

**ALPHA QUEST FUNDS SICAV p.l.c.**

**Interim Combined Financial Statements**

**For the period from 01 January 2019 to 30 June 2019**

# ALPHA QUEST FUNDS SICAV p.l.c.

## CONTENTS

	Page
Directors, Officers and other information	1
Specific Disclosures	2
<b>Interim Financial Statements:</b>	
Statement of Financial Position	5
Statement of Comprehensive Income	7
Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	13

## Directors, Officers and other information

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<b>Directors</b>	Dr. Frank Chetcuti Dimech Mr. Joseph Xuereb Mr. Michal Kosac
<b>Registered Office</b>	Central North Business Centre Level 1, Sqaq il-Fawwara Sliema SLM 1670 Malta
<b>Company Registration Number</b>	SV430
<b>Administrator and Registrar</b>	Apex Fund Services (Malta) Limited Central North Business Centre Level 1, Sqaq il-Fawwara Sliema SLM 1670 Malta
<b>Company Secretary</b>	Apex Corporate and Advisory Services Ltd Central North Business Centre Level 1, Sqaq il-Fawwara Sliema SLM 1670 Malta
<b>Investment Committee</b>	Mr. Joseph Xuereb Mr. Michal Kosac Mr. Joseph Formosa
<b>Statutory Auditors</b>	KPMG Portico Building Marina Street Pieta PTA 9044 Malta

# Alpha Quest Funds SICAV p.l.c.

## SPECIFIC DISCLOSURES

### **Business activities**

The business strategy of both sub-funds is to invest assets in the Romanian restitution points that are to be converted into either immovable property during auctions or convert into cash in 5 equal yearly payments (20% each year up to the nominal value per point of 1 RON).

The Romanian Government has not made an official statement about auctions as at to-date, since there is a lack of proper cadaster to account for state owned properties and land. This does not affect the performance of the sub-funds since their base case scenario has remained, which is the conversion of points into cash.

This has been very successful, since Romania paid all of its liabilities connected with restitution points ahead of the schedule in the first half of 2019.

Romania paid all of the tranches in the respective year 2018 ahead of the payment schedule; which is 180 days from the day that the payment title is issued.

Company has cashed in, in the first half of 2019, payment titles that were to be paid in October-December 2019, thus ahead of the schedule.

From 2019, the Company is investing cash received from Romanian government in money market instruments, mostly in highly rated and liquid corporate bonds.

This enables (a) high liquidity for purchases of points should an opportunity to buy presents itself (b) protection since the bond issued will be due in 2021. It enables the Company to build a strong cash position yielding return until the publicly issued bonds become due.

Looking forward, the company sees cashing in to be on schedule with the current law, which is 180 days from the issuance of payment titles.

*Risk factors and uncertainties that could negatively affect issuer's business include but are not limited to:*

- Risk of newly formed company: The Company does not have long enough history to show proven track record.
- Sub-funds being economically separated entities: The assets of other sub-funds cannot be used to satisfy obligations of other sub-funds. Thus only the assets of the sub-fund issuing financial obligation can be used to repay such obligation.
- Payment titles issued by Romanian government: The major part of the sub-fund's portfolio is invested in obligations issued by the Romanian state. Instrument is not publicly traded thus it is uncertain if it can be sold at a fair price at any time in the market place.
- Market risk: Since most of the assets of the sub-funds are invested in Romania which is considered an emerging market.
- Sub-fund's assets not being publicly traded: The Sub-funds invest in the Romanian instruments which are not publicly traded. Such instruments are considered risky and speculative in nature.
- Real estate investment risk: Part of the portfolio can be invested in real estate. The Sub-fund runs the risk of price fluctuations in the real estate market as well as liquidity risk associated with real estate investments.
- Pricing of real estate: Once invested in real estate, the sub-funds can potentially run the risk of pricing difficulties connected with real estate investments.
- Interest rates changing risk: Fixed income instruments, which can be bought as an investment by the sub-funds, have an inverse relationship with changing interest rates. Unstable interest rates environment could have a negative impact on the fixed income instruments held by the sub-funds.
- Liquidity risk: Real estate is considered as the most illiquid investment or else the average time of converting real estate to cash is the longest. In time of need of liquidity, each sub-fund can find itself in a difficult position since substantial part of its portfolio will be invested in real estate. In addition, since the Romanian obligations are not publicly traded, it might be hard to sell should the Romanian government start defaulting on its obligations.

# Alpha Quest Funds SICAV p.l.c.

## SPECIFIC DISCLOSURES (CONTINUED)

### Business activities (continued)

- High leverage risk: Since Alpha Quest Balanced Fund is an issuer of publicly traded bonds, it is exposing itself to enormous amount of risk should its investment strategy produce negative returns.
- Inflationary risk: Rising prices can affect the value of the underlying assets of the portfolio.
- Foreign exchange risk: The functional currency of the Company and its sub-funds is the EUR while the assets of the portfolio are denominated in RON. In case of RON depreciation, this will have negative effect on the underlying net asset value of the sub-funds.
- Concentration risk: The majority of fund's assets are invested in the Romanian restitution points. This creates a risk for the underlying net assets value should the Romanian government default on its obligations.
- Management compensation: Management have variable compensation based on the performance of the sub-funds. This can incentivize them to undertake speculative investments in order to produce extraordinary returns.
- Operating risk: It can be created in the absence of rigorous internal processes.
- Company founded under foreign law: The Company and its sub-funds have been incorporated under the laws of Malta. Maltese law can substantially differ from Czech laws under which the publicly traded bond has been issued.
- Political, economic and social risks: Romania is classified as an emerging and post-socialistic market, which up to this date faced significant political, economic and social risk which could negatively impact the sub-funds' performance and their net asset value.

In the 1H 2019 Alpha Quest Balanced Fund reported a net income EUR 1,977,778, taking in to consideration accruals for all expenses including anticipated bond coupon payment.

Alpha Quest Opportunity Fund reported Net Income of EUR 1,548,913 for the same period.

In the 1H 2019, there were no subscriptions nor redemptions in Alpha Quest Balanced Fund and in Alpha Quest Opportunity Fund.

As at June 30<sup>th</sup> 2019, total amount of Romanian restitution points held by Alpha Quest Balanced Fund was 250,070,640.40 while Alpha Quest Opportunity Fund held 85,260,262.93. Nominal value of one Restitution point is RON 1 (Romanian Leu).

The "market value" of Romanian restitution points ("valuation value" using cost amortization method, since no official secondary market exists) is EUR 41,694,895.30 for Alpha Balanced Fund and EUR 13,446,073.79 for Alpha Quest Opportunity Fund respectively.

There were no major movements reported out of scope of strategy and business model of Alpha Quest Funds SICAV plc.

### Comparison with the corresponding period of the preceding year

Cashing in process has started in 2017, thus 1H 2017 was the first accounting period during which the company has received actual payment titles for cashing in.

Comparing 1H 2018 and 1H 2019, the company was in line with its objectives, receipt of payment titles was on expected track. Also the cashing in process has taken place before the 180 day period from issuance of payment title.

Total amount of money cashed in from Romanian government as at 1H 2018 was RON 78,174,482.30 equivalent to EUR 16,536,464.50 for Alpha Quest Balanced Fund and RON 24,799,489.41 equivalent to EUR 5,245,904.60 for Opportunity Fund.

Comparing to reporting period 1H 2019 (as at June 30<sup>th</sup> 2019) RON 42,254,610.60 equivalent to EUR 8,938,234.67 for Balanced Fund and RON 10,007,104.16 equivalent to EUR 2,116,830.42 for Opportunity Fund.

# Alpha Quest Funds SICAV p.l.c.

## SPECIFIC DISCLOSURES (CONTINUED)

### Comparison with the corresponding period of the preceding year (continued)

In terms of NAV, comparing 1H 2019 with 1H 2018, figures are as follows:

Alpha Quest Balanced Fund as at June 30<sup>th</sup> 2018 EUR 1,189.1622 per investor share, compared to EUR 1,611.8597 as at June 30<sup>th</sup> 2019.

Alpha Quest Opportunity Fund EUR 1,247.1552 per investor share compared to EUR 1,435.0799 as at June 30<sup>th</sup> 2019.

Idle cash was invested during both periods in money market instruments to achieve high liquidity and safety.

Portfolio composition as at June 30<sup>th</sup> 2019:

#### *Alpha Quest Balanced Fund*

Romanian restitution points:	EUR 41,694,895.36
Cash:	EUR 578,477.61
Bonds:	EUR 8,375,494.38

#### *Alpha Quest Opportunity Fund*

Romanian restitution points:	EUR 13,446,073.75
Cash:	EUR 301,438.04
Bonds:	EUR 4,913,031.51
Fund investments:	EUR 5,872,053.79
Equities:	EUR 957,517.88

Besides points investments, cash received and not placed into points purchases, is deployed to purchases of highly graded and highly liquid Czech issued corporate bonds.

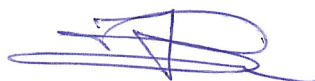
Alpha Quest Balanced as at June 30<sup>th</sup> 2019 owned total of 4 four bonds and that being: Alpha Quest Balanced Fund; publicly traded bond issued by sub-fund itself, TD Beta, s.r.o., issuer has the same director as Alpha Quest Funds SICAV plc.; private placement bond, J&T Global Finance and Gramexo Plc.

Alpha Quest Opportunity fund owned as June 30<sup>th</sup> 2019 total of two bonds and that being: Alpha Quest Balanced Fund; publicly traded bond issued by other sub-fund of Alpha Quest Funds SICAV plc, and TD Beta, s.r.o., issuer has the same director as Alpha Quest Funds SICAV plc.

Alpha Quest Opportunity fund as at June 30<sup>th</sup> 2019 has also invested in a collective investment scheme; Alpha Quest Balanced Fund, sub-fund of Alpha Quest Funds SICAV plc, thus this is considered a cross-investment. The fund has also invested in one Equity; O2 Czech Republic AS.

We, the directors of Alpha Quest Funds SICAV p.l.c. registration no. SV 430, namely; Dr Frank Chetcuti Dimech, Joseph Xuereb and Michal Kosac confirm that to the best of our knowledge the Half-Yearly Report, issued as at June 30<sup>th</sup>, 2019 gives a true and fair view of the Issuer's financial position, business activities and financial results over the past six months and of the prospects for future developments of the Issuer's financial situation, business activities and financial results.

In Malta on 11 September 2019



Dr Frank Chetcuti Dimech  
Director, Alpha Quest Funds SICAV p.l.c.



Joseph Xuereb  
Director, Alpha Quest Funds SICAV, p.l.c.



Michal Kosac  
Director, Alpha Quest Funds SICAV p.l.c.

# ALPHA QUEST FUNDS SICAV p.l.c.

## Statement of Financial Position

As at 30 June 2019

		Combined 30.06.19 EUR	Alpha Quest Funds SICAV p.l.c. 30.06.19 EUR	Alpha Quest Balanced Fund 30.06.19 EUR	Alpha Quest Opportunity Fund 30.06.19 EUR
<b>Assets</b>	<b>Note</b>				
<b>Current assets</b>					
Cash and cash equivalents	5	2,738,720	1,858,804	578,478	301,438
Financial assets at fair value through profit or loss	11	20,118,097	-	8,375,494	11,742,603
Loans and interest receivable	18	4,001,157	-	3,843,385	157,772
Due from SICAV	8	7,231,095	-	7,231,095	-
Due from sub-funds	8	292,369	-	292,369	-
Prepaid expenses		13,142	-	6,571	6,571
Other receivables		268,983	-	268,983	-
Management and performance fee receivable	14	5,059,595	5,059,595	-	-
Restitution points	12	55,140,969	-	41,694,895	13,446,074
Receivable from Government of Romania		-	-	-	-
Receivable from "A" Class Shareholders	8	588,883	-	-	588,883
<b>Total assets</b>		<b>95,453,010</b>	<b>6,918,399</b>	<b>62,291,270</b>	<b>26,243,341</b>
<b>Equity and Liabilities</b>					
<b>Share Capital and Reserves</b>					
Share capital	6	1,100	1,100	-	-
Retained Earnings		-	263,458	-	-
<b>Total equity</b>		<b>1,100</b>	<b>1,100</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Dividends payable	8	-	-	-	-
Bonds issued and interest payable	13	40,303,896	-	40,303,896	-
Administration fees payable	14	-	-	-	-
Audit fees payable		10,532	-	5,266	5,266
Management fees payable	8,14	1,192,950	-	815,866	377,084
Performance fees payable	8,14	3,866,645	-	2,669,066	1,197,579
Due to "A" Class Shareholders	8	512,558	-	511,058	1,500
Other payables	14	5,627,275	-	4,983,197	644,078
Due to sub-funds	8	6,946,210	6,653,841	-	292,369
Due to SICAV	8	577,254	-	-	577,254
<b>Total liabilities</b>		<b>59,037,320</b>	<b>6,653,841</b>	<b>49,288,349</b>	<b>3,095,130</b>
<b>Net assets attributable to holders of redeemable shares</b>	7	<b>36,151,132</b>	<b>-</b>	<b>13,002,921</b>	<b>23,148,211</b>
<b>Total equity and liabilities</b>		<b>95,453,009</b>	<b>6,918,399</b>	<b>62,291,270</b>	<b>26,243,341</b>

# ALPHA QUEST FUNDS SICAV p.l.c.

## Statement of Financial Position (continued)

As at 30 June 2019

	Note	Combined 31.12.18 EUR	Alpha Quest Funds SICAV p.l.c. 31.12.18 EUR	Alpha Quest Balanced Fund 31.12.18 EUR	Alpha Quest Opportunity Fund 31.12.18 EUR
<b>Assets</b>					
Current assets					
Cash and cash equivalents	5	1,998,625	897,711	720,435	380,479
Financial assets at fair value through profit or loss	11	18,473,329	-	9,819,530	8,653,799
Loans and interest receivable	18	604,944	604,944	-	26,219
Due from SICAV	8	3,624,792	-	3,619,083	5,709
Due from sub-funds		52,375	-	-	52,375
Prepaid expenses		13,420	-	6,710	6,710
Other receivables		26,219	-	-	-
Management and performance fee receivable	14	4,925,154	4,925,154	-	-
Restitution points	12	52,498,491	-	39,282,971	13,215,520
Receivable from government of Romania		482,461	-	231,408	251,053
Receivable from "A" Class Shareholders	8	588,883	-	-	588,883
<b>Total assets</b>		<b>83,288,693</b>	<b>6,427,809</b>	<b>53,680,137</b>	<b>23,180,747</b>
<b>Equity and liabilities</b>					
Share capital and reserves					
Share capital	6	1,100	1,100	-	-
Retained earnings		-	-	-	-
<b>Total equity</b>		<b>1,100</b>	<b>1,100</b>	<b>-</b>	<b>-</b>
Current liabilities					
Dividends payable	8	2,801,917	2,801,917	-	-
Bonds issued and interest payable	13	38,979,988	-	38,979,988	-
Administration fees payable	14	8,000	-	4,000	4,000
Audit fees payable		21,064	-	10,532	10,532
Management fees payable	14	870,497	-	551,266	319,231
Performance fees payable	14	4,054,657	-	2,838,135	1,216,522
Due to "A" Class Shareholders		200,000	-	200,000	-
Other payables	14	49,861	-	18,697	31,164
Due to sub-funds		3,677,167	3,624,792	52,375	-
Due to SICAV		-	-	-	-
<b>Total liabilities</b>		<b>50,663,151</b>	<b>6,426,709</b>	<b>42,654,993</b>	<b>1,581,449</b>
<b>Net assets attributable to holders of redeemable shares</b>	7	<b>32,624,442</b>	<b>-</b>	<b>11,025,144</b>	<b>21,599,298</b>
<b>Total equity and liabilities</b>		<b>83,288,693</b>	<b>6,427,809</b>	<b>53,680,137</b>	<b>23,180,747</b>

The accompanying notes are an integral part of these financial statements.

The financial statements on pages 5 to 34 were approved and authorised for issue by the Board of Directors on 11 September 2019 and were signed on its behalf by:

Mr Michael Kosac  
Director

Mr Joseph Xuereb  
Director



# ALPHA QUEST FUNDS SICAV p.l.c.

## Statement of Comprehensive Income For the period ended 30 June 2019

		Alpha Quest Funds SICAV p.l.c.	Alpha Quest Balanced Fund	Alpha Quest Opportunity Fund
	Combined	30.06.19	30.06.19	30.06.19
Note	30.06.19	30.06.19	30.06.19	30.06.19
	EUR	EUR	EUR	EUR
<b>Income</b>				
Net gains on financial assets at fair value through profit or loss	786,235	-	(114,038)	900,273
Net gains on restitution points	7,766,301	-	6,085,931	1,680,370
Net loss on foreign exchange	(975,631)	125,490	(793,005)	(308,116)
Interest income	337,069	4,452	213,103	119,514
Income from management and performance fees	134,439	134,439	-	-
Other income	-	-	-	-
<b>Net investment income</b>	<b>8,048,413</b>	<b>264,381</b>	<b>5,391,991</b>	<b>2,392,041</b>
<b>Expenditure</b>				
Administration fees	(12,000)	-	(6,000)	(6,000)
Audit fees	(24,084)	-	(15,877)	(8,207)
Directors and investment committee fees	(8,850)	-	(4,425)	(4,425)
Performance fees	(2,306,069)	-	(1,808,708)	(497,361)
Professional fees	(310,000)	-	(310,000)	-
Management fees	(322,452)	-	(264,600)	(57,852)
Interest expense	(881,580)	-	(881,197)	(383)
Set up fees	-	-	-	-
Other operating expenses	(393,229)	(923)	(123,406)	(268,900)
<b>Total operating expenses</b>	<b>(4,258,264)</b>	<b>(923)</b>	<b>(3,414,213)</b>	<b>(843,128)</b>
<b>Profit for the period</b>	<b>263,458</b>	<b>263,458</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in net assets attributable to holders of redeemable shares</b>	<b>3,526,691</b>	<b>-</b>	<b>1,977,778</b>	<b>1,548,913</b>

# ALPHA QUEST FUNDS SICAV p.l.c.

## Statement of Comprehensive Income (continued)

For the period ended 30 June 2019

		Alpha Quest Funds SICAV p.l.c. 30.06.18 EUR	Alpha Quest Balanced Fund 30.06.18 EUR	Alpha Quest Opportunity Fund 30.06.18 EUR
	Note	Combined 30.06.18 EUR	30.06.18 EUR	30.06.18 EUR
Income				
Net gains/(losses) on financial assets at fair value through profit or loss		691,285	-	774,612
Net gains on restitution points		4,848,172	-	1,341,457
Net loss on foreign exchange		369,737	-	(288,242)
Interest income	15	58,047	-	2,367
Income from management and performance fees	14	-	-	-
Net investment income		<u>5,967,241</u>	<u>-</u>	<u>1,830,194</u>
Expenditure				
Administration fees	14	(13,918)	-	(6,959)
Audit fees		(27,318)	-	(13,659)
Directors and investment committee fees	8	(14,876)	-	(7,438)
Performance fees	14	(1,498,588)	-	(356,783)
Professional fees		(66,858)	-	(58,429)
Management fees	14	(320,439)	-	(147,012)
Interest expense	16	(939,337)	-	-
Other operating expenses	17	(611,414)	-	(146,200)
Total operating expenses		<u>(3,492,748)</u>	<u>-</u>	<u>(736,480)</u>
Profit for the period		<u>-</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in net assets attributable to holders of redeemable shares		<u>2,474,493</u>	<u>-</u>	<u>1,093,714</u>

The accompanying notes are an integral part of these financial statements.

# ALPHA QUEST FUNDS SICAV p.l.c.

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the period ended 30 June 2019

	Alpha Quest Balanced Fund 30.06.19 EUR	Alpha Quest Opportunity Fund 30.06.19 EUR
<b>Balance at the beginning of the year</b>	<b>11,025,144</b>	<b>21,599,298</b>
Issue of redeemable shares during the period	-	-
Redemption of redeemable shares during the period	-	-
<b>Transactions with holders of redeemable shares</b>	<b>11,025,144</b>	<b>21,599,298</b>
Increase in net assets attributable to holders of redeemable shares	<b>1,977,778</b>	<b>1,548,913</b>
<b>Net assets as at the end of the period attributable to holders of redeemable shares</b>	<b>13,002,922</b>	<b>23,148,211</b>

	Alpha Quest Balanced Fund 30.06.18 EUR	Alpha Quest Opportunity Fund 30.06.18 EUR
Net assets as at the beginning of the period attributable to holders of redeemable shares	8,316,708	24,173,884
Issue of redeemable shares during the period	-	638,952
Redemption of redeemable shares during the period	-	(5,798,113)
Transactions with holders of redeemable shares	-	(5,159,161)
Increase in net assets attributable to holders of redeemable shares	<b>1,380,779</b>	<b>1,093,714</b>
Net assets as at the end of the period attributable to holders of redeemable shares	<b>9,697,487</b>	<b>20,108,437</b>

The accompanying notes are an integral part of these financial statements.

# ALPHA QUEST FUNDS SICAV p.l.c.

## Statement of Changes in Equity For the period ended 30 June 2019

	Share Capital 30.06.19 EUR	Retained earnings 30.06.19 EUR	Total 30.06.19 EUR
Balance as at the beginning of the period	1,100	-	1,100
<b>Transaction with owners</b>			
Dividends declared to 'A' Class Shareholders	-	-	-
<b>Comprehensive income</b>			
Profit for the period	-	263,458	263,458
<b>Balance as at the end of the period</b>	<b>1,100</b>	<b>263,458</b>	<b>264,558</b>

	Share Capital 30.06.18 EUR	Retained earnings 30.06.18 EUR	Total 30.06.18 EUR
Balance as at the beginning of the period	1,100	-	1,100
<b>Transaction with owners</b>			
Issue of share capital	-	-	-
<b>Comprehensive income</b>			
Profit for the period	-	-	-
Dividends declared	-	-	-
<b>Balance as at the end of the period</b>	<b>1,100</b>	<b>-</b>	<b>1,100</b>

The accompanying notes are an integral part of these financial statements.

# ALPHA QUEST FUNDS SICAV p.l.c.

## Statement of Cash Flows

For the period ended 30 June 2019

	Combined 30.06.19 EUR	Alpha Quest Funds SICAV p.l.c. 30.06.19 EUR	Alpha Quest Balanced Fund 30.06.19 EUR	Alpha Quest Opportunity Fund 30.06.19 EUR
<b>Cash flows from operating activities</b>				
Operating expenses paid	(181,736)	(16,417)	(24,974)	(140,345)
Performance fee and management fee received from sub-funds	134,439	134,439	-	-
Interest received	288,411	4,452	190,664	93,295
Received from government on behalf of sub-funds	-	-	-	-
Net (paid to)/received from sub-funds	3,029,000	3,029,049	(237,780)	237,731
Net received from/(paid to) SICAV	(2,899,879)	-	(3,517,141)	617,262
Purchase of investments and restitution points	(87,956,432)	-	(65,486,843)	(22,469,590)
Loans provided to related parties	609,451	609,451	-	-
Sale of investments and redemption of restitution points	91,767,800	-	70,157,518	21,610,281
<b>Net cash (outflows)/inflows from operating activities</b>	<b>4,791,054</b>	<b>3,760,974</b>	<b>1,081,444</b>	<b>(51,365)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of bonds	-	-	-	-
Interest paid	(882,205)	-	(882,588)	383
Loans due to related parties	(309,558)	-	(311,058)	1,500
Dividends paid to 'A' Class shareholders	(2,801,917)	(2,801,917)	-	-
<b>Net cash inflows(outflows) from financing activities</b>	<b>(3,993,679)</b>	<b>(2,801,917)</b>	<b>(1,193,645)</b>	<b>1,883</b>
Net increase in cash and cash equivalents	797,374	959,057	(112,201)	(49,482)
Cash and cash equivalents at beginning of period	-	897,711	720,435	380,479
Effect of exchange rate fluctuations in cash and cash equivalents	(57,279)	2,036	(29,757)	(29,559)
<b>Cash and cash equivalents at end of period</b>	<b>740,095</b>	<b>1,858,804</b>	<b>578,477</b>	<b>301,438</b>

# ALPHA QUEST FUNDS SICAV p.l.c.

## Statement of Cash Flows (continued)

For the period ended 30 June 2019

	Combined 30.06.18 EUR	Alpha Quest Funds SICAV p.l.c. 30.06.18 EUR	Alpha Quest Balanced Fund 30.06.18 EUR	Alpha Quest Opportunity Fund 30.06.18 EUR
Cash flows from operating activities				
Operating expenses paid	(887,995)	-	(563,299)	(324,696)
Received from SICAV	472,053	-	-	472,053
Paid for other sub fund & SICAV	-	-	-	-
Purchase of investments	(32,046,462)	-	(14,873,005)	(17,173,457)
Sale of investments	12,308,204	-	3,857,551	8,450,653
Net cash (outflows)/inflows from operating activities	(20,154,200)	-	(11,578,753)	(8,575,447)
Cash flows from financing activities				
Redemption paid	-			(5,750,588)
Proceeds from issue of bonds	7,839,149	-	7,839,149	-
Loan Issued			(1,153,113)	
Interest paid	(12,590)	-	(12,590)	-
Amounts received on subscription of shares	1,531,436	-	940,169	591,267
Dividend paid				
Net cash inflows from financing activities	9,357,995	-	7,613,615	(5,159,321)
Net increase in cash and cash equivalents	(17,699,906)	-	(3,965,138)	(13,734,768)
Cash and cash equivalents at beginning of period	16,129,453	772,174	1,221,304	14,135,975
Effect of exchange rate fluctuations in cash and cash equivalents	68,211		34,671	33,540
Cash and cash equivalents at end of period	(1,502,242)	772,174	(2,709,163)	434,747

The accompanying notes are an integral part of these financial statements.

# ALPHA QUEST FUNDS SICAV p.l.c.

## Notes to the financial statements

For the period ended 30 June 2019

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### 1 Reporting entity

Alpha Quest Funds SICAV p.l.c. (the "Company") is organized under the laws of Malta as an investment company with variable share capital (SICAV) incorporated in accordance with the terms of the Companies Act, 1995 (Chapter 386, Laws of Malta) on 28 November 2016, with registration number SV430. The Company is licensed and regulated by the Malta Financial Services Authority ("MFSA") under the Investment Services Act (Chapter 370, Laws of Malta) as a Professional Investor Fund which targets Qualifying Investors as set out in the relevant Offering Supplement.

As at reporting date, the Company has constituted two sub-funds, the Alpha Quest Balanced Fund and the Alpha Quest Opportunity Fund (the "Sub-funds"), which were both licensed on 30 November 2016. The Sub-funds are not separate legal entities. Alpha Quest Balanced Fund has issued bonds (see note 13) which are listed on Prague Stock Exchange.

Collectively, the Company and the Sub-funds are referred to as the "Fund".

### 2 Basis of preparation

#### 2.1 Statement of compliance

These financial statements have been prepared and presented in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") (the "applicable framework"). All references in these financial statements to IAS, IFRS or SIC/IFRIC interpretations refer to those adopted by the EU.

Financial information of the Sub-funds is reported along with financial information of the Company in form of financial statements. "Combined" means that financial information of the Company and each Sub-fund stated separately is added together in another column of the combined financial statements and all intra-fund transactions and balances are not eliminated.

#### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for financial instruments at fair value through profit or loss, which are measured at their fair value.

#### 2.3 New standards and interpretations

The Fund has initially applied IFRS 9 Financial Instruments from 1 January 2018. As a result of the adoption of IFRS 9, the Fund has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require:

- impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. Under IAS 39, impairment was recognised when losses were incurred. The Fund did not previously report any incurred losses; and

- separate presentation in the statement of comprehensive income of interest revenue calculated using the effective interest method.

Additionally, the Fund has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures, which are applied to disclosures in 2018 but have not generally been applied to comparative information.

The adoption of IFRS 9 had no material impact on the net assets attributable to holders of redeemable shares of the Fund or on the equity of the Company.

#### i. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

## Notes to the financial statements

For the period ended 30 June 2019

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### 2 Basis of preparation (continued)

#### 2.3 New standards and interpretations (continued)

##### i. Classification and measurement of financial assets and financial liabilities (continued)

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Fund's accounting policies related to financial liabilities.

The accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets and financial liabilities as at 1 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

##### ii. Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The Fund has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an impairment which is considered immaterial.

##### iii. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- Comparative periods have not generally been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to holders of redeemable shares as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9, but rather those of IAS 39.

- The Fund has used the exemption not to restate comparative periods but considering that the amendments made by IFRS 9 to IAS 1 introduced the requirement to present 'interest income calculated using the effective interest rate' as a separate line item in the statement of comprehensive income, the Fund has reclassified comparative interest income on financial instruments designated as at FVTPL to 'net income from financial instruments at FVTPL' and changed the description of the line item from 'interest income' reported in 2017 to 'interest income calculated using the effective interest method'.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The revocation of previous designations of certain financial assets as measured at FVTPL.

#### 2.4 Functional and presentation currency

The financial statements are presented in Euro (EUR), which is the functional currency of the Company, rounded to the nearest unit.

#### 2.5 Use of assumptions, estimates and judgements

The preparation of financial statements in conformity with IFRS requires the directors to make judgments, estimates and assumptions that affect both the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.



## Notes to the financial statements

For the period ended 30 June 2019

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### 2 Basis of preparation (continued)

### 2.5 Use of assumptions, estimates and judgements (continued)

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate was revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the opinion of the Directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult to reach, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 *Presentation of Financial Statements*.

### 2.6 New standards and interpretations not yet adopted

The Company did not early adopt new standards, amendments to standards and interpretations which are effective for annual periods beginning after 1 January 2018. None of these are expected to have a significant effect on the financial statements of the Company in the period of initial application.

### 3 Significant accounting policies

The Fund has initially applied IFRS 9 from 1 January 2018. As permitted by the transition provisions of IFRS 9, comparative information throughout these financial statements has not generally been restated to reflect the requirements of the standard. Except for the changes as mentioned in 2.3, the Fund has consistently applied the accounting policies to all periods presented in these financial statements.

### 3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are retranslated to the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the Statement of comprehensive income.

### 3.2 Interest income and interest expense

Interest income comprises interest income on debt instruments. Interest expense comprises interest expense on borrowings. Interest income and interest expense are recognized as they accrue in profit or loss, using the effective interest method.

### 3.3 Fees and commission expenses

Fees and commission expenses are recognised in the statement of comprehensive income as the related services are performed.

### 3.4 Restitution points

Restitution points arise from a statutory right in Romania (as further explained in note 12) and consequently, are not considered to be a financial asset under IAS 32 Financial Instruments: Presentation. These points do not fall within the scope of any specific IFRS. Accordingly, the directors considered the characteristics of the restitution points and concluded that the most relevant accounting treatment accords with IFRS 9 Financial Instruments. The Fund, therefore, accounts for the restitution points in accordance with that standard.

On initial acquisition, the restitution points are recognised at the fair value of the consideration transferred, being the cash compensation paid to the transferor. Subsequently, they are measured at amortised cost, by discounting future cash flows as a basis of applying the principles of the applicable financial reporting framework, in view of:

## Notes to the financial statements

For the period ended 30 June 2019

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### 3 Significant accounting policies (continued)

#### 3.4 Restitution points (continued)

- the characteristics of the assets, and
- the Fund's intention to enjoy the economic benefits from the assets by way of redeeming them through forward claims against the Romanian State (the Fund will be compensated in cash, over a period of five years, in equal tranches of 20% of the total number of points it owns).

In deriving the present value of the cash flows arising from the compensation of the points, the directors determined that the appropriate discount rate is equivalent to the effective interest rate.

Refer also to accounting policy 3.5.

#### 3.5 Financial assets and financial liabilities

##### 3.5.1 Recognition and initial measurement

The Fund initially recognises financial assets and financial liabilities at FVTPL on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

##### 3.5.2 Classification and subsequent measurement

Classification of financial assets – Policy applicable from 1 January 2018

On initial recognition, the Fund classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

All other financial assets of the Fund are measured at FVTPL.

##### *Business model assessment*

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

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Fund has determined that it has two business models:

- Held-to-collect business model: this includes cash and cash equivalents, restitution points and other financial assets. These other financial assets and the Romania Restitution points are held to collect contractual cash flows.

## Notes to the financial statements

For the period ended 30 June 2019

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### 3.5 Financial assets and financial liabilities (continued)

#### 3.5.2 Classification and subsequent measurement (continued)

##### *Business model assessment (continued)*

- Other business model: this includes debt securities and investments in unlisted open-ended investment funds and derivatives. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

##### *Assessment whether contractual cash flows are SPPI*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

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

##### *Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition unless the Fund were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

##### *Classification and subsequent measurement*

The Fund classified financial assets into the following categories.

- Financial assets at FVTPL  
*Designated as at FVTPL:* debt securities and mutual funds
- Financial assets at amortised cost:  
*Loans and receivables:* cash and cash equivalents and receivables.

The Fund designated all debt investments as at FVTPL on initial recognition because it managed these securities on a fair value basis in accordance with its documented investment strategy. Internal reporting and performance measurement of these securities were on a fair value basis.

##### *Financial liabilities – Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

The Fund classified financial liabilities into the following categories.

- Financial liabilities at amortised cost:  
*Bond issued*  
*Other liabilities – other payables.*

## Notes to the financial statements

For the period ended 30 June 2019

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### 3.5.3 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund measures instruments quoted in an active market at a mid price, because this price provides a reasonable approximation of the exit price.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

### 3.5.4 Amortised cost measurement

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

### 3.5.5 Impairment

The Fund recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Fund measures loss allowances at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

The Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Fund considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'. The Fund considers this to be Baa3 by Moody's.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

## Notes to the financial statements

For the period ended 30 June 2019

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### 3.5 Financial assets and financial liabilities (continued)

#### 3.5.5 Impairment (continued)

##### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

##### *Credit-impaired financial assets*

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

##### *Presentation of allowance for ECLs in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

##### *Write-off*

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

#### 3.5.6 Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

The Fund enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

## Notes to the financial statements

For the period ended 30 June 2019

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### 3.5 Financial assets and financial liabilities (continued)

#### 3.5.7 Net gain/loss from financial instruments at fair value through profit or loss

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

Net realised gain/loss from financial instruments at fair value through profit or loss is calculated using the average cost method.

#### 3.5.8 Policy applicable before 1 January 2018

##### *Non-derivative financial assets*

The Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset. Other financial assets and financial liabilities are recognised on the date on which they are originated.

Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value, with transaction costs recognized in profit or loss. Financial assets or financial liabilities not at fair value through profit or loss are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when the Fund has a current legal enforceable right to set off the recognised amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### *Derecognition*

A financial asset (or, where applicable a part of a financial asset) is derecognized where:

- The rights to receive cash flows from the asset have expired; or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Fund derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expires.

##### *Classification*

The Fund classified its financial assets and financial liabilities as mentioned below in accordance with IAS 39.

Financial assets at fair value through profit or loss:

- Designated at fair value through profit or loss upon initial recognition – debt instruments and mutual funds

Financial assets at amortised cost:

- Cash and cash equivalents and receivables.

Cash and cash equivalents comprise cash at bank with a contractual maturity of three months or less.

Financial liabilities at amortised cost:

- Bond issued
- Other liabilities – other payables.

## Notes to the financial statements

For the period ended 30 June 2019

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### 3.5 Financial assets and financial liabilities (continued)

#### 3.5.8 Policy applicable before 1 January 2018

##### *Non-derivative financial liabilities*

The Fund initially recognises debt securities issued and subordinated liabilities on the date that they originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

#### 3.5.9 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL, gains and losses from restitution points, and foreign exchange gains and losses.

### 3.6 Redeemable shares

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Sub-funds issue redeemable shares on every dealing day defined as 31 December of each year, which are redeemable at the holder's option on every dealing day as defined above. Such shares are classified as financial liabilities. Redeemable shares can be put back to the Subfunds at any time for cash equal to a proportionate share of the Sub-funds' net asset value attributable to the share class. The redeemable shares are carried at the redemption amount that is payable at the statement of financial position date if the holder exercises the right to put the share back to the Sub-funds.

Redeemable shares are issued and redeemed at the holder's option at prices based on the Sub-funds' net asset value per share at the time of issue or redemption. The Sub-funds' net asset value per share is calculated by dividing the net assets attributable to the holders of each redeemable share with the total number of outstanding redeemable shares. In accordance with the provisions of the Sub-funds' regulations, investment positions are valued annually on 31 December based on the latest available dealing price for the purpose of determining the net asset value per share for subscriptions and redemptions.

### 3.8 Taxation

In terms of current Maltese fiscal legislation, collective investment schemes are classified as either 'prescribed' or 'non-prescribed' funds for income tax purposes. A collective investment scheme which declares that the value of its assets situated in Malta is less than eighty-five per cent of the value of its total assets is treated as a non-prescribed fund. On this basis, the Company qualifies as a non-prescribed fund for Maltese income tax purposes.

Accordingly, the Company should not be subject to Maltese income tax in respect of the income or gain derived by it, except in respect of any income from immovable property situated in Malta, if any. Capital gains, dividends, interest and any other income from foreign investments held by the Company may nonetheless be subject to tax imposed by the country of origin concerned and any such taxes may not be recoverable by the Company or by the members under Maltese domestic tax law. The sub-funds are not a legal personality, so taxation is applied on the Company, which includes also the sub-funds.

# ALPHA QUEST FUNDS SICAV p.l.c.

## Notes to the financial statements

For the period ended 30 June 2019

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### 3 Significant accounting policies (Continued)

#### 3.8 Taxation (Continued)

##### *Members resident in Malta*

Capital gains realised by Maltese resident investors on the redemption, liquidation or cancellation of units may be subject to a 15% withholding tax. However, the Maltese resident investors may request the Company not to effect the deduction of the said 15% withholding tax in which case the investor would be required to declare the gains in his income tax return and will be subject to tax at the normal rates of taxes.

##### *Members not resident in Malta*

Any gains accruing to members not resident in Malta upon the transfer of shares (including a redemption) or upon a distribution on a winding-up of the Company should not be subject to tax in Malta subject to certain conditions being satisfied.

The transfer of shares (including a redemption) and any distribution on a winding-up of the Company may result in a tax liability for the non-Maltese members according to the tax regime applicable in their respective countries of incorporation, establishment, residence, citizenship, nationality, domicile, or other relevant jurisdiction.

### 4 Format of the financial statements

In terms of Section 3(3) of the Third Schedule of the Companies Act, 1995 (Chapter 386, Laws of Malta) the layout, nomenclature and terminology of the items in these unaudited financial statements were adapted to the special nature of the Company. The profit and loss is referred to as the Statement of Comprehensive Income.

### 5 Cash and cash equivalents

Cash and cash equivalents as disclosed in the Statement of Cash Flows comprise cash at bank as follows:

In EUR	30.06.2019	31.12.2018
Alpha Quest Fund SICAV p.l.c.	1,858,804	897,711
Alpha Quest Balanced Fund	578,478	720,435
Alpha Quest Opportunity Fund	301,438	380,479

### 6 Share capital

The Company's share capital is represented by the Founder Shares. The Founder shares were issued at EUR 1 each and carry the right to one vote each and shall be the only share classes in the Company carrying voting rights.

As at period end, the Company had EUR 1,100 issued share capital comprising of 1,100 fully paid-up shares being subscribed as follows:

- Joseph Xuereb	1,000 Voting Founder shares.
- Fraternity Capital	50 'A' Ordinary shares
- Ovidiu Fer	50 'A' Ordinary shares

The total amount of distributions on Founder Shares and "A" Ordinary Shares shall be an amount not exceeding the aggregate of the Management Fee and Performance Fee due under the terms of the Offering Supplement.

### 7 Redeemable shares

Redeemable shares outstanding are represented by "Investor Shares" issued for each of the Sub-funds separately. The Investor shares do not carry any voting rights.

The maximum number of authorised investor shares of the Fund is five billion (5,000,000,000) shares without any nominal value assigned to them, which may be issued as shares of any class representing the Sub-funds.



# ALPHA QUEST FUNDS SICAV p.l.c.

## Notes to the financial statements For the period ended 30 June 2019

### 7 Redeemable shares (continued)

The movement in the Redeemable shares of the Sub-funds as at 30 June 2019 was as follows:

	Alpha Quest Balanced Fund No. of shares	Alpha Quest Opportunity Fund No. of shares
Balance at the beginning of the year	8,067.03	16,129.56
Issue of redeemable shares during the year	-	0.70
Redemption of redeemable shares during the year	-	-
Balance as at 30 June 2019	8,067.03	16,130.26

The movement in the Redeemable shares of the Sub-funds as at 31 December 2018 was as follows:

	Alpha Quest Balanced Fund No. of shares	Alpha Quest Opportunity Fund No. of shares
Balance at the beginning of the year	7,954.47	20,466.07
Issue of redeemable shares during the year	112.56	538.49
Redemption of redeemable shares during the year	-	(4,875.00)
Balance as at 31 December 2018	8,067.03	16,129.56

### 8 Related party balances and transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions.

#### *Identity of related parties*

The Company has a related party relationship with its founder shareholder, with its 'A' class shareholders and the directors Mr. Joseph Xuereb, Mr Frank Chetcuti Dimech and Michal Kosac. Mr. Joseph Xuereb and Michal Kosac are also part of the Investment Committee of the Fund. The Company and the sub-funds have also entered into transactions between themselves during the year.

#### *Related party transactions and balances*

The related party transactions entered during the period 1 January 2019 to 30 June 2019 are mentioned below:

- Alpha Quest Balanced Fund and Alpha Quest Opportunity Fund have paid directors and investment committee fees of EUR 4,425 each (2018: EUR 8,850 each).
- Alpha Quest Balanced Fund incurred Management fees of EUR 264,600 (2018: EUR 439,155), out of which EUR 815,866 (2018: EUR 551,266) is yet to be paid. The Fund also incurred Performance fees of EUR 1,808,708 (2017: EUR 2,692,436) out of which EUR 2,669,066 (2017: EUR 2,838,135) is yet to be paid.
- Alpha Quest Opportunity Fund incurred Management fees of EUR 57,852 (2018: EUR 122,804), out of which EUR 377,084 (2018: EUR 319,231) is yet to be paid. The Fund also incurred Performance fees of EUR 497,361 (2018: EUR 856,331), out of which EUR 1,197,579 (2018: EUR 1,216,522) is yet to be paid.
- Alpha Quest Opportunity Fund has transferred EUR Nil points (2018: RON 16,062,441 equivalent to EUR 3,447,542) to Alpha Quest Balanced Fund in 2019. Alpha Quest Balanced Fund has transferred EUR Nil points (2018: RON 3,543,481) to Alpha Quest Opportunity Fund on in 2019.

# ALPHA QUEST FUNDS SICAV p.l.c.

## Notes to the financial statements

For the period ended 30 June 2019

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### 8 Related party balances and transactions (continued)

- Alpha Quest Balanced Fund subscribed for CZK 118 Million (EUR 3,578,757) (2018: CZK 272 Million equivalent to EUR 10,523,645) in its own bonds and redeemed CZK 239 Million (EUR 9,354,369) (2018: CZK 20 Million equivalent to EUR 773,573) during 2019. The amount outstanding as at 30 June 2019 is CZK 129 Million (EUR 5,080,759). The interest earned on such transaction was CZK 1,041,213 (EUR 40,919).
- Alpha Quest Opportunity Fund subscribed for CZK 178 Million (EUR 6,974,313) (2018: CZK 95 Million equivalent to EUR 3,669,855) bonds in Alpha Quest Balanced Fund and redeemed CZK 110 Million (EUR 4,307,409) (2018: EUR Nil) during 2019. The amount outstanding as at 30 June 2019 is CZK 68 Million (EUR 2,657,628). The interest earned on such transaction was CZK 831,500 (EUR 32,677) (2018: CZK 457,500 equivalent to EUR 17,777).
- In 2017, Alpha Quest Opportunity Fund has subscribed 3,530.47 shares in Alpha Quest Balanced Fund at a value of EUR 4,000,000. Out of this, EUR 940,169 was transferred to Alpha Quest Balanced Fund after 31 December 2017. As at 30 June 2019, these shares are valued at EUR 5,872,054 (2018: EUR 4,978,900).
- For the redemption of restitution points (handled by the SICAV on behalf of the sub-funds), amounts receivable by the sub-funds from SICAV is as below:  
  
Alpha Quest Balanced Fund - EUR 7,231,095 (2018: EUR 3,619,083)  
Alpha Quest Opportunity Fund – EUR Nil (2018: EUR 5,709)  
  
For purchase of restitution points on behalf of the sub-funds by the SICAV, amount payable to SICAV as at 30 June 2019 is as below:  
  
Alpha Quest Balanced Fund - EUR Nil (2018: EUR Nil)  
Alpha Quest Opportunity Fund - EUR 577,254 (2018: EUR Nil)
- For purchase of restitution points between the sub-funds, Alpha Quest Opportunity owes Alpha Quest Balanced Fund the amount of EUR 292,369.
- Introducer fee charged by Fraternity Capital Limited (“A” class shareholder of SICAV) to Balanced Fund amounting to EUR 310,000 and related payable as at 30 June 2019 amounting to EUR 511,058.
- Advisory fee charged by Vlad Nicolae Neacsu (Investment advisor) to Opportunity fund amounting to EUR 100,000 which is still payable as at 30 June 2019.
- Transfer of loans receivable from Astone Group Ltd (which is owned and directed by Michal Kosac, director) by Alpha Quest Balanced Fund amounting to CZK 223,500,000. The amount outstanding including the interest as at 30 June 2019 is CZK 93,596,828 (EUR 3,678,253). Income earned from these transactions is CZK 1,094,839 (EUR 43,026) (see Note 18).
- Transfer of loans receivable from TD Beta s.r.o. by Balanced Fund to the SICAV amounting to CZK 15,426,433 (EUR 599,576) as at 31 December 2018 (see Note 18) . This was fully paid out in 2019.
- Amount advanced to “A” Class shareholder of SICAV and receivable as at 30 June 2019 of Opportunity Fund amounted to EUR 588,883 (2018: EUR 588,883). Amount payable to “A” Class shareholder as at 30 June 2019 by Alpha Quest Balanced Fund amounted to EUR 511,058 (2018: EUR Nil) and by Alpha Quest Opportunity Fund amounted to EUR 1,500 (2018: EUR Nil).
- During the year 2018, Alpha Quest Fund SICAV p.l.c. declared an interim dividend of EUR 4,065,179 to “A” Class shareholders. As at 30 June 2019, the outstanding balance is EUR Nil.

Reference is also to be made to the Statement of Changes in Equity for transactions with founder shareholders and note 6.

## Notes to the financial statements

For the period ended 30 June 2019

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### 9 Financial Risk Review

The Company is established as an investment company with variable share capital (SICAV) which implies that financial instruments are extensively used in the course of its routine business. The type of financial instruments in which the Fund may invest is regulated by its Offering Memorandum and Offering Supplements investments restrictions.

The Company is an investment vehicle designed to specifically achieve different investment objectives through its sub-funds.

#### Investment objective

The investment objective of both Sub-Funds is to achieve capital appreciation primarily through investments in points representing entitlement to immovable property located in Romania with the purpose of redeeming the points so acquired into cash or re-selling the immovable property so acquired. Such investments are derived from indemnification decisions issued by the Romanian Government – National Commission for Real Estate Indemnifications, based on Law no. 165/2013 (“the Romanian Law”) regarding the measures for the completion of the restitution process, in kind or in equivalent, of the properties unlawfully seized during the Romanian communist regime, as subsequently amended.

The Romanian law provides that where restitution in kind to the former owners is not possible, the restitution request is settled by granting compensation in the form of points (hereinafter “Points”), with each point having a value of one Romanian Leu (RON 1). Starting from 1 January 2017, persons obtaining such points may use them in order to acquire immovable property from a National Fund by public auction or, for a period of five (5) years, to redeem them into cash up to a maximum of 20% of the nominal value of Points per annum. There is no time-limit for utilizing Points to acquire immovable property by public auction.

The Points will be acquired on the secondary market from existing owners through a notarial deed executed and registered in Romania.

If Points are redeemed at public auctions, the Sub-fund will not enter into any co-ownership deal and will only acquire individual properties in their entirety. Nonetheless, the objective of the sub-funds is to redeem points for cash. No Points will be acquired from any of the members of the Investment Committee and/ or any related parties to the Company.

The Sub-funds may also invest in government and corporate bonds in developed markets. The Sub-funds may also enter into agreements with third party banks that desire to issue fixed income products linked to the Sub-fund’s underlying assets and issue fixed income securities. The Sub-funds may from time to time invest unutilized cash in bonds and currency swaps. Such investments may be with various entities in various markets or industries and in different geographical locations, without limitation. Depending on market conditions, the Sub-fund may also from time to time invest in cash or money market instruments for liquidity purposes.

The Sub-funds are also exposed to market, credit and liquidity risks. This note presents information about the subfund’s exposure to these risks, the objectives, policies and process for measuring and managing risk and the Fund’s management of capital. Further quantitative disclosures are included throughout these financial statements.

#### 9.1 Market risk

Market risk arises when changes in foreign exchange rates or equity prices affect the positions held by the Fund. The Fund does not regard either interest rate or commodity risks as material in its case. The Fund invests neither in securities that exhibit direct interest rate sensitivity nor in commodities.

# ALPHA QUEST FUNDS SICAV p.l.c.

## Notes to the financial statements

For the period ended 30 June 2019

### 9 Financial Risk Review (continued)

#### 9.1 Market risk (continued)

##### *Price risk*

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

The Sub-funds are not exposed to market price risk arising from their investments in the Romanian restitution points. Alpha Quest Balanced Fund invests in restitution points which are not subject to price risk. Alpha Quest Opportunity Fund invests in restitution points and in Alpha Quest Balanced Fund. The sub-funds also holds bonds and fund investments that are exposed to price risk.

As at 30 June 2019, the fair value of the Bonds, Fund Investments and Equity exposed to price risk were as follows:

	<b>Alpha Quest Balanced Fund 2019 EUR</b>	<b>Alpha Quest Opportunity Fund 2019 EUR</b>	Alpha Quest Balanced Fund 2018 EUR	Alpha Quest Opportunity Fund 2018 EUR
<b>Bond</b>	<b>8,375,494</b>	<b>4,913,032</b>	9,819,530	3,674,900
<b>Fund Investment</b>	-	<b>5,872,054</b>	-	4,978,900
<b>Equity</b>	-	<b>957,518</b>	-	-
	<b>8,375,494</b>	<b>11,742,604</b>	9,819,530	8,653,800

##### *Sensitivity Analysis*

As of 30 June 2019, had prices increased/decreased by 1% with all other variables held constant, the increase/decrease in the net assets attributable to holders of redeemable participating shares would have been EUR (+83,755/-83,755) for Alpha Quest Balanced and EUR (EUR +96,529/-96,529) for Alpha Quest Opportunity Fund.

##### *Currency risk*

The Fund invests in assets, which can be denominated in currencies other than the Euro, its functional currency. The Fund is exposed to risks that the exchange rate of the Euro against other currencies may change in a manner that has an adverse effect on its Net Asset Value.

The Fund's total net exposure to foreign currency exchange rates at the reporting date was as follows:

##### ***All amounts stated in EUR for the Alpha Quest Balanced Fund:***

30 June 2019	Cash and Cash equivalents	Financial Assets at FVTPL/ Restitution points/ Payable	Bonds	Intercompany Balances	Receivable from Government	Total net exposure	5% of exposure
Romania Leu	274,755	41,694,896		11,095,008	-	53,064,659	2,653,233
Czech Koruna	282,624	8,375,494		2,447,931	-	11,106,049	555,302
United States Dollar	337	-		-	-	337	17

# ALPHA QUEST FUNDS SICAV p.l.c.

## Notes to the financial statements

For the period ended 30 June 2019

### 9 Financial Risk Review (continued)

#### 9.1 Market risk (continued)

*Currency risk (continued)*

**All amounts stated in EUR for the Alpha Quest Balanced Fund:**

31 December 2018	Cash and Cash equivalents	Financial Assets at FVTPL/ Restitution points/ Bonds Payable	Intercompany Balances	Receivable from Government	Total net exposure	5% of exposure	of
Romania Leu	87,914	39,282,971	4,137,763	231,408	43,740,056	2,187,003	
Czech Koruna	560,642	(29,160,459)	2,311,640	-	(26,288,177)	(1,314,409)	
United States Dollar	10,797	-	-	-	10,797	540	

**All amounts stated in EUR for the Alpha Quest Opportunity Fund:**

30 June 2019	Cash and Cash equivalents	Financial Assets at FVTPL/ Restitution points/ Bonds Payable	Intercompany Balances	Receivable from Government	Total net exposure	5% of exposure	of
Romania Leu	138,632	13,446,074	8,734,004	-	22,318,710	1,115,935	
Czech Koruna	(2,721,939)	5,870,549	(4,291,508)	-	(1,142,898)	(57,145)	
United States Dollar	2,607	-	-	-	2,607	130	

31 December 2018	Cash and Cash equivalents	Financial Assets at FVTPL/ Restitution points	Intercompany Balances	Receivable from Government	Total net exposure	5% of exposure	of
Romanian Leu	137,980	13,215,520	6,981,330	251,053	20,585,883	1,029,294	
Czech Koruna	2,534,173	1,343,576	(4,243,315)	-	(365,566)	(18,278)	

**All amounts stated in EUR for the Alpha Quest Fund S.I.C.A.V p.l.c.:**

30 June 2019	Cash and Cash equivalents	Loans and interest receivable	Intercompany Balances	Total net exposure	5% of exposure	of
Romanian Leu	661,908	-	(19,829,305)	(19,167,397)	(958,370)	
Czech Koruna	616,826	-	1,843,577	2,460,403	123,020	
31 December 2018	Cash and Cash equivalents	Loans and interest receivable	Intercompany Balances	Total net exposure	5% of exposure	of
Romanian Leu	114,530	-	(11,119,092)	(11,004,562)	(550,228)	
Czech Koruna	202,560	604,943	1,931,675	2,739,178	136,959	

As at 30 June 2019 and 31 December 2018, should foreign exchange rates been 5% higher/(lower) against the Euro, with all other relevant variables held constant, the increase/(decrease) in net assets attributable to redeemable participating shareholders and in the equity for Founder shareholders for the year would have been as calculated in the above table.

## Notes to the financial statements

For the period ended 30 June 2019

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### 9 Financial Risk Review (continued)

#### 9.2 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from debt securities held, and also from cash and cash equivalents and receivables. For risk management reporting purposes, the Fund considers and aggregates all elements of credit risk exposure (such as individual obligor default risk, country risk and sector risk).

The Fund's policy over credit risk is largely concentrated within the Government of Romania which is perceived as having a very low risk of default. Credit risk is monitored on a quarterly basis by the Board of Directors and Investment Committee in accordance with the policies and procedures in place. The Fund's activities may give rise to settlement risk. 'Settlement risk' is the risk of loss due to the failure of mainly the Government of Romania ability to honour its obligations to deliver cash as contractually and legally agreed upon.

#### Restitution points

The Fund is the holder of uncontested and liquid claims against the Romanian State, in the amounts expressly provided within the Restitution Certificates and Decisions of Compensation. The Romanian law establishes deadlines for local entities to approve or reject claims for compensation. The legislation also establishes penalties for violation of the legislation including failure to meet compensation deadlines. The Sub-fund monitors on a regular basis amendments on the legislation governing the compensation process.

#### Cash and cash equivalents

The cash and cash equivalents of the Sub-Funds are held with J&T Banka and Raiffeisen Romania Bank. The credit rating for Raiffeisen Romania Bank is Baa3 by Moody's whereas J&T Banka is not rated by a credit rating agency.

#### 9.2.1 Amounts arising from ECL

Impairment on cash and cash equivalents and balances due from sub funds have been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Fund considers that these exposures have low credit risk based on the external credit ratings of the counterparties.

The Fund monitors changes in credit risk on these exposures by tracking published external credit ratings of the counterparties. On initial application of IFRS 9 as at 1 January 2018, the Fund did not recognise an impairment allowance nor did this condition change during the year ending 31 December 2018 as such impairment was considered to be immaterial.

The Fund acquires Restitution points at a discount and values the asset at amortised cost. The Board of Directors monitors each and every contract with the Romanian Government to ensure that the 20% annual restitution is paid on time. To this date, all restitution points have been received on and when due, and successfully cashed by the Fund. The Fund continues to consider the Government of Romania as having "extremely low credit risk" at the reporting date of these financial statements.

#### 9.3 Liquidity risk

Liquidity risk arises when the Company or the sub-funds encounter difficulty due to an inability to sell any of its investments quickly at close to fair value.

The Fund's liquidity position is monitored on a regular basis. Redeemable shares are redeemed on demand at the holder's option provided that the redemption request is received by the respective Sub-fund three business days before the relevant dealing day, and if accepted by the Fund, they will be dealt on every dealing day which is defined as 31 December of each year.

## Notes to the financial statements

For the period ended 30 June 2019

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### 9 Financial Risk Review (continued)

#### 9.3 Liquidity risk (continued)

The Directors may limit the total number of the Investor shares, which may be redeemed on any dealing day to 10% of the outstanding Investor shares in a Fund. In the event that such a limit is reached at any point during a dealing day, the directors may defer any further redemption instruction received during that dealing day, to such time as the total number of redemption applications received on that dealing day is re-established at less than 10% of the outstanding Investor Shares in the Fund.

The balance of such Investor Shares that are not redeemed on that dealing day because of the limit established above will be redeemed on the next dealing day, subject to the directors' same power of deferral until the original redemption instruction have been satisfied. Redemption requests which are deferred to the following dealing day will be given priority over any redemption requests received in relation to the said dealing day.

#### Alpha Quest Balanced Fund

On 22 December 2016, the Sub-Fund offered a private placement bond of CZK 500 million. In 2016, the Sub-Fund issued CZK 460 million, out of which CZK 160 million (EUR 5,921,320) were subscribed by Alpha Quest Opportunity Fund. Alpha Quest Opportunity sold these bonds to third parties during the period and there was no balance outstanding at the end of 2017. On 27 December 2017, the Sub-Fund further offered and issued CZK 340 million bonds. On 8 January 2018, the Sub-Fund further offered and issued CZK 200 million bonds. The bonds' maturity date is on 22 December 2021 with fixed annual coupons of 4.5%.

The Sub-Fund is the owner of Romanian Restitution Certificates ("points") issued by the Romanian State. In January 2017, Romania started the pay-out of the par value of points (1 point = 1 RON) in five annual payments (20% of the par value each year, i.e. 0.20 RON per point). Proceeds of the payments made by the State will be used to satisfy the coupon payments required to be made by the issuer.

#### Alpha Quest Opportunity Fund

Alpha Quest Opportunity is also the holder of restitution points. The Fund's liquidity position is monitored on a regular basis as mentioned in the above paragraph.

All other liabilities of the Sub-funds are due within less than one year.

### 10 Fair value information

#### *Fair value hierarchy*

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

# ALPHA QUEST FUNDS SICAV p.l.c.

## Notes to the financial statements

For the period ended 30 June 2019

### 10 Fair value information (continued)

*Fair value hierarchy (continued)*

#### 30 June 2019

Sub-Funds	Currency	Equities	Collective investment schemes	Bonds held	Level 1	Level 2	Level 3
Alpha Quest Balanced Fund	EUR	-	-	8,375,494	8,375,494	-	-
Alpha Quest Opportunity Fund	EUR	957,518	5,872,054	4,913,032	5,870,550	5,872,054	-

The fair values of other financial assets and liabilities approximates their respective carrying amount.

31 December 2018

Sub-Funds	Currency	Collective investment schemes	Bonds held	Level 1	Level 2	Level 3
Alpha Quest Balanced Fund	EUR	-	9,819,530	9,819,530	-	-
Alpha Quest Opportunity Fund	EUR	4,978,900	3,674,900	3,674,900	4,978,900	-

As at 30 June 2019, the fair value of the bonds issued in Alpha Quest Balanced Fund amounted to EUR 3,908,276,350 (2018: EUR 39,168,448). This value is a level 1 under the fair value hierarchy.

### 11. Financial Assets at fair value through profit or loss

Alpha Quest Balanced Fund invested in bonds which had a value as at 30 June 2019 of EUR 8,375,494 (2018: EUR 9,819,530).

On 28 December 2017, Alpha Quest Opportunity Fund has invested EUR 4 million in Alpha Quest Balanced Fund. Value of these shares as at 30 June 2019 is EUR 5,872,054 (2018: EUR 4,978,900). Alpha Quest Opportunity Fund has also invested in bonds and equities. Value of these bonds and equities as at 30 June 2019 is EUR 5,870,549 (2018: EUR 3,674,900).

### 12. Restitution points

The Restitution Certificates are the result of Law no. 165/2013 passed by the Romanian Parliament on April 2013, whereby it moves to compensation in the form of issuing points that can be used to purchase auctioned property confiscated during the Communist regime or redeemed for cash. The holder of the points must undergo through a restitution process to exchange the points for the earmarked property or through a compensation process if restitution in kind is not possible.

The measurement basis chosen for the valuation of the Restitution Points held by the sub-funds was the discounted value approach, as this was deemed to be the only applicable approach given the characteristics of the assets and the sub-funds' intention to enjoy the economic benefits from the assets by way of redeeming them through forward claims against the Romanian State which will be compensated in cash, over the next five years in equal tranches of 20% of the total number of points it owns. It was also assumed that such claims shall be made at the beginning of each year, no later than 1 February of the respective year with cash received in 180 days after registering the claim with the National Authority for Property Restitution ("ANRP"), under the provisions of the Romanian Law.



## Notes to the financial statements

For the period ended 30 June 2019

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### 12. Restitution points (continued)

To estimate the discounted value of the assets, the discounted cash flow method was applied. To derive the present value of the cash flows arising from the compensation of the points as mentioned above, it was considered that the appropriate discount rate should be effective interest rate.

During the period, the sub-funds has invested in restitution points as stated below:

#### Alpha Quest Balanced fund

Balances outstanding in this sub-fund is as below. The nominal value of outstanding points as on 30 June 2019 is RON 250,070,640 (EUR 52,898,134) (2018: RON 249,741,364 equivalent to EUR 53,642,053). Cost of these points are RON 166,911,816 (EUR 35,307,318) (2018: RON 166,858,716 equivalent to EUR 35,839,654).

#### Alpha Quest Opportunity fund

Balances outstanding in this sub-fund is as below. The nominal value of outstanding points as on 30 June 2019 is RON 85,260,263 (EUR 18,035,339) (2018: RON 89,394,163 equivalent to EUR 19,201,015). Cost of these points are RON 53,991,876 (EUR 11,421,050) (2018: RON 57,211,923 equivalent to EUR 12,288,576).

Based on the assumptions and analysis mentioned above, the discounted value of the Restitution points of Alpha Quest Balanced Fund is estimated at RON 197,108,448 (2018: RON 182,889,726) and for Alpha Quest Opportunity Fund is estimated at RON 63,564,969 (2018: RON 61,527,495) which was then converted into Euro, the base currency of the Fund, applying the exchange rate as at reporting date.

Discounted value of restitution points as at 30 June 2019 is follows:

In EUR	30 June 2019
Alpha Quest Balanced Fund	41,694,895
Alpha Quest Opportunity Fund	13,446,074

Discounted value of restitution points as at 31 December 2018 is follows:

In EUR	31 December 2018
Alpha Quest Balanced Fund	39,282,971
Alpha Quest Opportunity Fund	13,215,520

### 13 Bonds issued

On 22 December 2016, the Alpha Quest Balanced Fund offered, through a public offer, a non-collateralized bond of CZK 500 million. In 2016, the Sub-Fund issued CZK 460 million, out of which CZK 160 million (EUR 5,921,320) were subscribed by the Alpha Quest Opportunity Fund. The subscription of Alpha Quest Opportunity was fully sold during the year 2017 and there was no balance outstanding at the end of 2017. The interest earned by Alpha Quest Opportunity on such transaction was CZK 3,220,750 (EUR 123,331). On 27 December 2017, Alpha Quest Balanced Fund further issued CZK 340 million bonds. In 2018, the Sub-Fund further issued CZK 200 million bonds. The bonds' maturity date is on 22 December 2021 with fixed annual coupons of 4.5%. During 2018, both sub-funds subscribed and sold bonds in Alpha Quest Balanced Fund (see Note 8).

Interest payable on bonds on 30 June 2019 is EUR 1,004,989 (2018: EUR 122,401).

# ALPHA QUEST FUNDS SICAV p.l.c.

## Notes to the financial statements

For the period ended 30 June 2019

### 13 Bonds issued (continued)

The carrying amount of bonds issued as at 30 June 2019 is as follows:

Particulars	2019	2018
	Amount (EUR)	Amount (EUR)
Opening balance	38,979,988	31,358,955
Bonds Issued during the year/period	-	7,211,727
Unrealised exchange rate losses during the year/period	318,919	286,905
Interest payable	1,004,989	122,401
Closing balance	40,303,896	38,979,988

Alpha Quest Opportunity Fund have not issued any Bonds in the year/period ended 31 December 2018.

### 14 Fees and other payables

#### 14.1 Management fees

##### Alpha Quest Balanced Fund

The Company is entitled to receive a management fee of 3.5% per annum of the Sub-fund's net asset value, calculated and paid on annual basis.

The management fees for the year/period amounted to EUR 264,600 (2018: EUR 439,155). The fees due for the reporting year is disclosed in the statement of comprehensive income and the outstanding management fees as at 30 June 2019 amounted to EUR 815,866 (2018: EUR 551,266)

##### Alpha Quest Opportunity Fund

The Company is entitled to receive a management fee of 1.5% per annum of the Sub-fund's net asset value, calculated and paid on annual basis.

The management fees for the year/period amounted to EUR 57,852 (2018: EUR 122,804). The fees due for the reporting year are disclosed in the statement of comprehensive income and the outstanding management fees as at 30 June 2019 amounted to EUR 377,084 (2018: EUR 319,231).

#### 14.2 Performance fees

##### Alpha Quest Balanced Fund

Each holder of Investor Shares will be subject to a Performance Fee payable to the Company in respect of each calculation period. For each Calculation Year, the Performance Fee shall be equal to 50% of the said increase in the NAV per Investor Share (without any accrual for the Performance Fee then under calculation) multiplied by the number of Investor Shares in issue.

The performance fees for the year/period amounted to EUR 1,808,708 (2018: EUR 2,692,436). The fees due for the reporting year is disclosed in the statement of comprehensive income and the outstanding management fees as at 30 June 2019 amounted to EUR 2,669,066 (2018: EUR 2,838,135).

##### Alpha Quest Opportunity Fund

Each holder of Investor Shares will be subject to a Performance Fee payable to the Company in respect of each calculation period. For each Calculation Year, the Performance Fee shall be equal to 25% of the said increase in the NAV per Investor Share (without any accrual for the Performance Fee then under calculation) multiplied by the number of Investor Shares in issue.

# ALPHA QUEST FUNDS SICAV p.l.c.

## Notes to the financial statements

For the period ended 30 June 2019

### 14.2 Performance fees (continued)

#### Alpha Quest Opportunity Fund (continued)

The performance fees for the year/period amounted to EUR 497,361 (2018: EUR 856,331). The fees due for the reporting year is disclosed in the statement of comprehensive income and the outstanding management fees as at 31 December 2018 amounted to EUR 1,197,579 (2018: EUR 1,216,522).

### 14.3 Administration fees

The Administrator, Apex Fund Services (Malta) Limited, is entitled to an administration fee under the terms of an agreement for each Sub-fund of the Company. The Administrator is entitled to receive a minimum fee of €12,000 per annum or the below whichever the greater on each Sub-fund:

NAV size	Administration fee
Up to €100 million	3 bps
Greater than €100 million	2 bps

The administration fees for the year/period for each Sub-fund amounted to EUR 6,000 (2018: EUR 10,500). The fees due for the reporting year/period is disclosed in the statement of comprehensive income and the outstanding administration fees as at 30 June 2019 amounted to EUR Nil (2018: EUR 4,000) for each Sub-fund.

### 14.4 Auditors' Remuneration

Other than the audit fee disclosed in the Statement of comprehensive income, other non-audit services provided by the auditor during the year comprised tax services amounting to EUR 1,168.

### 14.5 Other payables

30 June 2019	Alpha Quest SICAV p.l.c.	Alpha Quest Balanced Fund	Alpha Quest Opportunity Fund
	EUR	EUR	EUR
Annual fee payable	-	-	-
Reporting fee payable	-	3,650	3,650
Taxation expenses payable	-	1,770	1,770
Other payable and accrued expenses	-	4,977,777	638,659
	-	4,983,197	644,079

31 December 2018	Alpha Quest SICAV p.l.c.	Alpha Quest Balanced Fund	Alpha Quest Opportunity Fund
	EUR	EUR	EUR
Annual fee payable	-	1,500	1,500
Reporting fee payable	-	4,285	4,285
Taxation expenses payable	-	1,180	1,180
Other payable and accrued expenses	-	11,732	24,199
	-	18,697	31,164

# ALPHA QUEST FUNDS SICAV p.l.c.

## Notes to the financial statements

For the period ended 30 June 2019

### 15 Interest income

Interest income of Alpha Quest Opportunity Fund consists of interest earned on bonds and loans. Total interest income is EUR 119,514 (2018: EUR 62,443). Interest income of Alpha Quest Balanced Fund consists of interest earned on bonds, loans and bank deposits. Total interest income is EUR 213,103 (2018: EUR 183,691). Interest income of Alpha Quest Funds SICAV plc consists of interest earned on loans. Total interest is EUR 4,452 (2018: EUR 5,514).

### 16 Interest expense

Interest expense is incurred on bonds issued by Alpha Quest Balanced Fund (see note 13) and amounted to EUR 881,197 (2018: EUR 1,735,198) for the period.

Interest expense incurred by Alpha Quest Opportunity Fund amounted to EUR 383 (2018: EUR Nil) for the period.

### 17 Other operating expenses

30 June 2019	Alpha Quest SICAV p.l.c. EUR	Alpha Quest Balanced Fund EUR	Alpha Quest Opportunity Fund EUR
Annual financial statements fee	-	500	500
Advisory fees	-	25,685	-
Bank charges	293	260	503
Broker charges	630	86,661	56,032
Taxation expense	-	1,183	1,183
Legal fee	-	1,474	1,474
Commission and other charges	-	4,154	4,412
Other expenses	-	3,489	204,796
	923	123,406	268,900

31 December 2018	Alpha Quest SICAV p.l.c. EUR	Alpha Quest Balanced Fund EUR	Alpha Quest Opportunity Fund EUR
Annual financial statements fee	-	7,490	7,750
Advisory fees	-	-	53,540
Bank charges	296	1,410	3,261
Broker charges	6	104,675	37,179
Reporting fee	-	6,458	3,450
Taxation expense	-	180	180
Legal fee	-	52,545	50,205
Placement fee	-	371,552	-
Commission and other charges	-	18,369	78,850
Other expenses	7,114	6,011	7,678
	7,416	568,690	242,093

### 18 Loans and interest receivable

On 10 January 2019, Alpha Quest Balanced Fund purchased a debentures of CZK 80 Million from Astone Group Ltd with an interest of 5% per annum and maturing on 10 January 2020. The Fund purchased another two debentures on the 13 May and 14 May 2019, CZK 41,500,000 and CZK 102,000,000 with and interest of 5% per annum and maturing on 13 May and 14 May 2020. The loans and interest receivable as at 30 June 2019 amounted to EUR 3,678,253. The interest receivable on bonds as at 30 June 2019 amounted to EUR 165,132.

The interest receivable on bonds as at 30 June 2019 for Alpha Quest Opportunity Fund amounted to EUR 157,772.

### 19 Subsequent events

There are no subsequent events that could have a significant effect on the financial statements as at 30 June 2019.