker Hughes a GE Co	3.008.031	1,00%
135.000 shares in BASF SE	8.340.300	2,76%
61.500 shares in Bayerische Motoren Werke AG	5.442.135	1,80%
340.000 shares in BHP Group Plc	8.899.772	2,95%
64.000 shares in BNP Paribas SA	3.889.280	1,29%
250.000 shares in BP Plc	983.303	0,33%
40.000 shares in Bristol Myers Squibb Co	2.202.013	0,73%
60.000 shares in BW LPG Ltd	300.637	0,10%
57.000 shares in Capgemini SA	12.283.500	4,07%
25.474 shares in Carrefour SA	410.259	0,14%
60.000 shares in Cisco Systems Inc	3.357.055	1,11%
31.000 shares in Citigroup Inc	1.652.914	0,55%
61.000 shares in Compagnie de Saint-Gobain	3.774.070	1,25%
10.333 shares in Corteva Inc	431.348	0,14%
103.000 shares in Danone SA	5.622.770	1,86%
70.000 shares in Dow Inc	3.505.562	1,16%
8.705 shares in Dupont De Nemouris Inc	620.863	0,21%
723.130 shares in E.ON SE	8.816.401	2,92%
416.000 shares in Engie SA	5.413.824	1,79%
35.500 shares in Exxon Mobil Corp	1.917.928	0,64%
410.000 shares in Gasprom PJSC ADR	3.344.870	1,11%
32.000 shares in H. Lundbeck A/S	726.588	0,24%
100.000 shares in Halliburton Co	2.019.248	0,67%
20.000 shares in Heidelbergcement AG	1.190.400	0,39%
446.867 shares in Holcim Ltd (CHF)	20.117.882	6,66%
130.000 shares in Iberdrola SA	1.353.300	0,45%
205.000 shares in ING Groep NV	2.509.610	0,83%
1.168 shares in International Flavors & Fragrances Inc	155.359	0,05%
24.000 shares in Medtronic Plc	2.192.124	0,73%
46.000 shares in Merck & Co Inc	3.112.696	1,03%
18.500 shares in Muenchener Rueckversicherungs-Gesellschaft AG	4.819.250	1,60%
45.000 shares in Nestle SA	5.551.060	1,84%
174.500 shares in Novartis AG	13.560.023	4,49%
16.200 shares in Novo Nordisk A/S	1.601.178	0,53%
175.000 shares in Orange SA	1.647.275	0,55%
2.500 shares in Organon & Co	67.213	0,02%
85.000 shares in Pfizer Inc	4.431.618	1,47%
137.000 shares in Prudential Plc	2.077.956	0,69%
246.093 shares in Royal Boskalis Westminster NV	6.304.903	2,09%
712.100 shares in Royal Dutch Shell Plc	13.750.651	4,55%
310.028 shares in Safe Bulkers Inc	1.031.966	0,34%
131.150 shares in Sanofi SA	11.617.267	3,85%

# EASTERNMED FUNDS VCIC PLC

## SCHEDULE OF INVESTMENTS - UNAUDITED FOR THE YEAR ENDED 31 DECEMBER 2021

	Easternmed Equities Fund Class A Fair value 2021 €	Easternmed Equities Fund Class A Percentage of Net Assets 2021 %
<b>ASSETS</b>		
<b>Equity securities, listed(continued)</b>		
NYSE and European exchange-traded equity securities: (continued)		
58.000 shares in Schlumberger Ltd	1.533.727	0,51%
45.000 shares in Scor SE	1.234.800	0,41%
15.000 shares in Siemens AG	2.290.200	0,76%
7.500 shares in Siemens Energy AG	168.675	0,06%
463.980 shares in Suez SA	9.191.444	3,04%
100.000 shares in Suncor Energy Inc	2.198.986	0,73%
90.882 Swiss RE AG	7.940.189	2,63%
280.000 shares in Telefonaktiebolaget LM Ericsson	2.725.891	0,90%
337.792 shares in Total SA	15.075.657	4,99%
111.487 shares in Tsakos Energy Navigation Ltd	712.666	0,24%
60.000 shares in UBS Group AG	953.635	0,32%
131.212 shares in Unicredit SPA	1.777.135	0,59%
22.000 shares in Valero Energy Corp	1.458.962	0,48%
396.768 shares in Veolia Environment SA	12.799.736	4,24%
1.250.000 shares in Vodafone Group Plc	1.669.979	0,55%
17.600 shares in Volkswagen AG	3.123.648	1,03%
7.315 shares in VP Bank AG	683.989	0,23%
95.000 shares in Wallenius Wilhelmsen Logistics ASA	481.239	0,16%
319.329 shares in Wilh Wilhelmsen Holding ASA	6.617.521	2,19%
<b>Total equity securities, listed</b>	<b>277.471.046</b>	<b>91,91%</b>
<b>Open-ended investment funds, unlisted</b>		
Unlisted open-ended investment funds:		
2.737,93 units in Berenberg Funds - European Small Cap Fund	612.447	0,20%
25.000 units in BlackRock Global Funds - Continental European Flexible Fund D2	1.251.750	0,41%
123.100 units in BlackRock Global Funds - World Healthscience Fund D2	8.126.600	2,69%
1.560 units in Viopartner SICAV - MIV Global Medtech Fund	4.714.007	1,56%
<b>Total open-ended investment funds, unlisted</b>	<b>14.704.804</b>	<b>4,87%</b>
<b>Debt securities</b>		
NYSE, Asia and European exchange-traded debt securities:		
CNAC HK Finbridge Co Ltd 1,75% 14/06/2022	1.015.299	0,34%
Gazprom 2,949% 24/01/2024	1.067.991	0,35%
Hellenic Petroleum Finance Plc 4,875% 14/10/2021	1.396.437	0,46%
Natwest Markets Plc 0,00% 14/06/2022	994.542	0,33%
Teva Pharmaceutical Finance 1,25% 31/03/2023	1.003.148	0,33%
Teva Pharmaceutical Finance 3,25% 15/04/2022	1.006.722	0,33%
<b>Total debt securities</b>	<b>6.484.139</b>	<b>2,15%</b>
Total investments	298.659.989	98,93%
Cash and cash equivalents	3.237.633	1,07%
Other liabilities in excess of other assets	(11.222)	0,00%
<b>Total net assets</b>	<b>301.886.400</b>	<b>100,00%</b>

# EASTERNMED FUNDS VCIC PLC

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## 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): €545.031
- Total gross amount of the variable remunerations paid: Nil
- Number of beneficiaries: 13
- 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: €216.894.

### 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.