

**Annual report including audited financial statements
as at 31st December 2019**

FIMARGE FUND

A mutual fund (Fonds Commun de Placement)
under the laws of the Grand Duchy of Luxembourg

R.C.S. Luxembourg K1867

Management Company: KREDIETRUST LUXEMBOURG S.A.
R.C.S. Luxembourg B65896

No subscription can be received on the basis of this financial report. Subscriptions are only valid if made on the basis of the current prospectus and the key investor information document ("KIID") supplemented by the latest annual report including audited financial statements and the most recent semi-annual report, if published thereafter.

FIMARGE FUND

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FIMARGE FUND

Organisation

Management Company

KREDIETRUST LUXEMBOURG S.A.
88, Grand-Rue
L-1660 LUXEMBOURG
(since 1st October 2019)

11, Rue Aldringen
L-2960 LUXEMBOURG
(until 30th September 2019)

Board of Directors of the Management Company

Chairman

Vincent DECALF

Directors

Olivier de JAMBLINNE de MEUX

Managing Director

Stefan VAN GEYT

Conducting officers of the Management Company

Aurélien BARON
Kristel COOLS
Stefan VAN GEYT

Administration Agent and Registrar and Transfer Agent

KREDIETRUST LUXEMBOURG S.A.
88, Grand-Rue
L-1660 LUXEMBOURG
(since 1st October 2019)

11, Rue Aldringen
L-2960 LUXEMBOURG
(until 30th September 2019)

Delegated Administration Agent and Registrar and Transfer Agent

EUROPEAN FUND ADMINISTRATION
2, Rue d'Alsace
L-1122 LUXEMBOURG

Investment Manager

FIRMAGE, SOCIETAT FINANCERA D'INVERSIO
Bonaventura Armengol n°10,
Bàtiment 1, 5ème étage
AD500 ANDORRA LA VELLA
ANDORRA
(since 15th July 2019)

FIA ASSET MANAGEMENT S.A.
9, Rue Schiller
L-2519 LUXEMBOURG
(until 15th July 2019)

FIMARGE FUND

Organisation (continued)

Investment Advisor

FIMARGE, SOCIETAT FINANCERA D'INVERSIO, S.A.
Bonaventura Armengol n°10,
Bâtiment 1, 5ème étage
AD500 ANDORRA LA VELLA
ANDORRA
(until 15th July 2019)

Depositary and Paying Agent

QUINTET PRIVATE BANK (EUROPE) S.A
(formerly KBL EUROPEAN PRIVATE BANKERS S.A.)
43, Boulevard Royal
L-2955 LUXEMBOURG

Cabinet de révision agréé

KPMG Luxembourg, Société coopérative
39, Avenue John F. Kennedy
L-1855 LUXEMBOURG

FIMARGE FUND

Report on activities of the Board of Directors of the Management Company

2019 Investment Manager Report

For the year ended 31st December 2019, FIMARGE FUND BALANCED PORTFOLIO CLASS A, returned 7.1% and CLASS I 7.7%. The fund volatility in the same period was 3.8%.

At the end of the year the fund was invested in the following assets: 29,4% in equities, 43,5% in bonds, 9,9% in UCITS Fixed Income Funds, and the remaining was cash or cash equivalents. The fund closes the year with a 69% exposure to EUR, 13% to USD, 5% to GBP and the rest to Norwegian krone, Canadian dollar, swiss franc and Danish krone.

In 2019 Global financial markets have surprised most of us. They have retained their good performance and risk-on mode into the end of the year. It's been another year of good returns in fixed income and equity. The macro fears of 2018 have melted away. Trade wars, no Brexit deal, recession have not been a problem to reach new equity highs. The continuation of the earnings growth and the expansive monetary and fiscal policies have been the catalyst for a robust bull market.

Top ten holdings

The ten holdings with higher exposure in the fund are mainly bonds and equity: a US Treasury bond maturing in July 2020 with a 11.3% exposure, a Norwegian Government 2021 and a UK Treasury 2020 weighting 5.2% and 5.0% respectively. Among the principal positions in equities Barrick Gold, Alphabet and Johnson & Johnson weigh 2%, 1.6% and 1.6% respectively. Followed by Cameco and Anheuser-Busch with 1.5% and 1.4%. Gestamp 2023 and Grifols 2025 in euros are the first corporate positions with a 1.5% each one.

Portfolio Trades:

Equity:

We began the year exposed to equities because we decided not to overreact to the fed tightening and the correction of the market. During the year we maintained our exposure at maximum and new ideas emerged. Our objective was to be invested in companies of recurrent earnings, good margins, low debt and high returns on capital employed and structural growth. In that sense, we bought Halma, Microsoft, Premium Brands, Avon Rubber, Neurones, Victrex and Rotork. We sold 3M, Colgate, Econocom, Halma, Ingenico, Coca Cola European partners, Intertek, Inditex, Kone, Nomad Foods, Pepsico, Newmont Mining, Savencia and Forbo and reduced our exposure in Novo Nordisk, Reckit Benckisser, Atlas Copco, Microsoft and Navigator.

When we sold these stocks or reduced exposure is because they have reached our fundamental value. Next year we want to keep being exposed mainly in quality stocks, which we think could lead the year 2020 equity performance. However, we have begun to have a minimum exposure to more cyclical equities like Navigator, Gestamp.

Bonds:

We have kept investing in a corporate bond portfolio of issuers we think are improving their credit metrics (interest cover, free cash flow, net debt/ Ebitda) in order to get some price gains as a good carry.

As we wanted less overall corporate credit exposure, we took some profits, improved the quality of our credit portfolio and waited for a better opportunity to come back to corporate credit space.

We reduced our positions in Nomad Foods 2024, Netflix 3.625% 2027, Caixabank 3.5% 2027, Mapfre 4.375% 2047, Liberbank 6.875% 2027, Santander 6.25%, Grifols 3.2% 2025 and Teva 1.125 2024. On top of that, we have decided to sell Burger King France 6% 2024, Schaeffler 4.75% 2023, Aryzta 4.55 Perp, Vedanta 6.375% 2022, Aston Martin 5.75% 2022, Eurofins Scientific 3.25 Perp and Eurofins Scientific 3.375% 2023.

We increased our government exposure buying during the year exposure to US Treasury 1.625% 2020, Canadian Government 0.75% 2021, Swedish Government 3.5% 2022, US treasury 1.375% 2023 and Mexican Government 6.5% 2022.

Also, we bought exposure to Schaeffler 3.25% 2025, Anheuser- Busch Float 2024, Verisure 3.5% 2023, Tullow oil 6.25% 2022, Bankia 1% 2024 and Dometic 3% 2023. Finally, we decided to increase

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Report on activities of the Board of Directors of the Management Company (continued)

our exposure to emerging debt through Pictet local Emerging debt once we have reduced our exposure to Pictet Global emerging debt. We wanted to be more exposed to local currency debt in order to get a higher carry and a potential appreciation of its currencies.

Perspective

We began the year thinking that the evolution of the equity prices in 2020 will have more way to run and we did see no evidence of the global economy at risk of a recession any time soon. The reason was inflation remains very muted and the economy could continue to grow in an easing monetary environment. Unfortunately, we are now more concerned about the economic cycle because of the virus outbreak. We are seeing how companies are facing challenges as a result of it. Equity markets are correcting, and turbulence have appeared. We must be prepared to this new scenario of drop in business activity, supply chain disruptions and more unknowns. As days pass by it seems it's going to take even longer for the global economy to recover its footing. If this scenario gets worse, we will have to adapt to change, improving the quality of our portfolio.

On the other hand, we don't see a compelling fixed income investment case. Rates are too low in euros and in usd and corporates are near historic low spreads. It's true growth and inflation are not building momentum but the carry we can get is too low to take the duration risk. However, we retain a structural constructive view on emerging debt. We find a more compelling opportunity there as local emerging rates are still offering positive real rates and the potential appreciation of their currencies.

Luxembourg, 10th April 2020

The Board of Directors of the Management Company

Note: The information in this report represents historical data and is not an indication of future results.



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To the Unitholders of
Fimarge Fund
88, Grand-Rue
L-1660 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Fimarge Fund (the "Fund"), which comprise the statement of net assets and the statement of investments and other net assets as at 31 December 2019 and the statement of operations and other changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Fimarge Fund as at 31 December 2019 and of the result of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for opinion

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

Other information

The Board of Directors of the Fund's Management Company is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our report of "Réviseur d'Entreprises agréé" thereon.

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

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



Responsibilities of the Board of Directors of the Fund's Management Company for the financial statements

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

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

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the financial statements

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

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

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

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

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

Luxembourg, 23 April 2020

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé



L. Carême
Associate Partner

FIMARGE FUND - FIMARGE BALANCED PORTFOLIO FUND

Statement of net assets (in EUR)

as at 31st December 2019

Assets

Securities portfolio at market value	57,534,647.46
Cash at banks	11,864,281.23
Formation expenses, net	16,414.64
Income receivable on portfolio	339,456.62
Unrealised gain on forward foreign exchange contracts	24,746.69
Prepaid expenses	95.44
Total assets	69,779,642.08

Liabilities

Bank overdrafts	313.81
Expenses payable	261,669.36
Total liabilities	261,983.17
Net assets at the end of the year	69,517,658.91

Breakdown of net assets per unit class

Unit class	Number of units	Currency of unit class	NAV per unit in currency of unit class	Net assets per unit class (in EUR)
A	237,285.75	EUR	99.62	23,638,974.58
I	457,689.95	EUR	100.24	45,878,684.33
				69,517,658.91

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

FIMARGE FUND - FIMARGE BALANCED PORTFOLIO FUND

Statement of operations and other changes in net assets (in EUR)

from 1st January 2019 to 31st December 2019

Income

Dividends, net	299,413.85
Interest on bonds and other debt securities, net	968,493.25
Other commissions received	1,725.45
Total income	1,269,632.55

Expenses

Management fees	826,767.80
Depository fees	30,385.98
Banking charges and other fees	12,117.77
Transaction fees	42,011.51
Central administration costs	51,115.64
Professional fees	23,692.50
Other administration costs	46,945.96
Subscription duty ("taxe d'abonnement")	14,488.60
Bank interest paid	43,407.31
Other expenses	21,622.72
Total expenses	1,112,555.79

Net investment income	157,076.76
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Net realised gain/(loss)

- on securities portfolio	754,775.26
- on forward foreign exchange contracts	-315,079.86
- on foreign exchange	16,504.62

Realised result	613,276.78
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Net variation of the unrealised gain/(loss)

- on securities portfolio	4,028,207.78
- on forward foreign exchange contracts	1,385.24

Result of operations	4,642,869.80
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Subscriptions	10,135,172.39
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Redemptions	-5,315,761.71
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Total changes in net assets	9,462,280.48
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Total net assets at the beginning of the year	60,055,378.43
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Total net assets at the end of the year	69,517,658.91
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The accompanying notes are an integral part of these financial statements.

FIMARGE FUND - FIMARGE BALANCED PORTFOLIO FUND

Statistical information (in EUR)

as at 31st December 2019

Total net assets	Currency	31.12.2018	31.12.2019
	EUR	60,055,378.43	69,517,658.91

Net asset value per unit	Currency	31.12.2018	31.12.2019
A	EUR	93.03	99.62
I	EUR	93.06	100.24

Number of units	outstanding at the beginning of the year	issued	redeemed	outstanding at the end of the year
A	241,067.00	38,506.75	-42,288.00	237,285.75
I	404,353.70	66,388.07	-13,051.82	457,689.95

FIMARGE FUND - FIMARGE BALANCED PORTFOLIO FUND

Statement of investments and other net assets (in EUR)

as at 31st December 2019

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
Investments in securities					
Transferable securities admitted to an official stock exchange listing					
Shares					
CAD	83,934	Barrick Gold Corp	1,022,412.32	1,390,684.89	2.00
CAD	11,437	Premium Brands Hgs Corp Reg	598,809.37	714,621.51	1.03
			1,621,221.69	2,105,306.40	3.03
CHF	295,075	Aryzta Ltd	434,376.80	293,869.97	0.42
CHF	3,970	Kardex AG Reg	536,694.09	595,626.00	0.86
			971,070.89	889,495.97	1.28
DKK	13,767	Novo Nordisk AS B	583,780.19	712,307.05	1.03
EUR	10,231	Amadeus IT Group SA A	636,442.75	744,816.80	1.07
EUR	13,256	Anheuser-Busch InBev SA	875,322.13	963,843.76	1.39
EUR	61,335	Applus Services SA	688,891.28	699,219.00	1.01
EUR	31,659	Corticeira Amorim SGPS SA Reg	307,357.25	357,746.70	0.52
EUR	28,632	Freenet AG Reg	577,017.32	585,238.08	0.84
EUR	174,206	Gestamp Automocion Bearer	745,580.69	746,646.92	1.07
EUR	37,982	Grifols SA B B	663,218.78	790,025.60	1.14
EUR	16,460	Groupe Guillin SA	377,609.70	267,639.60	0.39
EUR	8,026	Henkel AG & Co KGaA Pref	788,925.90	739,997.20	1.06
EUR	194,247	Navigator (The) Co SA Reg	638,995.76	696,958.24	1.00
EUR	24,869	Neuronas	538,017.15	512,301.40	0.74
EUR	5,303	Vetoquinol SA	317,146.40	341,513.20	0.49
EUR	12,233	Viscofan SA	594,146.23	576,174.30	0.83
			7,748,671.34	8,022,120.80	11.55
GBP	29,446	Avon Rubber Plc	461,943.07	726,259.74	1.05
GBP	64,825	Howden Joinery Group Plc	321,176.63	514,539.55	0.74
GBP	11,518	Reckitt Benckiser Group Plc	804,880.85	833,078.78	1.20
GBP	98,654	Rotork Plc	344,836.17	390,012.82	0.56
GBP	21,812	Victrex Plc	497,436.77	641,964.95	0.92
			2,430,273.49	3,105,855.84	4.47
SEK	12,156	Atlas Copco AB A Reg	255,222.08	432,150.27	0.62
USD	948	Alphabet Inc C	915,538.53	1,128,970.30	1.62
USD	128,404	Cameco Corp	1,187,035.46	1,017,899.35	1.46
USD	8,579	Johnson & Johnson	1,001,555.23	1,114,651.05	1.60
USD	4,578	Microsoft Corp	409,743.65	643,048.54	0.93
USD	7,426	PayPal Holdings Inc	538,912.73	715,480.91	1.03
USD	65,651	Teva Pharma Ind Ltd ADR repr 1 Share	837,311.16	573,064.75	0.82
			4,890,096.76	5,193,114.90	7.46
Total shares			18,500,336.44	20,460,351.23	29.44
Bonds					
CAD	820,000	Canada 0.75% Ser F585 Sen 16/01.09.21	554,528.85	554,553.03	0.80
EUR	671,000	Anheuser-Busch InBev SA FRN EMTN Sen Reg S 18/15.04.24	662,075.70	669,822.40	0.96
EUR	800,000	Banco Bilbao Vizcaya Argent SA VARConvSub 15/18.05.Perpetual	819,954.40	807,096.00	1.16
EUR	700,000	Banco Santander SA VAR Sub 14/12.03.Perpetual	691,599.30	708,183.00	1.02
EUR	700,000	Bankia SA 1% EMTN Sen 19/25.06.24	705,670.00	709,065.00	1.02
EUR	700,000	Caixabank SA VAR EMTN Reg S Sen Sub 17/15.02.27	732,641.70	740,026.00	1.06
EUR	650,000	Dometic Group AB 3% EMTN Sen Reg S 18/13.09.23	691,860.00	695,838.00	1.00
EUR	1,000,000	Gestamp Funding Luxembourg SA 3.5% Reg S Sen 16/15.05.23	1,004,791.06	1,023,000.00	1.47
EUR	1,000,000	Grifols SA 3.2% Sen Reg S /01.05.25	999,006.49	1,028,030.00	1.48
EUR	300,000	Liberbank SA VAR Sen Sub 17/14.03.27	315,617.00	331,084.50	0.48
EUR	630,000	NetFlix Inc 3.625% Sen Reg S 17/15.05.27	629,777.18	675,725.40	0.97
EUR	685,000	Nomad Foods BondCo Plc 3.25% Sen Reg S 17/15.05.24	688,420.87	704,351.25	1.01

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

FIMARGE FUND - FIMARGE BALANCED PORTFOLIO FUND

Statement of investments and other net assets (in EUR) (continued) as at 31st December 2019

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
EUR	710,000	RCI Banque SA FRN EMTN Sen 17/04.11.24	685,150.00	692,274.85	1.00
EUR	760,000	Schaeffler Finance BV 3.25% Sen Reg S 15/15.05.25	789,792.00	781,211.60	1.12
EUR	660,000	Telecom Italia SpA 3.25% EMTN Sen 15/16.01.23	687,369.99	710,631.90	1.02
EUR	800,000	Telefonica Europe BV VAR Sen Sub 13/18.09.Perpetual	924,179.50	898,408.00	1.29
EUR	847,000	Teva Pharmaceutical Fin II BV 1.125% Reg S Sen 16/15.10.24	727,372.15	741,709.43	1.07
EUR	653,000	Verisure Holding AB 3.5% Sen Reg S 18/15.05.23	683,886.90	674,023.33	0.97
			12,439,164.24	12,590,480.66	18.10
GBP	914,000	Debenhams Plc 5.25% Sen 14/15.07.21	747,793.80	301,132.51	0.43
GBP	2,929,000	United Kingdom 2% T-Stock Sen 14/22.07.20	3,307,831.77	3,482,752.38	5.01
			4,055,625.57	3,783,884.89	5.44
MXN	72,686	Mexico 6.5% Bonos Ser M 11/09.06.22	337,037.09	341,204.03	0.49
NOK	34,576,000	Norway 3.75% 10/25.05.21	3,622,368.30	3,620,882.74	5.21
SEK	3,300,000	Sweden 3.5% Ser 1054 10/01.06.22	339,414.95	343,154.64	0.49
USD	370,000	Tullow Oil Plc 6.25% Sen Reg S 14/15.04.22	331,656.83	300,078.34	0.43
USD	8,786,000	US 1.625% Ser AB-2020 Sen 15/31.07.20	7,722,174.53	7,826,694.33	11.26
USD	565,000	US T-Notes 1.375% Ser P-2023 Sen 16/31.08.23	503,380.99	498,513.46	0.72
			8,557,212.35	8,625,286.13	12.41
Total bonds			29,905,351.35	29,859,446.12	42.94
<u>Transferable securities dealt in on another regulated market</u>					
Bonds					
EUR	300,000	Mapfre SA VAR Sub 17/31.03.47	309,672.00	353,227.50	0.51
Total bonds			309,672.00	353,227.50	0.51
<u>Open-ended investment funds</u>					
Investment funds (UCITS)					
EUR	30,782	Pictet Fds (LUX) Emerging Local Currency Debt HI Cap	3,234,559.82	3,386,943.46	4.87
EUR	7,435	Pictet Global Emerging Debt HI EUR Cap	1,968,043.03	2,127,525.25	3.06
EUR	10,590	Trea Scv Emerging Mks Cred Opp E EUR Hedged Cap	1,300,981.50	1,347,153.90	1.94
Total investment funds (UCITS)			6,503,584.35	6,861,622.61	9.87
Total investments in securities			55,218,944.14	57,534,647.46	82.76
Cash at banks				11,864,281.23	17.07
Bank overdrafts				-313.81	0.00
Other net assets/(liabilities)				119,044.03	0.17
Total				69,517,658.91	100.00

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

FIMARGE FUND - FIMARGE BALANCED PORTFOLIO FUND

Industrial and geographical classification of investments

as at 31st December 2019

Industrial classification

(in percentage of net assets)

Countries and governments	23.98 %
Financials	11.14 %
Investment funds	9.87 %
Healthcare	7.63 %
Raw materials	6.72 %
Technologies	6.36 %
Non-cyclical consumer goods	6.01 %
Industrials	5.06 %
Cyclical consumer goods	2.24 %
Telecommunications services	1.86 %
Utilities	1.46 %
Energy	0.43 %
Total	<u>82.76 %</u>

Geographical classification

(by domicile of the issuer)

(in percentage of net assets)

United States of America	18.13 %
Spain	11.85 %
United Kingdom	11.35 %
Luxembourg	11.34 %
Canada	5.29 %
Norway	5.21 %
The Netherlands	3.48 %
Sweden	3.08 %
France	2.62 %
Belgium	2.35 %
Germany	1.90 %
Portugal	1.52 %
Switzerland	1.28 %
Denmark	1.03 %
Italy	1.02 %
Israel	0.82 %
Mexico	0.49 %
Total	<u>82.76 %</u>

FIMARGE FUND

Notes to the financial statements

as at 31st December 2019

Note 1 - General information

FIMARGE FUND (hereinafter the "Fund") is a mutual fund ("*fonds commun de placement*") under Part I of the Luxembourg law of 17th December 2010 on undertakings for collective investment, as amended (the "2010 Law"). The Fund was organised pursuant to "Management Regulations" entered into force on 8th January 2018.

The financial year-end is 31st December of each year. The Fund publishes an annual report including audited financial statements on 31st December and an unaudited semi-annual report on 30th June.

The accounts and the financial statements of the Fund are expressed in EUR and correspond to the financial statements of the sole sub-fund open.

Copies of the following documents may be inspected free of charge during normal business hours on any Luxembourg Business Day at the registered office of the Management Company:

- the Management Regulations;
- the Prospectus,
- the KIIDs;
- the Depositary Agreement;
- the Paying Agency Agreement;
- the Investment Management Agreement, if any;
- the Investment Advisory Agreement, if any;
- the latest annual and half-yearly financial statements;

Note 2 - Significant accounting policies

a) Presentation of the financial statements

The financial statements of the Fund are prepared in accordance with Luxembourg legal and regulatory requirements concerning undertakings for collective investment and with generally accepted accounting principles in Luxembourg. The financial statements of the Fund have been prepared on a going concern basis.

b) Valuation of assets

- 1) The value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received are deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as the Board of Directors of the Management Company ("the Board of Directors") may consider appropriate in such case to reflect the true value thereof.

FIMARGE FUND

Notes to the financial statements (continued)

as at 31st December 2019

- 2) The value of all securities and/or money market instruments which are listed or traded on an official stock exchange or traded on any other regulated market are valued on the basis of the last available prices on the Valuation Day or on the basis of the last available prices on the main market on which the investments of the Sub-Fund are principally traded. The Board of Directors approves a provider of securities prices which supply the above prices. If, in the opinion of the Board of Directors, such prices do not truly reflect the fair market value of the relevant securities, the value of such securities is determined in good faith by the Board of Directors either by reference to any other publicly available source or by reference to such other sources as it deems in its discretion appropriate.
- 3) Securities not listed or traded on a stock exchange or a regulated market are valued on the basis of the probable sales price determined prudently and in good faith by the Board of Directors.
- 4) Securities issued by open-ended investment funds are valued at their last available Net Asset Value ("NAV") or in accordance with item (2) above where such securities are listed.
- 5) The liquidating value of futures, forward or options contracts that are not traded on exchanges or on other organised markets are determined pursuant to the policies established by the Board of Directors, on a basis consistently applied. The liquidating value of futures, forward or options contracts traded on exchanges or on other organised markets are based upon the last available settlement prices of these contracts on exchanges and organised markets on which the particular futures, forward or options contracts are traded; provided that if a futures, forward or options contract could not be liquidated on such Valuation Day with respect to which a NAV is being determined, then the basis for determining the liquidating value of such contract is such value as the Board of Directors may deem fair and reasonable.
- 6) All other securities and other permissible assets as well as any of the above mentioned assets for which the valuation in accordance with the above sub-paragraphs would not be possible or practicable, or would not be representative of their fair value, are valued at fair market value, as determined in good faith pursuant to procedures established by the Board of Directors.

In the event that the above mentioned calculation methods are inappropriate or misleading, the Board of Directors may adjust the value of any investment or permit some other method of valuation to be used for the assets of the Fund if it considers that the circumstances justify that such adjustment or other method of valuation should be adopted to reflect more fairly the value of such investments.

c) Acquisition cost of securities in the portfolio

The acquisition cost of the securities held by the Sub-Fund that are denominated in currencies other than the reference currency of the Sub-Fund is converted into this currency at the exchange rate prevailing on the date of purchase.

d) Net realised gain/(loss) on securities portfolio

The realised gains and losses on securities portfolio are calculated on the basis of the average acquisition cost and are disclosed net in the statement of operations and other changes in net assets.

e) Investment portfolio income

Dividend income is recorded at the ex-date, net of any withholding tax.

Interest income accrued is recorded, net of any withholding tax.

FIMARGE FUND

Notes to the financial statements (continued)

as at 31st December 2019

f) Valuation of forward foreign exchange contracts

Forward foreign exchange contracts are valued at forward market rates for the remaining period from valuation date to the maturity of the contracts. Net unrealised gains or losses are disclosed in the statement of net assets. Net variation of the unrealised gains or losses and net realised gains or losses are disclosed in the statement of operations and other changes in net assets.

g) Formation expenses

Formation expenses are amortised on a straight line basis over a period of five years.

If the launch of a Sub-Fund occurs after the launch date of the Fund, the formation expenses related to the launch of the new Sub-Fund is charged to such Sub-Fund alone and may be amortised over a maximum of five years with effect as from the Sub-Fund's launch date.

h) Conversion of foreign currencies

Cash at banks, bank overdrafts, other net assets, liabilities and the market value of the securities in portfolio expressed in currencies other than the reference currency of the Sub-Fund are converted into this currency at the exchange rate prevailing on the date of the financial statements. Income and expenses expressed in currencies other than the reference currency of the Sub-Fund are converted into this currency at the exchange rate prevailing on the date of the transaction.

i) Transaction fees

Transaction costs disclosed under the item "Transaction fees" in the expenses of the statement of operations and other changes in net assets are mainly composed of broker fees incurred by the Fund relating to securities, of fees relating to liquidation of transactions paid to the depositary.

Note 3 - Management fees

As remuneration for the services of Management Company, the Management Company is entitled to receive an annual fee of 0.05% of the average of the net assets of the Sub-Fund with a minimum of EUR 6,250 per Sub-Fund to be paid at the end of each quarter.

For its investment management services, the Investment Manager is entitled to receive an investment management fee accrued on each Valuation Day and payable quarterly in arrears, of a maximum of 1.50% (a maximum of 1.60% until 15th July 2019) per annum of the average of net assets of the Sub-Fund attributable to each unit class. The effective rate currently applied for the unit class A is 1.5% and for the unit class I is 1%.

Until 15th July 2019, the Investment Manager paid a fee to the Investment Advisor out of the Investment Management Fee, without charges for the Sub-Fund.

Note 4 - Management fee retrocession

Management fee retrocessions received by the Fund and related to its investments in UCITS or other UCIs are disclosed under the " Other commissions received" in the statement of operations and other changes in net assets.

FIMARGE FUND

Notes to the financial statements (continued)

as at 31st December 2019

Note 5 - Subscription, redemption and conversion fees

No subscription fees nor conversion fees are charged.

For each redemption of units, a redemption fee up to 1%, for units which are redeemed within the first year of subscription, is applied.

As from 4th October 2018, the Board of Directors of the Management Company decided to waive the redemption fee for the unit class A currently fixed at 1% until further notice.

As from 16th October 2018, the Board of Directors of the Management Company decided to waive the redemption fee for the unit class I currently fixed at 1% until further notice.

As of 15th July 2019, no redemption fees are applicable for the two existing classes of units.

Note 6 - Depositary fees

The remuneration for depositary services are included in the item "Depositary fees" disclosed in the statement of operations and other changes in net assets.

Note 7 - Central administration costs

The item "Central administration costs" disclosed in the statement of operations and other changes in net assets is composed of the administrative agent commission and of the domiciliation fees.

Note 8 - Subscription duty ("*taxe d'abonnement*")

The Fund is governed by Luxembourg Law.

Pursuant to the legislation and regulations in force, the Fund is subject to an annual subscription duty ("*taxe d'abonnement*") of 0.05% which is payable quarterly and calculated on the basis of the net assets of each Sub-Fund on the last day of each quarter. The rate of this tax is reduced to 0.01% for the share classes reserved to institutional investors.

Pursuant to Article 175 (a) of the amended 2010 Law, the net assets invested in undertakings for collective investment already subject to the "*taxe d'abonnement*" are exempt from this tax.

Note 9 - Changes in investments

The statement of changes in investments for the reporting period is available free of charge at the registered office of the Management Company.

Note 10 - Forward foreign exchange contracts

At the date of the financial statements, the following Sub-Fund is committed in the following forward foreign exchange contract with QUINTET PRIVATE BANK (EUROPE) S.A (formerly KBL EUROPEAN PRIVATE BANKERS S.A.) :

FIMARGE FUND - FIMARGE BALANCED PORTFOLIO FUND

Currency	Purchases	Currency	Sales	Maturity	Unrealised result (in EUR)
EUR	3,509,700.18	GBP	2,985,000.00	24.01.2020	-10,363.42
EUR	4,920,083.89	USD	5,513,200.00	25.03.2020	35,110.11
					<u>24,746.69</u>

FIMARGE FUND

Notes to the financial statements (continued)

as at 31st December 2019

Note 11 - Events

The unitholders of the Fund have been informed by the Board of Directors of the Management Company of the following changes concerning the delegation of the investment management functions which enter into force with effect as of 15th July 2019 :

1. Appointment of a new investment manager for the Fund

The investment manager of the Fund, FIA Asset Management S.A, will be replaced by Fimarge, Societat Financera d'Inversió, approved and supervised by the Autoritat Financiera Andorrana (AFA - Formerly known as the Institut Nacional Andorrà de Finances), and having its registered office at Bonaventura Armengol 10, Bloc1, 5 Planta, AD500 Andorra la Vella, Andorra, as the new investment manager of the Fund.

2. Fees to be payable to Fimarge, Societat Financera d'Inversió

The maximum investment management fee is reduced to 1.50% p.a. of the NAV (instead of 1.60%) for Class A.

3. Additional changes to the prospectus

Removal of the redemption fees for both existing classes of units;
Deletion of the references to (i) minimum amounts for subscription for Class A Units, (ii) minimum holding for Class A Units and (iii) minimum subsequent investments for both Classes.

Note 12 - Subsequent events

With effect from 16th January 2020, KBL EUROPEAN PRIVATE BANKERS S.A. changed its name to QUINTET PRIVATE BANK (EUROPE) S.A..

MARKET IMPACT

On 31st December 2019, the World Health Organisation was informed that a limited number of cases of pneumonia, of an unknown cause, were detected in Wuhan, China. On 7th January 2020, Chinese authorities identified coronavirus (COVID-19) as the cause. On 23rd January 2020, the first case of COVID-19 was confirmed in Hong Kong.

Since 31st December 2019, the rapid outbreak of the COVID-19 does not only causing a global health crisis but also causing a shock to the global economy and financial markets.

The Company's investment portfolio comprises debt instruments and investment funds are measured at FVTPL and the main revenue stream is the investment management fee which is dependent on the market value of the clients' assets under management.

The Fund has been invested in accordance with Fund's investment philosophy. For stock investments, the quality of the company has been prioritized at discount. A quality of the company such as those with structural growth, solid balance sheet (almost debt-free), competitive advantages, high margins that allow them to reinvest their cash generation in business and high return on capital employed (ROCE). For debt instruments, it has been prioritized to invest in liquid government bonds and in corporate debt with good balance sheet. A high level of cash is also maintained in the portfolios.

The current situation suggests an economic recession with important consequences on stock market indexes, particularly in those companies that are not sufficiently capitalized. The high divergence between price and value is causing the panic of many to exit the market. However, it is believed that it is not the time to exit the market but quite the opposite. It is the time that requires calmness and to continue with the analysis process to build a better investment portfolio for clients for the coming years.

FIMARGE FUND

Notes to the financial statements (continued)

as at 31st December 2019

The duration and future economic impact of COVID-19 is difficult to know. Although, the market is known to discount this poor scenario soon and probably, a very significant part of capitalization has already been seen. Currently, central banks are reducing the financial cost of future tax aid and providing liquidity in the financial market.

Assuming a 50% drop in the stock markets which have not just recovered, and portfolios are invested on average 30% in the stock market, the drop should be less; however, 40% are not ruled out. Providing a 12% drop plus an additional 5% drop between debt instruments and expenses, the total drop would lead close to 20%. Nevertheless, this is a very pessimistic scenario and it does not consider any market recovery that it will take place in 2020.

CONTINUITY PLAN

Fimarge number one priority is the safety and well-being of its stakeholders and employees, so it has designed a continuity plan that allows the Company to remain fully operational. All employees can work from home through robust remote connections and operations continue to be transmitted to the market. A computer administrator continues to work in the office in case there is any incident with the remote connections, so that the Company's daily operation is guaranteed until everything is solved.

FIMARGE FUND

Additional information (unaudited)

as at 31st December 2019

1 - Risk management

As required by Circular CSSF 11/512 as amended, the Board of Directors of the Management Company needs to determine the global risk exposure of the Fund by applying either the commitment approach or the VaR ("Value at Risk") approach.

In terms of risk management, the Board of Directors of the Management Company decided to adopt the commitment approach as a method of determining the global exposure.

2 - Remuneration

Total KTL staff member remuneration is split into a fixed and a variable remuneration:

-Fixed	EUR 3,564,071.10
-Variable	EUR 316,133.05

Number of employees:

-31 headcount

Aggregated remuneration of the conducting officers remuneration is EUR 930,196.00.

Details of the management company's updated remuneration policy, including a description of how remuneration and benefits are calculated, are available on the website <https://www.kbl.lu/en/what-we-do/institutional-clients/regulatory-affairs/>.

The Investment Manager's remuneration is split into a fixed and a variable remuneration:

-Fixed	EUR 1,027,761.21
-Variable	EUR 72,177.55

Number of employees: 20

3 - Information concerning the transparency of securities financing transactions and of reuse of cash collateral (regulation EU 2015/2365, hereafter "SFTR")

During the reporting period, the Fund did not engage in transactions which are subject to the publication requirements of SFTR. Accordingly, no information concerning the transparency of securities financing transactions and of reuse of cash collateral should be reported.