

# Annual Report 2020

**Investment Fund under Luxembourg Law**

**R.C.S. Luxembourg N° B 214 367**

**Annual report and audited financial statements as of 31 December 2020**

Kersio Lux

Kersio Lux – Kersio Equity



# Annual report and audited financial statements as of 31 December 2020

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## **Sales restrictions**

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

# Management and Administration

Annual report and audited financial statements as of 31 December 2020  
Kersio Lux

## Registered Office

2C, rue Albert Borschette  
L-1246 Luxembourg

## Board of Directors

*Alejandro Scherk* (Chairman)  
Aribau 225, escalera B 2ª 2ª  
E08021 Barcelona  
Spain

*Alex Vilchez*, Independent Director  
LNV Directorship Services Sarl  
14 Rue des Champs  
L-5953 Itzig  
Grand Duchy of Luxembourg

*Nuria Martin*  
Independent Director  
Partner  
2, rue Lamartine  
L-1914 Luxembourg  
Grand Duchy of Luxembourg

## Management Company

UBS Fund Management (Luxembourg) S.A.  
33A, avenue John F. Kennedy  
L-1855 Luxembourg  
R.C.S. Luxembourg N° B 154 210

## Investment Manager

Kersio Global Investment A.V. S.A.  
C/Cister, Num 2, 2B  
08022 Barcelona  
Spain

## Depository and Paying Agent

UBS Europe SE, Luxembourg Branch  
33A, avenue John F. Kennedy  
L-1855 Luxembourg

## Administrator

Northern Trust Global Services SE  
10, rue du Château d'Eau  
L-3364 Leudelange

## Auditor

ERNST & YOUNG S.A.  
35E, avenue John F. Kennedy  
L-1855 Luxembourg

## Legal adviser as to matters of Luxembourg law

Arendt & Medernach SA  
41A, avenue John F. Kennedy  
L-2082 Luxembourg

## Sale in Spain

Shares of this Fund may be sold in this country.

The sales prospectus, the KIID, the articles of association of the Fund, the annual and semi-annual reports as well as the portfolio movements of the Fund mentioned in this publication are available free of charge at the sales agencies and at the registered office of the Fund.

# Features of the Fund

Annual report and audited financial statements as of 31 December 2020  
Kersio Lux

Kersio Lux (hereinafter called the "Fund") is a public limited company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg as an investment company with variable share capital (société d'investissement à capital variable). The Fund is subject to Part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as amended or supplemented from time to time.

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

The Fund has been incorporated in Luxembourg on 25 April 2017. The Fund is registered with the Luxembourg Trade and Companies Register under number B 214 367. The latest version of the Articles of Association was published in the "Recueil Electronique des Sociétés et Associations" of the Grand Duchy of Luxembourg (RESA) on 3 May 2017.

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

UBS Fund Management (Luxembourg) S.A. has been incorporated in Luxembourg on 1 July 2010 in the legal form of a public limited company (société anonyme) for unlimited duration. It is registered with the R.C.S. Luxembourg under number B 154 210. Its registered office is in 33A, avenue John F. Kennedy, L-1855 Luxembourg.

The articles of incorporation of the Management Company have been published by reference on 16 August 2010 in the Mémorial C. The consolidated version of the articles of incorporation has been deposited for inspection with the Register of Trade and Companies (Registre du commerce et des sociétés) in Luxembourg. The corporate object of the Management Company is, inter alia, the management of Luxembourg undertakings for collective investment as well as the issue and redemption of shares of these products. The share capital of the Management Company amounts to EUR 13 000 000 and is fully paid-in.

The share capital of the Fund is represented by fully paid up shares of no par value. The share capital of the Fund is at all times equal to the Net Asset Value of the Fund, which is the total Net Asset Value of all subfunds expressed in the Reference Currency of the Fund.

The share capital of the Fund must at all times be at least equal to the minimum required by the 2010 Law, which is currently EUR 1 250 000. The shares will be issued in registered form only.

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

The annual general meeting of shareholders will be held each year in Luxembourg in order to approve the financial statements of the Fund for the previous financial year. The annual general meeting of shareholders will be held at the registered office of the Fund, or at such alternative location in Luxembourg as may be specified in the convening notice, at 3.00 pm (Luxembourg time) on the first Tuesday of June or, if such day is not a Business Day, on the next Business Day.

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

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

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

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

# Independent Auditor's Report

Annual report and audited financial statements as of 31 December 2020  
Kersio Lux

To the Shareholders of

## **Kersio Lux**

2C, rue Albert Borschette  
L-1246 Luxembourg

## **Opinion**

We have audited the financial statements of Kersio Lux (the "Fund") and its subfund, which comprise the statement of net assets, the statement of investments in securities and other net assets as at 31 December 2020, the statement of operations, the statement of changes in net assets for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund and of its subfund as at 31 December 2020, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

## **Basis for Opinion**

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

## **Other information**

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

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

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

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

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

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's and its subfund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or its subfund or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund.

- Conclude on the appropriateness of Board of Directors of the Fund’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund’s or its sub-fund’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “réviseur d’entreprises agréé” to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the “réviseur d’entreprises agréé”. However, future events or conditions may cause the Fund or its subfund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Luxembourg, 19 April 2021

ERNST & YOUNG  
Société Anonyme  
Cabinet de révision agréé



Isabelle Nicks

## Combined Statement of Net Assets

	EUR
<b>Assets</b>	<b>31.12.2020</b>
Investments in securities, cost	40 190 536.25
Investments in securities, unrealized appreciation (depreciation)	3 626 775.98
<b>Total investments in securities (Note 1)</b>	<b>43 817 312.23</b>
Cash at banks, deposits on demand and deposit accounts	3 328 574.02
Receivable on securities sales (Note 1)	38 799.93
Receivable on dividends	8 128.48
Other receivables	115 218.55
Formation expenses, net (Note 2)	28 325.66
<b>Total Assets</b>	<b>47 336 358.87</b>
<b>Liabilities</b>	
Provisions for management company fees and investment manager fees (Note 2)	-56 936.10
Provisions for administration fees	-3 153.13
Provisions for depositary fees	-1 931.29
Provisions for distribution fees (Note 2)	-3 941.42
Provisions for taxe d'abonnement (Note 3)	-5 959.75
Provisions for regulatory fees	-9 435.59
Provisions for audit fees, legal and economic advice	-13 421.34
Provisions for other commissions and fees	-68 001.99
<b>Total provisions</b>	<b>-162 780.61</b>
<b>Total Liabilities</b>	<b>-162 780.61</b>
<b>Net assets at the end of the financial year</b>	<b>47 173 578.26</b>

## Combined Statement of Operations

	EUR
<b>Income</b>	<b>1.1.2020-31.12.2020</b>
Interest on liquid assets	588.36
Dividends	735 378.32
<b>Total income</b>	<b>735 966.68</b>
<b>Expenses</b>	
Management company fees and investment manager fees (Note 2)	-404 321.93
Administration fees	-37 601.36
Depositary fees	-23 140.69
Distribution fees (Note 2)	-47 226.01
Taxe d'abonnement (Note 3)	-22 024.66
Regulatory fees	-9 500.80
Audit fees, legal and economic advice	-32 922.03
Amortization of formation expenses (Note 2)	-15 833.72
Other commissions and fees	-130 307.52
Interest on cash and bank overdraft	-12 442.84
<b>Total expenses</b>	<b>-735 321.56</b>
<b>Net income (loss) on investments</b>	<b>645.12</b>
<b>Realized gain (loss) (Note 1)</b>	
Realized gain (loss) on market-priced securities without options	-7 110 161.70
Realized gain (loss) on financial futures	-734 947.94
Realized gain (loss) on foreign exchange	-23 038.51
<b>Total realized gain (loss)</b>	<b>-7 868 148.15</b>
<b>Net realized gain (loss) of the financial year</b>	<b>-7 867 503.03</b>
<b>Changes in unrealized appreciation (depreciation) (Note 1)</b>	
Unrealized appreciation (depreciation) on market-priced securities without options	-3 820 349.53
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>-3 820 349.53</b>
<b>Net increase (decrease) in net assets as a result of operations</b>	<b>-11 687 852.56</b>

## Combined Statement of Changes in Net Assets

	<b>EUR</b>
	<b>1.1.2020-31.12.2020</b>
Net assets at the beginning of the financial year	62 894 138.94
Subscriptions	9 898.95
Redemptions	-4 042 607.07
Total net subscriptions (redemptions)	-4 032 708.12
Net income (loss) on investments	645.12
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# Kersio Lux – Kersio Equity

Annual report and audited financial statements as of 31 December 2020

## Three-year comparison

Date	ISIN	31.12.2020	31.12.2019	31.12.2018
Net assets in EUR		47 173 578.26	62 894 138.94	70 417 472.63
<b>Class A-EUR</b>	<b>LU1476746869</b>			
Shares outstanding		404 837.8500	447 121.8820	615 451.1300
Net asset value per share in EUR		98.52	120.70	102.14
<b>Class Z-EUR</b>	<b>LU1877355211</b>			
Shares outstanding		8 145 301.7880	8 145 301.7880	8 145 301.7880
Net asset value per share in EUR		0.89	1.10	0.93

## Report of the Portfolio Manager

In 2020, Kersio Lux has lost NAV, affected by the COVID19 pandemic, which has hit hard the stock markets in the first half of the year.

The stock exchanges have experienced a substantial recovery thanks to the new vaccines. The economic programs implemented both by the US and Europe, and the good results sported by the companies have also helped. Because all of this, for 2021 it seems that the crisis is starting to abate.

We have kept diversifying our portfolio, with new entries in industrial companies where we find value. Examples are Assa Abloy, a Swedish company involved in the manufacturing of locking systems, or CCL, a Canadian firm that makes labels, containers and other products specially for the consumer packaging industry.

We have a substantial percentage of our portfolio in healthcare firms, like pharma industries Novo Nordisk or Bristol Myers, or healthcare service companies like United Health or Centene Corporation. We also have significant positions in the consumer staples sector and tech companies, but in general terms we are quite diversified in many different economic sectors.

We combine old stocks with new ones, and we keep looking for new opportunities.

Although both the NYSE and the Nasdaq indexes have performed better than Europe and we have found good value in the American market, we stick to our strategy of being a fund mainly invested in Europe, but with a good percentage of our positions in the US.

This year has started well, with gains in the stock exchanges, and we feel optimistic about the performance of our fund for the next couple of months.

## Structure of the Securities Portfolio

Geographical Breakdown as a % of net assets	
United States	32.49
Norway	11.37
Spain	9.03
Sweden	7.45
Canada	6.85
Faroe Islands	5.22
Italy	4.53
The Netherlands	4.48
Denmark	4.02
Switzerland	3.22
Cyprus	2.23
France	1.56
Germany	0.44
<b>Total</b>	<b>92.89</b>

Economic Breakdown as a % of net assets	
Pharmaceuticals, cosmetics & medical products	10.70
Banks & credit institutions	10.02
Agriculture & fishery	9.43
Retail trade, department stores	8.93
Internet, software & IT services	8.44
Healthcare & social services	6.11
Electronics & semiconductors	4.74
Finance & holding companies	4.42
Miscellaneous services	3.73
Mechanical engineering & industrial equipment	3.48
Food & soft drinks	3.15
Miscellaneous unclassified companies	2.88
Packaging industry	2.82
Non-ferrous metals	2.23
Tobacco & alcohol	2.05
Biotechnology	1.96
Textiles, garments & leather goods	1.84
Traffic & transportation	1.69
Real Estate	1.21
Computer hardware & network equipment providers	1.04
Mining, coal & steel	1.02
Chemicals	1.00
<b>Total</b>	<b>92.89</b>

## Statement of Net Assets

	EUR
	<b>31.12.2020</b>
<b>Assets</b>	
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## Statement of Operations

	EUR
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## Statement of Changes in Net Assets

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<b>Net assets at the end of the financial year</b>	<b>47 173 578.26</b>

## Development of the outstanding shares

	<b>1.1.2020-31.12.2020</b>
<b>Class</b>	<b>A-EUR</b>
Number of shares outstanding at the beginning of the financial year	447 121.8820
Number of shares issued	107.0840
Number of shares redeemed	-42 391.1160
<b>Number of shares outstanding at the end of the financial year</b>	<b>404 837.8500</b>
<b>Class</b>	<b>Z-EUR</b>
Number of shares outstanding at the beginning of the financial year	8 145 301.7880
Number of shares issued	0.0000
Number of shares redeemed	0.0000
<b>Number of shares outstanding at the end of the financial year</b>	<b>8 145 301.7880</b>

## Statement of Investments in Securities and other Net Assets as of 31 December 2020

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
<b>Transferable securities and money market instruments listed on an official stock exchange</b>			
<b>Bearer shares</b>			
<b>Faroe Islands</b>			
NOK P/F BAKKAFROST DKK1	42 103.00	2 461 641.06	5.22
<b>Total Faroe Islands</b>		<b>2 461 641.06</b>	<b>5.22</b>
<b>France</b>			
EUR AIR LIQUIDE(L) EUR5.5 (POST-SUBDIVISION)	3 500.00	469 875.00	1.00
EUR LVMH MOET HENNESSY EURO.30	520.00	265 668.00	0.56
<b>Total France</b>		<b>735 543.00</b>	<b>1.56</b>
<b>Germany</b>			
EUR FRESENIUS SE & CO. KGAA NPV	5 500.00	208 120.00	0.44
<b>Total Germany</b>		<b>208 120.00</b>	<b>0.44</b>
<b>Italy</b>			
EUR INTERPUMP GROUP EURO.52	17 000.00	685 780.00	1.45
<b>Total Italy</b>		<b>685 780.00</b>	<b>1.45</b>
<b>The Netherlands</b>			
EUR KONINKLIJKE AHOLD EURO.01	91 400.00	2 112 254.00	4.48
<b>Total The Netherlands</b>		<b>2 112 254.00</b>	<b>4.48</b>
<b>Norway</b>			
NOK GRIEG SEAFOOD NOK4.00	49 018.00	397 722.45	0.84
NOK NORWAY ROYAL SALMO NOK1	25 028.00	512 697.80	1.09
NOK ORKLA ASA NOK1.25	117 000.00	971 651.90	2.06
NOK SALMAR ASA NOK0.25	33 100.00	1 591 179.98	3.37
NOK SPAREBANK 1 SR BK NOK25	91 036.00	790 788.15	1.68
<b>Total Norway</b>		<b>4 264 040.28</b>	<b>9.04</b>
<b>Spain</b>			
EUR GRIFOLS SA EURO.25 (CLASS A) POST SUBD	38 700.00	924 156.00	1.96
EUR INDITEX EURO.03 (POST SUBD)	18 000.00	468 720.00	0.99
EUR INM COLONIAL SOCIM EUR2.5	71 368.00	572 728.20	1.21
EUR LOGISTA HOLDINGS EURO.2	61 000.00	967 460.00	2.05
EUR VIDRALA SA EUR1.02	13 997.00	1 328 315.30	2.82
<b>Total Spain</b>		<b>4 261 379.50</b>	<b>9.03</b>
<b>Sweden</b>			
SEK ASSA ABLOY SER'B'NPV (POST SPLIT)	47 500.00	957 235.70	2.03
SEK SECURITAS SER'B'NPV	133 200.00	1 759 701.51	3.73
<b>Total Sweden</b>		<b>2 716 937.21</b>	<b>5.76</b>
<b>United States</b>			
USD MSC INDUSTRIAL DIR CL A COM USD0.001	4 200.00	289 680.03	0.61
USD WARRIOR MET COAL I COM USD0.01	27 600.00	480 921.91	1.02
<b>Total United States</b>		<b>770 601.94</b>	<b>1.63</b>
<b>Total Bearer shares</b>		<b>18 216 296.99</b>	<b>38.61</b>
<b>Other shares</b>			
<b>Norway</b>			
NOK SPAREBANKEN 1 SMN	117 898.00	1 098 403.35	2.33
<b>Total Norway</b>		<b>1 098 403.35</b>	<b>2.33</b>
<b>Total Other shares</b>		<b>1 098 403.35</b>	<b>2.33</b>
<b>Registered shares</b>			
<b>Canada</b>			
CAD ARROW EXPL CORP COM NPV	6 360.00	489.61	0.00
CAD CCL INDUSTRIES INC 'B'NON-VTG COM NPV	36 600.00	1 356 883.72	2.88
CAD ROYAL BK OF CANADA COM NPV	16 500.00	1 107 090.08	2.35
CAD TORONTO-DOMINION COM NPV	16 600.00	765 890.38	1.62
<b>Total Canada</b>		<b>3 230 353.79</b>	<b>6.85</b>
<b>Italy</b>			
EUR RECORDATI EURO.125	32 100.00	1 455 093.00	3.08
<b>Total Italy</b>		<b>1 455 093.00</b>	<b>3.08</b>

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
<b>Sweden</b>			
SEK LOOMIS AB NPV	35 340.00	795 535.20	1.69
<b>Total Sweden</b>		<b>795 535.20</b>	<b>1.69</b>
<b>Switzerland</b>			
CHF ALSO HOLDING AG CHF1.00 (REGD)	6 493.00	1 518 855.66	3.22
<b>Total Switzerland</b>		<b>1 518 855.66</b>	<b>3.22</b>
<b>United States</b>			
USD ALPHABET INC CAP STK USD0.001 CL A	800.00	1 145 937.64	2.43
USD AUTO DATA PROCESS COM USD0.10	2 000.00	288 014.38	0.61
USD AUTOZONE INC COM USD0.01	1 385.00	1 341 861.31	2.84
USD BRISTOL-MYRS SQUIB COM STK USD0.10	25 200.00	1 277 557.93	2.71
USD CENTENE CORP DEL COM	23 800.00	1 167 679.29	2.48
USD CIGNA CORP COM USD0.25	3 800.00	646 548.16	1.37
USD CISCO SYSTEMS COM USD0.001	13 400.00	490 090.31	1.04
USD CVS HEALTH CORP COM STK USD0.01	3 800.00	212 120.47	0.45
USD HCA HEALTHCARE INC COM USD0.01	10 719.00	1 440 763.96	3.05
USD INTEL CORP COM USD0.001	17 600.00	716 629.48	1.52
USD MICROSOFT CORP COM USD0.0000125	9 000.00	1 636 042.66	3.47
USD NIKE INC CLASS'B' COM NPV	5 200.00	601 237.38	1.27
USD PAYCHEX INC COM	12 000.00	913 865.39	1.94
USD UNITEDHEALTH GRP COM USD0.01	5 980.00	1 713 919.66	3.63
USD VISA INC COM STK USD0.0001	5 400.00	965 340.20	2.05
<b>Total United States</b>		<b>14 557 608.22</b>	<b>30.86</b>
<b>Total Registered shares</b>		<b>21 557 445.87</b>	<b>45.70</b>
<b>Depository receipts</b>			
<b>Denmark</b>			
USD NOVO-NORDISK A S ADR	33 200.00	1 895 320.99	4.02
<b>Total Denmark</b>		<b>1 895 320.99</b>	<b>4.02</b>
<b>Total Depository receipts</b>		<b>1 895 320.99</b>	<b>4.02</b>
<b>Total Transferable securities and money market instruments listed on an official stock exchange</b>		<b>42 767 467.20</b>	<b>90.66</b>
<b>Transferable securities and money market instruments traded on another regulated market</b>			
<b>Bearer shares</b>			
<b>Cyprus</b>			
GBP ATALAYA MINING PLC ORD GBP0.075	399 877.00	1 049 845.03	2.23
<b>Total Cyprus</b>		<b>1 049 845.03</b>	<b>2.23</b>
<b>Total Bearer shares</b>		<b>1 049 845.03</b>	<b>2.23</b>
<b>Total Transferable securities and money market instruments traded on another regulated market</b>		<b>1 049 845.03</b>	<b>2.23</b>
<b>Total investments in securities</b>		<b>43 817 312.23</b>	<b>92.89</b>
<b>Cash at banks, deposits on demand and deposit accounts and other liquid assets</b>		<b>3 328 574.02</b>	<b>7.06</b>
<b>Other assets and liabilities</b>		<b>27 692.01</b>	<b>0.05</b>
<b>Total net assets</b>		<b>47 173 578.26</b>	<b>100.00</b>

# Notes to the Financial Statements

Annual report and audited financial statements as of 31 December 2020  
Kersio Lux

## Note 1 – Summary of significant accounting policies

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

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

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

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

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

The net asset value of the Fund will at all times be equal to the sum of the net asset values of all subfunds expressed in the reference currency of the Fund. The net asset value of the Fund must at all times be at least equal to the minimum share capital required by the 2010 Law which is currently EUR 1 250 000 except during the first six (6) months after the approval of the Fund by the CSSF.

### *b) Valuation principles*

1) The value of any cash on hand or on deposit, bills or notes payable, accounts receivable, prepaid expenses, cash dividends and interest accrued but not yet received is equal to the entire nominal or face amount thereof, unless the same is unlikely to be paid or received in full, in which case the value thereof is determined after making such discount as the Board of Directors may consider appropriate in such case to reflect the true value thereof.

2) Transferable Securities and Money Market Instruments which are quoted, listed or traded on an exchange or regulated market are valued, unless otherwise provided under paragraphs 3) and 6) below, at the last available market price or quotation, prior to the time of valuation, on the exchange or regulated market where the securities or instruments are primarily quoted, listed or traded. Where securities or instruments are quoted, listed or traded on more than one exchange or regulated market, the Board of Directors determines on which exchange or regulated market the securities or instruments are primarily quoted, listed or traded and the market prices or quotations on such exchange or regulated market are used for the purpose of their valuation. Transferable Securities and Money Market Instruments for which market prices or quotations are not available or representative, or which are not quoted, listed or traded on an exchange or regulated market, are valued at their probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.

3) Notwithstanding paragraph 2) above, where permitted under applicable laws and regulations, Money Market Instruments not traded on a stock exchange or on another regulated market open to the public will be valued on the basis of the relevant curves. Curve-based valuations are calculated from interest rates and credit spreads. The following principles are applied in this process: the interest rate nearest the residual maturity is interpolated for each money market instrument. Thus calculated, the interest rate is converted into a market price by adding a credit spread that reflects the creditworthiness of the underlying borrower. This credit spread is adjusted if there is a significant change in the borrower's credit rating.

4) Financial derivative instruments which are quoted, listed or traded on an exchange or regulated market are valued at the last available settlement price or, if such settlement price is not available, the last available bid price, prior to the time of valuation, on the exchange or regulated market where the instruments are primarily quoted, listed or traded. Where instruments are quoted, listed or traded on more than one exchange or regulated market, the Board of Directors determines on which exchange or regulated market the instruments are primarily quoted, listed or traded and the closing or settlement prices or quotations on such exchange or regulated market are used for the purpose of their valuation. Financial derivative instruments

for which closing or settlement prices or quotations are not available or representative are valued at their probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.

- 5) Financial derivative instruments which are traded "over-the-counter" (OTC) are valued daily at their fair market value, on the basis of valuations provided by the counterparty which are approved or verified on a regular basis independently from the counterparty. Alternatively, OTC financial derivative instruments may be valued on the basis of independent pricing services or valuation models approved by the Board of Directors which follow international best practice and valuation principles. Any such valuation is reconciled to the counterparty valuation on a regular basis independently from the counterparty, and significant differences are promptly investigated and explained.
- 6) Notwithstanding paragraph 2) above, shares or units in target investment funds (including UCITS and UCI) are valued at their latest available official net asset value, as reported or provided by or on behalf of the investment fund or at their latest available unofficial or estimated net asset value if more recent than the latest available official net asset value, provided that the Board of Directors is satisfied of the reliability of such unofficial net asset value. The net asset value calculated on the basis of unofficial net asset values of the target investment fund may differ from the net asset value which would have been calculated, on the same Valuation Day, on the basis of the official net asset value of the target investment fund. Alternatively, shares or units in target investment funds which are quoted, listed or traded on an exchange or regulated market may be valued in accordance with the provisions of paragraph 2) above.
- 7) The value of any other asset not specifically referenced above is the probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.

In certain circumstances, subscriptions, redemptions, and conversions in a subfund may have a negative impact on the Net Asset Value per Share. Where subscriptions, redemptions, and conversions in a subfund cause the subfund to buy and/or sell underlying investments, the value of these investments may be affected by bid/offer spreads, trading costs and related expenses including transaction charges, bro-

kerage fees, and taxes. This investment activity may have a negative impact on the Net Asset Value per Share called "dilution". In order to protect existing or remaining investors from the potential effect of dilution, the Fund may apply a "swing pricing" methodology or an anti-dilution levy as further explained below and in the Supplement of the relevant subfund, if applicable. The swing pricing methodology and the anti-dilution levy cannot apply at the same time to subscription and/or redemption orders in respect of the same Valuation Day.

The Fund may apply a so-called "swing pricing" methodology which adjusts the Net Asset Value per Share to account for the aggregate costs of buying and/or selling underlying investments. The Net Asset Value per Share will be adjusted by a certain percentage set by the Board of Directors from time to time for each subfund called the "swing factor" which represents the estimated bid-offer spread of the assets in which the subfund invests and estimated tax, trading costs, and related expenses that may be incurred by the subfund as a result of buying and/or selling underlying investments (called the Swing Factor). As certain stock markets and jurisdictions may have different charging structures on the buy and sell sides, the Swing Factor may be different for net subscriptions and net redemptions in a subfund. Generally, the Swing Factor will not exceed two percent (2%) of the Net Asset Value per Share unless otherwise set out for each subfund in the Supplement. A periodical review will be undertaken in order to verify the appropriateness of the Swing Factor in view of market conditions.

As at 31 December 2020, the swing pricing mechanism was not implemented in the Fund.

*c) Net realized gains (losses) on sales of securities*

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

*d) Conversion of foreign currencies*

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

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

*e) Accounting of securities' portfolio transactions*

The securities' portfolio transactions are accounted for at trade dates.

*f) Combined financial statements*

The combined financial statements are expressed in EUR. The various items of the combined statement of net assets, the combined statement of operations and the combined statement of changes in net assets as of 31 December 2020 are equal to the sum of the corresponding items in the financial statements of each subfund.

*g) Income recognition*

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

*h) Valuation of financial futures contracts*

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

*i) Valuation of forward foreign exchange contracts*

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

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

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

Receivables and payables from foreign exchange transactions are netted.

## **Note 2 – Fees and Expenses**

*Management Company Fee*

The Management Company is entitled to receive out of the assets of the Fund fixed annual Management Fees of EUR 20 000 plus max. 0.05% p.a. (min. EUR 30 000 p.a.). The Management Fee is calculated by reference to the net asset value of each subfund calculated on each Valuation Day and is payable on a monthly basis in arrears. The Management Company is also entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties. These fees are paid directly out of the respective subfund's assets to the Management Company.

The Management Company Fee covers the fees in relation with the risk management and the supervision of the delegated functions. For the avoidance of doubt, the Management Fee does not cover investment management, central administration, registrar and transfer agency and domiciliation agency, marketing and distribution services performed respectively by the Investment Manager, the Administrator and the Distributor(s).

The Fund pays separate fees to the Management Company for the services of the Investment Manager, the Administrator as well as Distributor(s) as described below.

*Investment Manager Fee*

The Investment Manager is entitled to receive from the Management Company annual customary fees equal to a percentage of the net asset value of each subfund or share class, as set out in the Supplement for each subfund or share class in the Prospectus. The Investment Manager fee is calculated by reference to the net asset value of each subfund or share class and will accrue on each Valuation Day and is payable monthly in arrears out of the assets of each subfund to the Management Company. The Management Company pays such fee to the Investment Manager.

For the subfund Kersio Lux – Kersio Equity share classes A EUR and Z EUR, the Investment Manager Fee is 0.75% of the net asset value for a net asset value up to EUR 60 million and 0.72% of the net asset value if the net asset value is above EUR 60 million.

*Fees of the Depositary and the Paying Agent*

The Depositary and Paying Agent will be entitled to receive out of the assets of each subfund a fee equal to a percentage of the Net Asset Value of each

subfund or Share Class subject to a minimum fee per subfund or Share Class. The Depositary fee will be calculated on the Net Asset Value of each subfund, subject to a maximum rate of 0.049% p.a. and subject to a minimum of 15 000 EUR p.a. per subfund. The Depositary fee is charged to the subfunds on a pro rata basis on each Valuation Day and paid on a monthly basis in arrears to the Depositary out of the subfund's assets. Further fees may be payable to the Depositary in consideration of ancillary services rendered to the subfunds and relating to the core services of the Depositary. These fees will be paid directly out of the relevant subfund's assets to the Depositary. The Depositary will also be entitled to transaction fees charged on the basis of the investments made by each subfund consistent with market practice in Luxembourg. Fees paid to the Depositary may vary depending on the nature of the investments of each subfund and the countries and/or markets in which the investments are made. The Depositary will also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties upon approval by the Management Company.

#### *Fees of the Distributor*

To the extent permitted under applicable laws and regulations, the Distributor is entitled to receive from the Management Company an annual fee in consideration of the marketing and distribution of certain subfunds or share classes equal to a percentage of the net asset value of each subfund or share class, as further specified in the Supplement of each subfund in the Prospectus. The Distributor fee accrues on each Valuation Day and is payable monthly in arrears out of the assets of each subfund to the Management Company. The Management Company pays such fee to the Distributor.

For the subfund Kersio Lux – Kersio Equity, the Distribution Fee is 0.10% of the net asset value.

#### *Administrator and Transfer Agent Fee*

The Administrator and Transfer Agent will be entitled to receive from the Management Company a customary fee equal to a percentage with a minimum annual fee as set out in the Supplement of each subfund. The Administrator fee will accrue on each Valuation Day and will be payable monthly in arrears out of the assets of each subfund to the Management Company. The Management Company will pay such fee to the Administrator.

Further fees may be payable to the Administrator in consideration of ancillary services rendered to the Fund and relating to the core services of the Administrator. These fees will be paid directly out of the Fund's assets to the Administrator.

For the subfund Kersio Lux – Kersio Equity, the Administrator Fee is max. 0.08% p.a. (min. 30 000 EUR p.a.).

#### *Directors' fees and expenses*

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

#### *Formation expenses*

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

### **Note 3 – Taxe d'abonnement**

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

#### Note 4 – Distribution policy

There are no Share Classes distributing dividends.

#### Note 5 – Transaction costs

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

For the financial year ended on 31 December 2020, the Fund incurred transaction costs relating to purchase or sale of investments in securities and similar transactions as follows:

Kersio Lux	Transaction costs
– Kersio Equity	55 134.98 EUR

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

#### Note 6 – Portfolio Turnover Rate (PTR)

The portfolio turnover has been calculated as follows:

$$\frac{(\text{Total purchases} + \text{total sales}) - (\text{total subscriptions} + \text{total redemptions})}{\text{Average of net assets during the period under review}}$$

The portfolio turnover statistics are the following for the period under review:

Kersio Lux	Portfolio Turnover Rate (PTR)
– Kersio Equity	123.22%

#### Note 7 – Uncontrollable Event

In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a Pandemic. Although progress has been made towards the end of 2020 in managing this Pandemic, including through the continuing development of vaccines, it remains uncertain for how long and how severe the Pandemic will continue to globally and regionally impact the economy. This raises continuing uncertainties in relation to the volatility of asset prices of the fund and the valuation of assets covered in this report.

The Board of Directors and the Investment Managers continue to monitor the management of the Pandemic by governments and hence the economic impact on the portfolio and the fund itself. There is no evidence that the ‘going concern’ assumption made by the Board of Directors when preparing the financial statements of the fund is inappropriate.

#### Note 8 – Applicable law, place of performance and authoritative language

The District Court of Luxembourg is the place of performance for all legal disputes between the shareholders, the Fund and the Depositary. Luxembourg law applies. However, in matters concerning the claims of investors from other countries, the Fund and/or the Depositary can elect to make themselves subject to the jurisdiction of the countries in which the shares were bought and sold.

The English version of these financial statements is the authoritative version and only this version was audited by the auditor. However, in matters concerning shares sold to investors in the countries in which Fund shares may be bought and sold, the Fund and Depositary may recognise as binding translations which they have approved into the languages concerned.

# Unaudited Information

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## 1) Global Exposure

### Risk management

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

### Leverage

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

Subfund	Global risk calculation method
Kersio Lux – Kersio Equity	Commitment approach

## 2) Remuneration Policy and quantitative disclosure

The Board of Directors of UBS Fund Management (Luxembourg) S.A. (the “Management Company” or the “AIFM”) has adopted a remuneration policy (the “Policy”) whose objectives are on one hand; to ensure that the remuneration framework is in line with the applicable laws and regulations, and more specifically with provisions defined under:

- (i) the Luxembourg Law of 17 December 2010 on Undertakings for Collective Investment in Transferable Securities as amended from time to time (the “UCITS Law”) transposing the UCITS Directive 2009/65/EC (the “UCITS Directive”) as amended by Directive 2014/91/EU (the “UCITS V Directive”);
- (ii) the Alternative Investment Fund Managers Directive (“AIFMD”) 2011/61/EU, transposed into the Luxembourg AIFM Law dated from 12 July 2013, as amended from time to time;
- (iii) the ESMA’s guidelines on sound remuneration policies under the UCITS Directive - ESMA/2016/575 and ESMA’s guidelines on sound remuneration policies under the AIFMD - ESMA/2016/579 both published on 14 October 2016;
- (iv) the CSSF Circular 10/437 on Guidelines concerning the remuneration policies in the financial sector issued on 1 February 2010;
- (v) the Directive 2014/65/EU on markets in financial instruments (MiFID II);
- (vi) the Commission Delegated Regulation 2017/565/EC of 25 April 2016 supplementing Directive 2014/65/EU (MiFID II Level 2);
- (vii) the CSSF Circular 14/585, transposing the ESMA Guidelines 2013/606 on remuneration policies and practices (MiFID ESMA Guidelines).

and on the other hand, to comply with the UBS Group AG (the “UBS Group”) Total Reward Principles.

The Policy is meant not to encourage excessive risk taking, to contain measures to avoid conflicts of interest, to be consistent with, and promote, sound and effective risk management and to be consistent with the UBS Group business strategy, objectives and values.

More details about the Policy of the Management Company/the AIFM, which describes, but not limited to, how remuneration and benefits are determined, are available at <https://www.ubs.com/global/en/asset-management/investment-capabilities/white-labelling-solutions/fund-management-company-services/fml-procedures.html>

# Unaudited Information

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The Policy is subject to an annual review by the control functions of the Management Company/the AIFM after review and update by the Human Resources department; and is approved by the Board of Directors. Last approval by the Board of Directors took place on 22 September 2020. No material changes were made to the Policy.

## Application of the requirements and remuneration disclosure

In accordance with the Article 151 of the UCITS Law and Article 20 of the AIFM Law, the Management Company/the AIFM is required to disclose at least annually certain information concerning its remuneration policy and the practices for its Identified Staff.

The Management Company/the AIFM complies with the UCITS Directive/AIFMD principles in a way and to the extent that is appropriate to its size, internal organization and the nature, scope and complexity of its activities.

Considering the total size of funds under management, both UCITS and AIFs although a significant portion is not complex or risky investment, the Management Company/the AIFM judges that the proportionality principle may not be applicable at the level of the company but at the level of the Identified Staff.

By application of the proportionality principle for the Identified Staff, the following requirements on pay-out processes for Identified Staff are not applied:

- The payment of variable remuneration in instruments related mainly to the funds in relation to which they perform their activities;
- Deferral requirements;
- Retention periods;
- Incorporation of ex-post risk factors (i.e. malus or clawback arrangements).

The deferral requirements remain however applicable when the employee's total annual compensation is exceeding the threshold defined under the UBS Group Compensation Framework; the variable compensation will be treated in line with the plan rules defined under the UBS Group Compensation Framework.

## Remuneration of Management Company/AIFM staff

The aggregate amounts (pre-audited) of total remuneration, split into fixed and variable, paid by the Management Company/the AIFM to its staff and its Identified Staff during the financial year ended as at 31 December 2020 are as follows:

EUR 1 000	Fixed remuneration	Variable remuneration	Total remuneration	No of beneficiaries
All staff	7 975	919	8 894	79
- whereof Identified Staff	3 393	498	3 891	22
- thereof Senior Management*	1 337	285	1 622	7
- thereof Other Identified Staff	2 056	213	2 269	15

\* Senior Management includes the CEO, the Conducting Officers, the Head of Compliance and the Independent Director.

# Unaudited Information

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## **Remuneration disclosure of delegates**

For the year ending 31 December 2020, the aggregate total remuneration paid by Kersio Global Investment AV (“the Investment Manager”) to its entire staff amounted to EUR 244 823 of which EUR 16 200 represented the variable remuneration.

The aggregate total remuneration paid by the Investment Manager to its Identified Staff amounted to EUR 221 244 of which EUR 16 200 represented the variable remuneration.

As at 31 December 2020, the Investment Manager employed 5 staff out of which 4 identified staff and managed EUR 105 500 000 Asset Under Management (“AUM”), out of which EUR 47 173 578 were represented by the Fund – ie, 44.7% of the total AUM managed by the Investment Manager.

The proportion allocated to the Fund (calculated on the basis of the weight of the AUM of the Fund out of the total AUM managed by the Investment Manager) of the total remuneration paid by Kersio Global Investment AV to its entire staff amounted to EUR 109 471 of which EUR 7 244 represented the variable remuneration. The pro-rata portion of the total remuneration paid to its identified staff amounted to EUR 98 928 of which EUR 7 244 represented the variable remuneration.

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

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