

Annual Report 2019

Investment Fund under Luxembourg Law

R.C.S. Luxembourg N° B 214 367

Annual report and audited financial statements as of 31 December 2019

Kersio Lux

Kersio Lux – Kersio Equity

Annual report and audited financial statements as of 31 December 2019

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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 2019
Kersio Lux

Registered Office

2C, rue Albert Borschette
L-1246 Luxembourg

Board of Directors

Alejandro Scherk, Chairman
Diagonal 413 2º 1a
E-08008 Barcelona
Spain

Alex Vilchez, Independent Director
Carne Global Financial Services Luxembourg S.à.r.l.
European Bank and Business Center
6B, route de Trèves
L-2633 Senningerberg
Grand Duchy of Luxembourg

Jean de Courrèges d'Ustou
Independent Director (until 5 June 2019)
2, rue Jean l'Aveugle
L-1148 Luxembourg
Grand Duchy of Luxembourg

Nuria Izquierdo Martin
Independent Director (since 5 June 2019)
2, rue Lamartine
L-1914 Luxembourg
Grand Duchy of Luxembourg

Management Company

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

Investment Manager

Renta 4 Gestora S.G.I.I.C., S.A
Paseo de la Habana 74
E-28036 Madrid
Spain

Depository and Paying Agent

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

Administrator

Northern Trust Global Services SE
6, rue Lou Hemmer
L-1748 Senningerberg

Auditor

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

Legal adviser as to matters of Luxembourg law

Arendt & Medernach SA
41A, avenue J.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 2019
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 154 210. Its registered office is in 33A, avenue J.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 2019
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 and the statement of investments in securities and other net assets as at 31 December 2019, and the statement of operations and the statement of changes in net assets for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund and of its subfund as at 31 December 2019, 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

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

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

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

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

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's 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, 6 April 2020

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé



Isabelle Nicks

Combined Statement of Net Assets

	EUR
Assets	31.12.2019
Investments in securities, cost	53 213 629.81
Investments in securities, unrealized appreciation (depreciation)	7 447 125.51
Total investments in securities (Note 1)	60 660 755.32
Cash at banks, deposits on demand and deposit accounts	1 741 287.09
Receivable on securities sales (Note 1)	497 074.54
Receivable on dividends	9 648.38
Other receivables	122 734.61
Formation expenses, net (Note 2)	37 699.69
Total Assets	63 069 199.63
Liabilities	
Provisions for management company fees and investment manager fees (Note 2)	-67 632.43
Provisions for administration fees	-4 153.58
Provisions for formation expenses (Note 2)	-14 331.90
Provisions for depositary fees	-2 610.22
Provisions for distribution fees (Note 2)	-5 326.99
Provisions for taxe d'abonnement (Note 3)	-7 924.82
Provisions for regulatory fees	-9 435.21
Provisions for audit fees, legal and economic advice	-13 580.24
Provisions for other commissions and fees	-50 065.30
Total provisions	-175 060.69
Total Liabilities	-175 060.69
Net assets at the end of the financial year	62 894 138.94

Combined Statement of Operations

	EUR
Income	1.1.2019-31.12.2019
Interest on liquid assets	27 184.40
Dividends	1 903 019.77
Total income	1 930 204.17
Expenses	
Management company fees and investment manager fees (Note 2)	-553 404.65
Administration fees	-51 718.30
Depositary fees	-32 702.51
Distribution fees (Note 2)	-66 739.98
Taxe d'abonnement (Note 3)	-32 882.31
Regulatory fees	-9 573.90
Audit fees, legal and economic advice	-26 120.24
Amortization of formation expenses (Note 2)	-15 790.49
Other commissions and fees	-138 511.14
Interest on cash and bank overdraft	-15 108.90
Total expenses	-942 552.42
Net income (loss) on investments	987 651.75
Realized gain (loss) (Note 1)	
Realized gain (loss) on market-priced securities without options	-2 541 948.50
Realized gain (loss) on forward foreign exchange contracts	284.71
Realized gain (loss) on foreign exchange	48 577.88
Total realized gain (loss)	-2 493 085.91
Net realized gain (loss) of the financial year	-1 505 434.16
Changes in unrealized appreciation (depreciation) (Note 1)	
Unrealized appreciation (depreciation) on market-priced securities without options	12 351 277.41
Total changes in unrealized appreciation (depreciation)	12 351 277.41
Net increase (decrease) in net assets as a result of operations	10 845 843.25

Kersio Lux – Kersio Equity

Annual report and audited financial statements as of 31 December 2019

Three-year comparison

Date	ISIN	31.12.2019	31.12.2018	31.12.2017
Net assets in EUR		62 894 138.94	70 417 472.63	45 692 714.80
Class A-EUR	LU1476746869			
Shares outstanding		447 121.8820	615 451.1300	441 747.4370
Net asset value per share in EUR		120.70	102.14	103.44
Class Z-EUR¹	LU1877355211			
Shares outstanding		8 145 301.7880	8 145 301.7880	-
Net asset value per share in EUR		1.10	0.93	-

¹ First NAV: 30.11.2018

Report of the Portfolio Manager

Kersio Lux has finished 2019 increasing its NAV by 18.3%. This is a good figure although it has happened in a year in which the stock exchanges have all experienced a remarkable performance.

From a macroeconomic standpoint, most of the threats that we had in 2018 are still present. These include the international trade war started more than a year ago between US and China, and that has affected the whole world, hurting especially some cyclical industries like automotive and chemicals, the Brexit and political instabilities, some of them new like the growing threats coming from Iran.

Still, the markets have shrugged off most of these challenges taking by granted that they are not going to affect much. Moreover, interest rates continue to be very low or even negative and the companies keep growing well, with profits rising.

We keep a quite diversified portfolio where we have slowly increased our positions in big companies where we find value as long as the markets have shown preference for stocks with solid fundamentals and low debt, even if they have generous multiples.

At the end of the year we had important positions in airlines (IAG), US healthcare (HCA), Norwegian salmon companies (Norway Royal Salmon, Bakkafrost, Salmar), Spanish real estate (Colonial) and pharma (Novo Nordisk). Some of these stocks are new but some were already in our portfolio twelve months ago. Now, more than 25% of our NAV is in North American companies, but indisputably Europe keeps being our main market.

2020 has started again quite strongly, and we feel confident both with our present portfolio and with the new opportunities we still find, even if we do not think the markets are cheap. We will keep betting partially on American and big companies but not forgetting at all to take a closer look on European stocks and medium caps.

Since the year end we have seen the development of the coronavirus covid-19 outbreak initially in China and now reaching most continents. At present it is not possible to assess the detailed impact of the emerging risk, on the companies in our portfolio but there is growing concern about the impact on the world economy. There has been a significant correction in the financial markets in the last few weeks. The Board and the Manager continue to watch the efforts of governments to contain the spread of the virus and monitor the economic impact, if any, on the companies in our portfolio.

Structure of the Securities Portfolio

Geographical Breakdown as a % of net assets	
Spain	20.66
Norway	19.46
United States	16.35
Canada	6.24
Sweden	5.15
Denmark	4.19
The Netherlands	4.13
Faroe Islands	3.95
United Kingdom	3.77
Germany	2.11
Ireland	1.91
Portugal	1.74
Cyprus	1.67
France	1.52
Italy	1.46
Switzerland	1.40
Luxembourg	0.74
Total	96.45

Economic Breakdown as a % of net assets	
Banks & credit institutions	16.69
Agriculture & fishery	8.86
Aerospace industry	8.50
Finance & holding companies	7.64
Pharmaceuticals, cosmetics & medical products	7.45
Petroleum	7.16
Miscellaneous services	5.52
Real Estate	5.32
Food & soft drinks	5.28
Internet, software & IT services	3.42
Packaging industry	3.41
Retail trade, department stores	3.38
Electronics & semiconductors	1.90
Traffic & transportation	1.80
Textiles, garments & leather goods	1.71
Mining, coal & steel	1.69
Non-ferrous metals	1.67
Healthcare & social services	1.67
Environmental services & recycling	0.74
Chemicals	0.71
Graphic design, publishing & media	0.54
Vehicles	0.49
Tobacco & alcohol	0.48
Telecommunications	0.42
Total	96.45

Statement of Net Assets

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Total Liabilities	-175 060.69
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Net increase (decrease) in net assets as a result of operations	10 845 843.25

Statement of Changes in Net Assets

	EUR
	1.1.2019-31.12.2019
Net assets at the beginning of the financial year	70 417 472.63
Subscriptions	178 010.41
Redemptions	-18 547 187.35
Total net subscriptions (redemptions)	-18 369 176.94
Net income (loss) on investments	987 651.75
Total realized gain (loss)	-2 493 085.91
Total changes in unrealized appreciation (depreciation)	12 351 277.41
Net increase (decrease) in net assets as a result of operations	10 845 843.25
Net assets at the end of the financial year	62 894 138.94

Development of the outstanding shares

	1.1.2019-31.12.2019
Class	A-EUR
Number of shares outstanding at the beginning of the financial year	615 451.1300
Number of shares issued	1 646.4040
Number of shares redeemed	-169 975.6520
Number of shares outstanding at the end of the financial year	447 121.8820
Class	Z-EUR
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
Number of shares outstanding at the end of the financial year	8 145 301.7880

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

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
Transferable securities and money market instruments listed on an official stock exchange			
Bearer shares			
Canada			
CAD LARGO RESOURCES COM NPV	459 600.00	312 588.22	0.50
CAD PAREX RESOURCES IN COM NPV	125 100.00	2 075 543.49	3.30
Total Canada		2 388 131.71	3.80
Faroe Islands			
NOK P/F BAKKA Frost DKK1	37 703.00	2 484 548.40	3.95
Total Faroe Islands		2 484 548.40	3.95
France			
EUR LVMH MOET HENNESSY EURO.30	800.00	331 360.00	0.53
EUR SANOFI EUR2	3 400.00	304 708.00	0.48
EUR THALES EUR3	3 500.00	323 820.00	0.51
Total France		959 888.00	1.52
Germany			
EUR BAYERISCHE MOTOREN WERKE AG EUR1	4 200.00	307 188.00	0.49
EUR FRESENIUS SE & CO. KGAA NPV	7 700.00	386 386.00	0.61
EUR SAP AG ORD NPV	2 600.00	312 832.00	0.50
Total Germany		1 006 406.00	1.60
Ireland			
EUR RYANAIR LTD ORD EURO.006	56 000.00	819 280.00	1.30
Total Ireland		819 280.00	1.30
Luxembourg			
EUR BEFESA SA NPV	12 282.00	466 716.00	0.74
Total Luxembourg		466 716.00	0.74
The Netherlands			
EUR FLOW TRADERS NV EURO.10	48 100.00	1 036 074.00	1.65
EUR KONINKLIJKE AHOLD EURO.01	70 000.00	1 560 650.00	2.48
Total The Netherlands		2 596 724.00	4.13
Norway			
NOK GRIEG SEAFOOD NOK4.00	97 518.00	1 387 077.26	2.20
NOK NORWAY ROYAL SALMO NOK1	136 879.00	3 319 374.06	5.28
NOK SALMAR ASA NOK0.25	37 300.00	1 699 039.39	2.70
NOK SPAREBANK 1 SR BK NOK25	161 036.00	1 632 605.18	2.60
NOK SPAREBK 1 NORD-NOR GRUNNFONDSBEVIS NOK18	268 034.00	2 133 132.05	3.39
Total Norway		10 171 227.94	16.17
Portugal			
EUR BCO COM PORTUGUES NPV	5 383 378.00	1 091 749.06	1.74
Total Portugal		1 091 749.06	1.74
Spain			
EUR AMADEUS IT GROUP EURO.01	8 800.00	640 640.00	1.02
EUR CIE AUTOMOTIVE SA EURO.25(POST SUBD)	11 017.00	232 238.36	0.37
EUR ERCROS SA EUR1.60(POST CONSOLIDATION)	174 118.00	445 742.08	0.71
EUR INDITEX EURO.03 (POST SUBD)	18 000.00	566 100.00	0.90
EUR INM COLONIAL SOCIM EUR2.5	294 368.00	3 344 020.48	5.32
EUR REPSOL SA EUR1	64 571.00	899 474.03	1.43
EUR VIDRALA SA EUR1.02	22 927.00	2 148 259.90	3.41
Total Spain		8 276 474.85	13.16
Sweden			
SEK LOOMIS AB NPV	38 840.00	1 433 428.75	2.28
SEK SECURITAS SER'B'NPV	20 000.00	307 296.16	0.49
Total Sweden		1 740 724.91	2.77
United Kingdom			
GBP ONESAVINGS BANK PL ORD GBP0.01	339 000.00	1 733 948.46	2.76
GBP RELX PLC GBP0.1444	15 000.00	337 324.43	0.53
Total United Kingdom		2 071 272.89	3.29

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
United States			
USD LYONDELLBASELL IND COM USD0.01	16 000.00	1 346 708.24	2.14
USD WARRIOR MET COAL I COM USD0.01	27 600.00	519 543.88	0.83
Total United States		1 866 252.12	2.97
Total Bearer shares		35 939 395.88	57.14
Other shares			
Norway			
NOK SPAREBANKEN 1 SMN	203 975.00	2 072 062.54	3.29
Total Norway		2 072 062.54	3.29
Total Other shares		2 072 062.54	3.29
Registered shares			
Canada			
CAD ARROW EXPL CORP COM NPV	6 360.00	917.56	0.00
CAD ROYAL BK OF CANADA COM NPV	9 600.00	677 657.82	1.08
CAD TORONTO-DOMINION COM NPV	17 100.00	855 586.28	1.36
Total Canada		1 534 161.66	2.44
Denmark			
DKK NOVO-NORDISK AS DKK0.2 SER'B'	8 500.00	439 817.02	0.70
Total Denmark		439 817.02	0.70
Germany			
EUR ADIDAS AG NPV (REGD)	1 100.00	318 780.00	0.51
Total Germany		318 780.00	0.51
Ireland			
USD ACCENTURE PLC SHS CL A 'NEW'	2 050.00	384 559.91	0.61
Total Ireland		384 559.91	0.61
Italy			
EUR RECORDATI EURO.125	24 500.00	920 465.00	1.46
Total Italy		920 465.00	1.46
Spain			
EUR INTL CONS AIRLINE ORD EURO.50	649 180.00	4 687 079.60	7.45
Total Spain		4 687 079.60	7.45
Sweden			
SEK TETHYS OIL AB NPV (POST SPLIT)	186 232.00	1 495 842.40	2.38
Total Sweden		1 495 842.40	2.38
Switzerland			
CHF ALSO HOLDING AG CHF1.00 (REGD)	5 843.00	878 353.29	1.40
Total Switzerland		878 353.29	1.40
United Kingdom			
GBP DIAGEO ORD GBP0.28 101/108	8 000.00	302 172.82	0.48
Total United Kingdom		302 172.82	0.48
United States			
USD ALPHABET INC CAP STK USD0.001 CL A	460.00	548 881.43	0.87
USD BRISTOL-MYRS SQUIB COM STK USD0.10	7 700.00	440 323.39	0.70
USD CH ROBINSON WORLDW COM USD0.1	4 500.00	313 496.66	0.50
USD HCA HEALTHCARE INC COM USD0.01	20 319.00	2 675 591.44	4.25
USD INTEL CORP COM USD0.001	6 000.00	319 910.91	0.51
USD MICROSOFT CORP COM USD0.0000125	4 600.00	646 253.90	1.03
USD NIKE INC CLASS'B'COM NPV	4 700.00	424 193.32	0.67
USD RAYTHEON CO COM NEW	1 700.00	332 791.09	0.53
USD UNITEDHEALTH GRP COM USD0.01	2 800.00	733 313.14	1.17
USD UNIVERSAL HEALTH S CLASS'B'COM USD0.01	2 460.00	314 397.86	0.50
USD VIACOMCBS INC COM USD0.001 CL B	7 155.00	267 523.70	0.43
USD VISA INC COM STK USD0.0001	1 800.00	301 309.58	0.48
USD WALT DISNEY CO. DISNEY COM USD0.01	8 500.00	1 095 193.76	1.74
Total United States		8 413 180.18	13.38
Total Registered shares		19 374 411.88	30.81

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
Depository receipts			
Denmark			
USD NOVO-NORDISK A S ADR	42 600.00	2 196 604.01	3.49
Total Denmark		2 196 604.01	3.49
Total Depository receipts		2 196 604.01	3.49
Rights			
Spain			
EUR REPSOL SA (STOCK DIVIDEND) RIGHTS 07.01.20	69 571.00	29 428.53	0.05
Total Spain		29 428.53	0.05
Total Rights		29 428.53	0.05
Total Transferable securities and money market instruments listed on an official stock exchange		59 611 902.84	94.78
Transferable securities and money market instruments traded on another regulated market			
Bearer shares			
Cyprus			
GBP ATALAYA MINING PLC ORD GBPO.075	462 877.00	1 048 852.48	1.67
Total Cyprus		1 048 852.48	1.67
Total Bearer shares		1 048 852.48	1.67
Total Transferable securities and money market instruments traded on another regulated market		1 048 852.48	1.67
Total investments in securities		60 660 755.32	96.45
Cash at banks, deposits on demand and deposit accounts and other liquid assets		1 741 287.09	2.77
Other assets and liabilities		492 096.53	0.78
Total net assets		62 894 138.94	100.00

Notes to the Financial Statements

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

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 and the combined statement of operations as of 31 December 2019 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 2019, 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	96 590.86 EUR

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

Note 6 – Subsequent event

As at the end of the Reporting Period, a limited number of cases of an unknown virus had been reported to the World Health Organization. Following the subsequent spread of the virus globally, the World Health Organization declared the COVID-19 outbreak to be a pandemic on 11 March 2020. The identification of the virus after the end of the Reporting Period as a new coronavirus, and its subsequent global outbreak, is considered a non-adjusting subsequent event. At present it is not possible to assess the detailed impact, of this emerging risk, on the portfolios of the Fund but there is growing concern about the impact on the world economy and as a result of this uncertainty the values reflected in these financial statements may materially differ from the value received upon actual sales of those investments. In the light of significant corrections and heightened volatility in the financial markets over the past few weeks, the impact for the Fund might be important in terms of future valuations of its asset, nevertheless the Board and the Investment Manager continue to observe the efforts of governments to contain the spread of the virus in order to monitor and manage the economic impact on the portfolios and the Fund itself.

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

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

Note 7 – 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

Annual report and audited financial statements as of 31 December 2019
Kersio Lux

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. 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 and

- (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 AG Remuneration policy framework. 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.

Further information in relation to UBS AG Remuneration Policy is available in the UBS Group AG Annual Report and in the Compensation report.

More details about the remuneration policy of the Management Company, which describes, but not limited to, how remuneration and benefits are determined, are available at http://www.ubs.com/lu/en/asset_management/investor_information.html

The Policy is subject to an annual review by the control functions of the Management Company 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 20 September 2019. 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, the Management Company is required to disclose at least annually certain information concerning its remuneration policy and the practices for its identified staff.

The Management Company complies with the aforementioned regulatory provisions 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, UBS Fund Management (Luxembourg) S.A. 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 payout 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 disclosure

Due to the roles of Management Company staff, the below disclosed remuneration was calculated in proportion of the net assets of the Fund out of the net assets of all the funds under the governance of UBS Fund Management (Luxembourg) S.A. (including both AIF and UCITS funds).

For the fiscal year ending 31 December 2019, the proportional remuneration (fixed and variable) paid by UBS Fund Management (Luxembourg) S.A. to its entire staff amounted to EUR 2 341, of which EUR 128 represented the variable remuneration. The Management Company employed an average of 45.1 staff (full time equivalent) during this period.

The proportional remuneration (fixed and variable) paid by the Management Company to its Identified Staff amounted to EUR 1 032, of which EUR 74 represented the variable remuneration (20 beneficiaries).

Remuneration disclosure of delegates

For the year ending 31 December 2019, the aggregate total remuneration paid by Renta 4 Gestora SGIIIC ("the Investment Manager") to its entire staff amounted to EUR 2 833 857, of which EUR 394 786 represented the variable remuneration. The aggregate total remuneration paid by the Investment Manager to its Identified Staff amounted to EUR 181 761, of which EUR 20 933 represented the variable remuneration.

As at 31 December 2019, the Investment Manager employed 63 staff out of which 1 identified staff and managed EUR 8 861 337 377 Asset Under Management ("AUM"), out of which EUR 62 894 139 were represented by the Fund – ie, 0.71% 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 Renta 4 Gestora SGIIIC to its entire staff amounted to EUR 20 113, of which EUR 2 802 represented the variable remuneration. The pro-rata portion of the total remuneration paid to its identified staff amounted to EUR 1 290, of which EUR 148 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.