

# **PMG Special Funds SICAV plc**

## **Annual Report and Audited Financial Statements**

**Year ended  
30 September 2017**

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## PMG Special Funds SICAV plc

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### Directors, officers and other information

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<b>Directors:</b>	Dr. David Griscti Mr. Eric Lütenegger Mr. Peer-Joachim Hoffman
<b>Investment Managers:</b>	PMG Fonds Management AG Sihlstrasse 95 8001 Zurich Switzerland
<b>Administrator:</b>	PMG Fonds Management AG Sihlstrasse 95 8001 Zurich Switzerland
<b>Company secretary:</b>	Dr. David Griscti
<b>Registered office:</b>	168, St. Christopher Street, Valletta Malta
<b>Company registration number:</b>	SV 399
<b>Administrator:</b>	PMG Fonds Management AG Sihlstrasse 95 8001 Zurich Switzerland
<b>Bankers:</b>	Reichmuth & Co Private Bankers Ruetligasse 1 6003 Lucerne Switzerland
<b>Custodian and prime brokers:</b>	Reichmuth & Co Private Bankers Ruetligasse 1 6003 Lucerne Switzerland
<b>Legal advisers:</b>	David Griscti & Associates 168, St. Christopher Street, Valletta Malta



**Directors, officers and other information**

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**Independent auditors:**

Mazars Malta  
32, Sovereign Building  
Zaghfran Road  
Attard, ATD 9012  
Malta

Dion Borg  
48, Parish Street,  
St. Venera,  
Malta

### Information about the Company

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PMG Special Funds SICAV plc ('the Company') is organised under the laws of Malta as a multi-fund investment Company with variable share capital (SICAV) pursuant to the Maltese Companies Act 1995 (Chap. 386). The Company was registered on 1 March 2016 with registration number SV399 and as at 30 September 2017 consisted of three licensed sub-funds (2016: one sub-fund) ('Funds'), namely:

- PSF New Energy Fund
- PSF Fine Art Fund
- PSF Global Trends Fund

The Company was initially incorporated in Luxembourg on the 22 of December 2009. However, a resolution was signed on the 14 of September 2015 whereby the directors agreed that the Company is to be re-domiciled from Luxembourg in order to continue its business in Malta. The effective date of the re-domiciliation was that of 1<sup>st</sup> March 2016.

An agreement was entered into on 20 February 2017 whereby it was agreed that the Fine Art Fund was transferred from Focus Funds Sicav plc (registration number SV 146) to PMG Special Funds Sicav plc. An addendum to this agreement was signed on 30 September 2017 whereby it was further agreed that the transfer has come into effect on 1 October 2016 for accounting purposes.

The Funds are structured as a collective investment schemes and are licensed by the Malta Financial Services Authority under the Investment Services Act (Chap. 370) as professional investor funds targeting qualifying investors. The funds constitute a separate class, or group of classes, of shares in the Company. Shares may be created as either distribution shares or accumulation shares as the Directors may determine.

The net proceeds from the issue of shares in the funds will be invested in accordance with the Investment Objective and Investment Policies of the Funds.

In terms of the Articles of Association of the Company the holders of Founder Shares in the Company, shall be entitled to appoint all Directors of the Company and to vote on all matters relating to the Company. Unless otherwise provided in the terms of issue no other shares in the Company shall carry any voting rights. The voting shares do not carry a right to participate in any dividends or other distributions of the Company, if applicable, or in the assets of the Company on a winding up (except repayment of paid up capital following settlement of any and all amounts due to the non-voting shares). The non-voting shares do participate in the assets of the Company, in any dividend distributions of the Company and in the event of liquidation. The non-voting shares may be redeemed at any time at the option of holders in accordance with the redemption provisions in the Articles of Association and in accordance with the terms and conditions of issue and as stated in the Offering Memorandum.

### Directors' Responsibility for the Financial Statements

Year ended 30 September 2017

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Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Company will continue in the business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act (Cap. 386) enacted in Malta. This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**PMG Special Funds SICAV plc**  
**Statement of Financial Position**  
**At 30 September 2017**

		<b>Consolidated PMG Special Funds SICAV plc</b>	PSF New Energy Fund	PSF Fine Art Fund	PSF Global Trends Fund
		<i>30 Sep 2017</i>	<i>30 Sep 2017</i>	<i>30 Sep 2017</i>	<i>30 Sep 2017</i>
	<i>Notes</i>	<b>EUR</b>	EUR	CHF	USD
<b>Assets</b>					
Intangible assets		<b>15,047</b>	-	-	17,764
Financial assets at fair value through profit and loss	5	<b>22,770,240</b>	7,546,655	12,549,649	5,041,031
Receivables	7	<b>7,593</b>	-	6,713	2,047
Cash and cash equivalents	6	<b>2,065,610</b>	8,610	463	2,428,017
<b>Total assets</b>		<b>24,858,490</b>	7,555,265	12,556,825	7,488,859
<b>Liabilities</b>					
Accrued expenses	8	<b>819,121</b>	113,054	751,606	59,081
<b>Total current liabilities</b>		<b>819,121</b>	113,054	751,606	59,081
<b>Net assets attributable to holders of redeemable shares</b>		<b>24,039,369</b>	7,442,211	11,805,219	7,429,778

The notes on pages 14 to 37 are an integral part of these Financial Statements.

The Financial Statements on pages 7 to 37 were approved and signed by the board of directors on 23 February 2018



**Mr. Eric Lütenecker**  
Director



**Dr. David Griscti**  
Director



## PMG Special Funds SICAV plc

### Statement of Financial Position

At 31 September 2016

		Consolidated PMG Special Funds SICAV plc	PSF New Energy Fund
		30 Sep 2016	30 Sep 2016
	Notes	EUR	EUR
<b>Assets</b>			
Financial assets at fair value through profit and loss	5	7,488,067	7,488,067
Receivables	7	-	-
Cash and cash equivalents	6	-	-
<b>Total assets</b>		<b>7,488,067</b>	<b>7,488,067</b>
<b>Liabilities</b>			
Accrued expenses	8	135,898	135,898
<b>Total current liabilities</b>		<b>135,898</b>	<b>135,898</b>
<b>Net assets attributable to holders of redeemable shares</b>		<b>7,352,169</b>	<b>7,352,169</b>

The notes on pages 14 to 37 are an integral part of these Financial Statements.

## PMG Special Funds SICAV plc

### Statement of Changes in Net Assets attributable to holders of investor shares

Year ended 30 September 2017

	Consolidated PMG Special Funds SICAV plc 30 Sep 2016	PSF New Energy Fund 30 Sep 2016	PSF Fine Art Fund 30 Sep 2016	PSF Global Trends Fund 30 Sep 2016
	EUR	EUR	CHF	USD
Net assets attributable to holders of redeemable shares at 1 January 2016	7,307,865	7,307,865	-	-
Effect of loss as at 28 February 2016	(64,619)	(64,619)	-	-
Net assets attributable to holders of redeemable shares at 1 March 2016	7,243,246	7,243,246	-	-
Issue of redeemable shares during the period	-	-	-	-
Redemption of redeemable shares during the period	-	-	-	-
Increase in net assets attributable to holders of redeemable shares	108,923	108,923	-	-
Net assets attributable to holders of redeemable shares at 30 September 2016	7,352,169	7,352,169	-	-

	Consolidated PMG Special Funds SICAV plc 30 Sep 2017	PSF New Energy Fund 30 Sep 2017	PSF Fine Art Fund 30 Sep 2017	PSF Global Trends Fund 30 Sep 2017
	EUR	EUR	CHF	USD
Net assets attributable to holders of redeemable shares at 1 October 2016	7,352,169	7,352,169	-	-
Issue of redeemable shares during the period	7,099,437	-	-	7,555,000
Redemption of redeemable shares during the period	(164,390)	-	-	(193,060)
Net equalisation	(2,617)	-	-	(3,090)
Increase in net assets attributable to holders of redeemable shares	10,972,047	90,042	11,805,219	70,928
Effect of translating functional currency to reporting currency in accordance with IAS 21	(1,217,277)	-	-	-
Net assets attributable to holders of redeemable shares at 30 September 2017	24,039,369	7,442,211	11,805,219	7,429,778

The notes on pages 14 to 37 are an integral part of these Financial Statements.

## PMG Special Funds SICAV plc

### Statement of Comprehensive Income Year ended 30 September 2017

		Consolidated PMG Special Funds SICAV plc	PSF New Energy Fund	PSF Fine Art Fund	PSF Global Trends Fund
	Notes	30 Sep 2017 12 months EUR	30 Sep 2017 12 months EUR	30 Sep 2017 12 months CHF	30 Sep 2017 12 months USD
<b>Income</b>					
Interest income	10	4,023	-	-	4,454
Other income		6,384	-	-	7,067
Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss	11	(3,083,901)	158,587	(3,730,057)	194,412
Realised gain on transfer of sub-fund	12	14,438,456	-	15,756,163	-
<b>Total net income</b>		<b>11,364,962</b>	<b>158,587</b>	<b>12,026,106</b>	<b>205,933</b>
<b>Expenses</b>					
Management fee	13	150,948	22,132	81,356	60,070
Administration fee	13	105,840	40,000	51,668	20,472
Performance fee	13	7,936	-	-	8,785
Interest expense		3,000	-	-	3,321
Audit fee	13	32,272	11,800	6,405	16,165
Transaction costs		15,002	-	6	16,601
Bank charges		22	22	-	-
Custody fees		467	-	-	517
Directors' fees		258	(4,583)	3,553	1,755
Insurance		18,618	-	20,317	-
Warehouse costs		32,705	-	35,690	-
Legal and professional fees		9,808	(2,233)	9,814	3,374
Amortisation		2,733	-	-	3,025
General and other administrative expenses		13,306	1,407	12,078	920
<b>Total expenses</b>		<b>392,915</b>	<b>68,545</b>	<b>220,887</b>	<b>135,005</b>
<b>Profit for the year</b>		<b>10,972,047</b>	<b>90,042</b>	<b>11,805,219</b>	<b>70,928</b>
<b>Other comprehensive income</b>		<b>(1,217,277)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>9,754,770</b>	<b>90,042</b>	<b>11,805,219</b>	<b>70,928</b>

The notes on pages 14 to 37 are an integral part of these Financial Statements.



## PMG Special Funds SICAV plc

### Statement of Comprehensive Income Period ended 30 September 2016

		Consolidated PMG Special Funds SICAV plc	PSF New Energy Fund
		30 Sep 2016 7 months EUR	30 Sep 2016 7 months EUR
	Notes		
<b>Income</b>			
Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss	11	187,322	187,322
<b>Total net income</b>		<u>187,322</u>	<u>187,322</u>
<b>Expenses</b>			
Management fee	13	4,725	4,725
Administration fee	13	22,368	22,368
Interest expense		30,608	30,608
Audit fee	13	6,494	6,494
Custody fees		-	-
Directors' fees		15,000	15,000
Legal and professional fees		1,471	1,471
General and other administrative expenses		(2,267)	(2,267)
<b>Total expenses</b>		<u>78,399</u>	<u>78,399</u>
<b>Profit for the period</b>		108,923	108,923
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the period</b>		<u>108,923</u>	<u>108,923</u>

The notes on pages 14 to 37 are an integral part of these Financial Statements.

## PMG Special Funds SICAV plc

### Statement of Cash Flows Year ended 30 September 2017

	Consolidated PMG Special Funds SICAV plc 30 Sep 2017 EUR	PSF New Energy Fund 30 Sep 2017 EUR	PSF Fine Art Fund 30 Sep 2017 CHF	PSF Global Trends Fund 30 Sep 2017 USD
<b>Cash flows from operating activities</b>				
Increase in net assets attributable to shareholders from operations	10,972,047	90,042	11,805,219	70,928
Adjustments for:				
Unrealised fair value movements	3,185,830	(18,070)	3,661,377	(167,459)
Amortisation	2,733	-	-	3,025
Net cash flow before movements in working capital	14,160,610	71,972	15,466,596	(93,506)
Net change in receivables	(7,593)	-	(6,713)	(2,047)
Net change in payables	683,223	(22,844)	751,606	59,081
<b>Net cash flows used in operating activities</b>	<b>14,836,240</b>	<b>49,128</b>	<b>16,211,489</b>	<b>(36,472)</b>
<b>Cash flows from investing activities</b>				
Acquisition of intangible assets	(17,609)	-	-	(20,789)
Receipts from disposal less payments to acquire financial instruments	(18,318,016)	(40,518)	(16,211,026)	(4,873,572)
<b>Net cash used in investing activities</b>	<b>(18,335,625)</b>	<b>(40,518)</b>	<b>(16,211,026)</b>	<b>(4,894,361)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of redeemable shares	7,099,437	-	-	7,555,000
Payments on redemption of redeemable shares	(164,390)	-	-	(193,060)
Net equalisation	(2,617)	-	-	(3,090)
<b>Net cash generated from financing activities</b>	<b>6,932,430</b>	<b>-</b>	<b>-</b>	<b>7,358,850</b>
<b>Net movement in cash and cash equivalents</b>	<b>3,433,045</b>	<b>8,610</b>	<b>463</b>	<b>2,428,017</b>
Foreign exchange differences	(1,367,435)	-	-	-
Cash and cash equivalents as at beginning	-	-	-	-
<b>Cash and cash equivalents as at 30 September 2017</b>	<b>2,065,610</b>	<b>8,610</b>	<b>463</b>	<b>2,428,017</b>

The notes on pages 14 to 37 are an integral part of these Financial Statements.

## PMG Special Funds SICAV plc

### Statement of Cash Flows Year ended 30 September 2016

	<b>Consolidated PMG Special Funds SICAV plc</b>	<b>PSF New Energy Fund</b>
	<b>30 Sep 2016</b>	<b>30 Sep 2016</b>
<i>Note</i>	<b>EUR</b>	<b>EUR</b>
<b>Cash flows from operating activities</b>		
Increase in net assets attributable to shareholders from operations	<b>108,923</b>	108,923
Adjustments for:		
Unrealised fair value movements	<b>(245,031)</b>	(245,031)
Effect of loss incurred up to 28 February 2016	<b>(64,619)</b>	(64,619)
Net cash flow before movements in working capital	<b>(200,727)</b>	(200,727)
Net change in receivables	<b>126,561</b>	126,561
Net change in payables	<b>31,838</b>	31,838
<b>Net cash flows used in operating activities</b>	<b>(42,328)</b>	(42,328)
<b>Cash flows from investing activities</b>		
Receipts from disposal less payments to acquire financial instruments	<b>47,773</b>	47,773
<b>Net cash generated from investing activities</b>	<b>47,773</b>	47,773
<b>Net movement in cash and cash equivalents</b>	<b>5,445</b>	5,445
Cash and cash equivalents as at beginning	<b>(5,445)</b>	(5,445)
<b>Cash and cash equivalents as at 30 September 2016</b>	<b>-</b>	-
<i>6</i>		

The notes on pages 14 to 37 are an integral part of these Financial Statements.

## Notes to the Financial Statements

Year ended 30 September 2017

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### 1. Reporting entity

PMG Special Funds SICAV plc ('the Company') is a collective investment scheme organised as a Company with variable share capital (SICAV) under the laws of the Republic of Malta and its Fund is licensed by the Malta Financial Services Authority, under the Investment Services Act (Cap 370), as Professional Investor Funds.

### 2. Basis of preparation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and comply with the Companies Act 1995 (Chap. 386).

These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

The preparation of Financial Statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies.

PMG Special Funds SICAV plc ('the Company') is organised under the laws of Malta as a multi-fund investment Company with variable share capital (SICAV) pursuant to the Maltese Companies Act 1995 (Chap. 386). The Company, at 30 September 2017, consisted of three licensed sub-funds (2016: one sub-fund) ('Funds'). The Company maintains a separate account for each fund to which proceeds are credited, and against which expenses are charged. Upon redemption, shareholders are entitled only to their portion of the net assets held in the account relating to the Fund in which their participating shares are designated.

Separate Statements of Financial Position, Statements of Changes in Net Assets attributable to the Holders of Redeemable Shares, Statements of Comprehensive income and Statements of Cash Flows have accordingly been prepared for each Fund. For the purposes of these Financial Statements, all references to the net assets refer to the net assets attributable to holder of redeemable shares.

The Financial Statements are presented in Euro (EUR), rounded to the nearest unit, which is the Company's currency in which its share capital is denominated and the Company's reporting currency as established in the Articles of Association and the General Offering Memorandum. The Company's functional currency and the functional currency of the Company's sub-fund is the Swiss Franc (CHF), US Dollar (USD) and the Euro (EUR). The official closing middle rates issued by the European Central Bank as at 30 September 2017 were:

- EUR 1 : CHF 1.1457
- EUR 1 : USD 1.1806

These Financial Statements were authorised for issue by the Board of Directors on 23 February 2018.



## Notes to the Financial Statements

Year ended 30 September 2017

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### 2. Basis of preparation (continued)

#### *2.1 Standards, interpretations and amendments to published standards not yet effective*

A number of new standards, amendments to standards and interpretations are effective for annual periods covering the Company's financial year, and have not been applied in preparing these Financial Statements.

None of these are expected to have significant effect on the measurement of the amounts recognized in the Financial Statements of the Company. However, IFRS 9 *Financial Instruments* issued in November 2009 will change the classification of financial assets.

The standard is not expected to have an impact on the measurement basis of the financial assets since the majority of the Company's financial assets are measured at fair value through profit or loss.

IFRS 9 (2009) deals with classification and measurement of financial assets and its requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: at amortized cost and fair value.

A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of *held to maturity*, *available for sale* and *loans and receivables*.

For an investment in an equity instrument that is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss. However, dividends on such investments are recognized in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognized in profit or loss.

The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortized cost or fair value.

The standard is effective for annual periods beginning on or after 1 January 2018.

**Notes to the Financial Statements**

Year ended 30 September 2017

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**2. Basis of preparation (continued)**

***2.2 Foreign exchange translation***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income. Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within 'other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss'.

***2.3 Financial assets at fair value through profit or loss***

***Classification***

The Company classifies its investments as financial assets at fair value through profit or loss. The classification is dependent on the purpose for which the investments were acquired. The Directors determine the appropriate classification of investments at the time of purchase and re-evaluate such designation at reporting date. Financial assets at fair value through profit or loss are those assets managed and evaluated as part of a portfolio on a fair value basis.

Financial assets designated as at fair value through profit or loss upon initial recognition include investment in subsidiaries. These financial assets are designated upon initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company, as set out in the Company's offering document.

***2.3.1 Recognition and measurement***

Purchases and sales of investments are recognised on the trade date, the date on which the Company commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed as incurred. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are subsequently re-measured at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the Statement of Comprehensive Income in the period in which they arise.



**Notes to the Financial Statements**

Year ended 30 September 2017

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**2. Basis of preparation (continued)**

**2.3.2 Fair value measurement**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. The value of any investment quoted, listed or normally dealt in, on or under the rule of a Regulated Market is calculated in the following manner:

- (i) By reference to the price appearing to the Directors to be the latest available dealing price or (if bid and offered quotations are made) the latest available middle quotation on such Regulated Market; and
- (ii) If an investment is quoted, listed or normally dealt in, on or under the rules of more than one Regulated Market, the Directors may adopt the price or, as the case may be, the middle quotation on the Regulated Market which, in their opinion, provides the principal market for such Investment; and
- (iii) In the case of any investment which is quoted, listed or normally dealt in, but (a) prices on that Regulated Market may not be available at any relevant time, or (b) the value thereof based on the said prices or a quotation as described in (i) and (ii) above does not establish, in the opinion of the Directors, the fair value of any investment, the value thereof shall be determined by such professional person as may be appointed by the Directors for such purpose or generally in relation to some or all the Investments of the Company and for such time as may be determined by the Directors.

If a market for a financial instrument is not active, the Company establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties, reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.



**Notes to the Financial Statements**

Year ended 30 September 2017

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**2. Basis of preparation (continued)**

**2.3.2 Fair value measurement (continued)**

Assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price.

**2.3.3 Investment entity**

The Fund meets the definition of an investment entity as defined by IFRS 10 and is required to account for the investments in its subsidiary undertakings at fair value through profit and loss.

These financial statements are the only financial statements presented by the Fund

*Standards, interpretations and amendments to published standards effective 1 July 2014*

The Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 March 2016.

IFRS 10 'Financial statements'. The objective of IFRS 10 is to establish principles for the presentation and preparation of financial statements. It sets out how to apply the principle of control to identify whether an investor controls an underlying investment and therefore must consolidate the underlying investment ("controlled subsidiary investment"). It also sets out the accounting requirements for the preparation of financial statements.

The Fund has also adopted the Investment Entities amendments to IFRS 10, IFRS 12 and IAS 27 (the "Amendments") which are effective 1 January 2014. The amendments of IFRS 10 define an investment entity and introduce an exception from the consolidation requirements for investment entities.

On adoption, the Fund has determined that it meets the definition of an investment entity. The investment in subsidiaries were fair valued using a valuation model as described further in Note 4.

The amendments to IFRS 12 introduce new disclosure requirements related to investment entities. Adoption of the IFRS 12 amendments have impacted the Fund's level of disclosures in certain of the above noted areas, but has not impacted the Fund's financial position or results of operations. The amendments to IAS 27 require an investment entity as defined in IFRS 10 to present separate financial statements as its only financial statements in the case where it measures all of its subsidiaries at fair value through profit or loss and to disclose that fact.

Other net changes in fair value on financial assets at fair value through profit or loss in statement of comprehensive income include the change in fair value of the underlying subsidiaries.

**Notes to the Financial Statements**

Year ended 30 September 2017

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**2. Basis of preparation (continued)**

***2.3.3 Investment entity (continued)***

The Fund has multiple unrelated investors and indirectly holds multiple investments through its investment in subsidiaries. Ownership interest in the Fund are in the form of redeemable shares which are classified as debt in accordance with IAS 32 and which are exposed to variable returns from changes in the fair value of the subsidiaries' net assets. The Fund has been deemed to meet the definition of an investment entity as per IFRS 10 as the following conditions exist:

- (i) The Fund has obtained funds for the purpose of providing investors with investment management services
- (ii) The Fund's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income (or both)
- (iii) The performance of investment made through the subsidiary are measured and evaluated on a fair value basis

***2.4 Offsetting financial instruments***

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

***2.5 Cash and cash equivalents***

Cash and cash equivalents comprise deposits with banks with original maturities of less than three months, other than cash collateral provided in respect of derivatives. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

***2.6 Other receivables and payables***

Other receivables and payables represent amounts receivable and payable respectively, for transactions contracted for but not yet delivered by the end of the period. The balances include withholding tax receivable on investment income, prepayments and accrued expenses.

***2.7 Redeemable investor shares***

The Company classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.



**Notes to the Financial Statements**

Year ended 30 September 2017

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**2. Basis of preparation (continued)**

***2.7 Redeemable investor shares (continued)***

The redeemable investor shares provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Company's net assets at each monthly redemption date and also in the event of the Company's liquidation.

The redeemable investor shares are classified as financial liabilities and are measured at the present value of the redemption amounts.

***2.8 Other Income***

Income is recognized when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably.

***2.9 Interest income***

Interest income from financial assets not classified as fair value through profit or loss is recognized on a time-proportionate basis using the effective interest method and includes interest income from cash and cash equivalents.

***2.10 Net gain from financial instruments at fair value through profit or loss***

Net gain from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences.

***2.11 Fees, commission and other expenses***

Fees, commission and other expenses are recognized in profit or loss on an accrual basis.

***2.12 Transaction costs***

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through income. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognized in the Statement of Comprehensive Income as an expense.

***2.13 Income tax expense***

The taxation of collective investment schemes is based on the classification of funds into prescribed or non-prescribed funds in accordance with the Collective Investment Schemes (Investment Income) Regulations,

### Notes to the Financial Statements

Year ended 30 September 2017

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## 2. Basis of preparation (continued)

### 2.13 Income tax expense (continued)

2001. PMG Special Funds SICAV plc qualifies as a non-prescribed fund in terms of these regulations on the basis that the value of the fund's assets situated in Malta are less than eighty-five per cent of the value of its total assets. Accordingly the income and capital gains of Focus Funds SICAV plc are not subject to Malta income tax pursuant to the provisions of the Income Tax Act (Chap. 123). Tax withheld on dividend income is accounted for when the Company recognises the related dividend in the statement of comprehensive income.

### 2.14 Equalisation

The Company operates an equalization account to ensure that the amount distributed in respect of each share will be the same for all shares notwithstanding different dates of issue of those shares. Accordingly, a sum equal to that part of the issue/redemption price of a share, which reflects income (if any) accrued up to the date of issue/redemption will be deemed to be an equalization payment/charge and credited (in the case of share issues)/debited (in the case of share redemptions) by the Directors to the equalization account.

## 3. Financial instruments and associated risks

### 3.1 Market risk

Market risk embodies the potential for both loss and gains and includes currency risk, interest rate risk and price risk.

The Company's investment strategy to manage the market risk is outlined in each of the Funds' supplements under the heading 'Investment Policies'. A Fund's market risk is managed on a daily basis by the Investment Adviser using different investment techniques as outlined in the supplements of each Fund. The Fund's overall market positions are monitored by the board of Directors.

#### 3.1.1 Currency risk

The Net Asset Value per investor share is denominated in Euro (EUR). The underlying funds' investments are denoted mainly in Euro, US Dollar, Swiss Franc and Japanese Yen. Changes in exchange rates may therefore affect the valuations of the underlying funds. Changes in exchange rates may therefore affect the valuations of the underlying funds. The Investment Advisers of the Funds use derivative instruments to mitigate such risk for the shareholders. The foreign exchange fluctuations are hedged through future contracts.

**Notes to the Financial Statements**

Year ended 30 September 2017

**3. Financial instruments and associated risks (continued)**

**3.1.1 Currency risk (continued)**

	PSF New Energy Fund 30 Sep 2017 EUR	PSF Fine Art Fund 30 Sep 2017 CHF	PSF Global Trends Fund 30 Sep 2017 USD
EUR	7,555,265	-	131,178
CHF	-	463	1,032
JPY	-	-	232,862
USD	-	-	7,103,975
	<u>7,555,265</u>	<u>463</u>	<u>7,469,047</u>

In 2016, the underlying funds' investments were denoted in Euro. The Company was therefore not exposed to currency risks.

**3.1.2 Interest risk**

The majority of the Company's financial assets are non-interest-bearing investments, and as such it is not subject to any major exposure to fair value interest rate risk arising from fluctuations in the prevailing levels of market interest rates. The Company is not exposed to any interest risk given that the loan receivable is subject to a fixed interest rate.

**3.1.3 Price risk**

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Company is exposed to equity price risk through the assets held by the respective underlying collective investment schemes. All securities present a risk of loss of capital. The Investment Manager moderates this risk through a careful selection of securities and other financial instruments within specified limits. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Funds' overall market positions are monitored on a regular basis by the Fund's Investment Manager.



**Notes to the Financial Statements**

Year ended 30 September 2017

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**3. Financial instruments and associated risks (continued)**

**3.2 Credit risk**

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

Financial assets which potentially subject the Company to credit risk are derivative instruments classified at fair value through profit or loss. Bank balances are all short term, and are not considered to represent a significant credit risk.

Accounts receivable mainly constitute of interest receivable. These receivables are all short-term. Accordingly, the Company has no significant credit risk in respect of accounts receivable.

**3.3 Liquidity risk**

The liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Company is exposed to the daily settlement of margin calls on derivatives and to monthly cash redemptions of investor shares. Its policy is therefore to invest the majority of its assets in investments that can be readily disposed.

Investor shares are redeemed on demand at the holder's option. All other liabilities are due within less than one month, except for derivative instruments.

**3.4 Capital risk management**

The capital of the Company is represented by the net assets attributable to holders of redeemable shares. The amount of net assets attributable to holders of redeemable shares can change significantly on a daily basis as the Company is subject to monthly subscriptions and redemptions as the discretion of shareholders. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Company.

In order to maintain or adjust the capital structure, the Company's policy is to perform the following:

- Monitor the level of monthly subscriptions and redemptions relative to the assets it expects to be able to liquidate
- Redeem and issue new shares in accordance with the constitutional documents of the Company, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

**Notes to the Financial Statements**

Year ended 30 September 2017

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**3. Financial instruments and associated risks (continued)**

**3.4 Capital risk management (continued)**

The Board of Directors and Portfolio Manager monitor capital on the basis of the value of net assets attributable to redeemable shareholders.

**4. Critical accounting estimates and judgements**

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. These estimates and assumptions are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

*Valuation of Private Equities*

The Fund primarily invests in non-listed companies engaged in sustainable energy production. As at year-end, the unlisted assets of the Fund consist in holdings of companies operating wind parks, namely:

- Windpark Amalienhof I GmbH & Co. KG
- Lufstrom Windpark Fleschenbach Eins GmbH & Co. KG
- Parc Eolien AUBE I SNC via CP Wind Acthundvierzigste GmbH & Co. KG

The Board of Directors has therefore approved the following valuation methodology to value the unlisted assets.

The fair value of the unlisted assets held by the Fund on the relevant valuation day are calculated utilising a discounted cash flow (DCF) method that makes use of both fixed date that is relatively constant (e.g. tax rates, depreciation) and variable date (e.g. electricity revenues, operational costs, cash and accruals).

The projected revenues from each wind park are based upon the opinion of independent wind energy experts.

The wind forecasts are regularly reviewed and adjusted, if necessary, on the basis of the effectively realised revenues over several periods and comparisons with other wind parks in the same area.

The projected revenues and realised revenues are monitored by independent accounting firms. Any material irregularities are flagged and analysed accordingly.



Notes to the Financial Statements

Year ended 30 September 2017

4. Critical accounting estimates and judgements (continued)

*Valuation of Private Equities (continued)*

These projects cash flows are then adjusted to find the free cash flow to equity ('FCFE'). The FCFE is then discounted to a present value using a discount rate that accounts for the time value of money and the relative risks of each wind park. The discount rate is made up of the components risk-free-rate, market risk premium, levered beta, idiosyncratic risk premium and country risk premium. The equity value is adjusted further by adding cash, receivables and accruals of the particular unlisted asset to find the fair value of the holding.

5. Financial assets held at fair value through profit and loss

	Consolidated PMG Special Funds SICAV plc			
	PSF New Energy Fund	PSF Fine Art Fund	PSF Global Trends Fund	
	30 Sep 2017	30 Sep 2017	30 Sep 2017	30 Sep 2017
	EUR	EUR	CHF	USD
Mutual funds	20,450	20,450	-	-
Private equities	6,508,821	6,508,821	-	-
Contemporary photographic art	10,953,696	-	12,549,649	-
Fixed rate corporate bonds	4,269,889	-	-	5,041,031
Other investments	1,017,384	1,017,384	-	-
Financial assets at fair value through profit and loss	<b>22,770,240</b>	<b>7,546,655</b>	<b>12,549,649</b>	<b>5,041,031</b>

	Consolidated PMG Special Funds SICAV plc	
	PSF New Energy Fund	
	30 Sep 2016	30 Sep 2016
	EUR	EUR
Mutual funds	88,408	88,408
Private equities	6,458,605	6,458,605
Other investments	941,054	941,054
Financial assets at fair value through profit and loss	<b>7,488,067</b>	<b>7,488,067</b>

**Notes to the Financial Statements**

Year ended 30 September 2017

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**5. Financial assets held at fair value through profit and loss (continued)**

The investments in private equities represent:

- (i) Investment in Windpark Amalienhof 1 GmbH & Co. KG, a company registered in Germany. The Company owns 100% of the equity of Windpark Amalienhof 1 GmbH & Co. KG
- (ii) Investment in Lufstrom Windpark Fleschenbach Eins GmbH & Co. KG, a company registered in Germany. The Company owns 100% of the equity of Lufstrom Windpark Fleschenbach Eins GmbH & Co. KG
- (iii) Investment in CP Wind Achtundvierzigste GmbH & Co. KG, a company registered in Germany. The Company owns 100% of CP Wind Achtundvierzigste GmbH & Co. KG

Other investments represent:

- (i) A loan receivable from CP Wind Achtundvierzigste GmbH & Co. KG amounting to EUR 941,054. The loan bears an interest rate of 8% per annum and is repayable by 29 October 2032. However, the loan could also be repaid before maturity, at the discretion of the borrower

***Fair value hierarchy***

IFRS 7 requires the Funds to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted market price (unadjusted) in an active market for an identical instrument;
- Level 2 – valuation techniques based on observable inputs, either directly or indirectly. 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; and
- 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

Notes to the Financial Statements

Year ended 30 September 2017

5. Financial assets held at fair value through profit and loss (continued)

*Fair value hierarchy (continued)*

A summary of the fair value levels as at 30 September 2017 is found below:

*PSF New Energy Fund*

	Level 1 EUR	Level 2 EUR	Level 3 EUR
Mutual funds	-	-	20,450
Private equities	-	-	6,508,821
Other investments	-	-	1,017,384
	<u>-</u>	<u>-</u>	<u>7,546,655</u>

*PSF Fine Art Fund*

	Level 1 CHF	Level 2 CHF	Level 3 CHF
Contemporary photographic art	<u>-</u>	<u>-</u>	<u>12,549,649</u>

*PSF Global Trends Fund*

	Level 1 USD	Level 2 USD	Level 3 USD
Fixed rate corporate bonds	<u>5,041,031</u>	<u>-</u>	<u>-</u>

As at 30 September 2016 all the underlying investments were classified as Level 3.

## PMG Special Funds SICAV plc

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### Notes to the Financial Statements

Year ended 30 September 2017

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#### 6. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following bank balances:

	<b>Consolidated PMG Special Funds SICAV plc</b>	<b>PSF New Energy Fund</b>	<b>PSF Fine Art Fund</b>	<b>PSF Global Trends Fund</b>
	<i>30 Sep 2017</i>	<i>30 Sep 2017</i>	<i>30 Sep 2017</i>	<i>30 Sep 2017</i>
	EUR	EUR	CHF	USD
Cash and cash equivalents	<b>2,065,610</b>	8,610	463	2,428,017

	<b>Consolidated PMG Special Funds SICAV plc</b>	<b>PSF New Energy Fund</b>
	<i>30 Sep 2016</i>	<i>30 Sep 2016</i>
	EUR	EUR
Cash and cash equivalents	-	-

#### 7. Other receivables

	<b>Consolidated PMG Special Funds SICAV plc</b>	<b>PSF New Energy Fund</b>	<b>PSF Fine Art Fund</b>	<b>PSF Global Trends Fund</b>
	<i>30 Sep 2017</i>	<i>30 Sep 2017</i>	<i>30 Sep 2017</i>	<i>30 Sep 2017</i>
	EUR	EUR	CHF	USD
Other receivables	<b>7,593</b>	-	6,713	2,047



## PMG Special Funds SICAV plc

### Notes to the Financial Statements

Year ended 30 September 2017

#### 7. Other receivables (continued)

	Consolidated PMG Special Funds SICAV plc 30 Sep 2016 EUR	PSF New Energy Fund 30 Sep 2016 EUR
Other receivables	-	-

#### 8. Accrued expenses

	Consolidated PMG Special Funds SICAV plc 30 Sep 2017 EUR	PSF New Energy Fund 30 Sep 2017 EUR	PSF Fine Art Fund 30 Sep 2017 CHF	PSF Global Trends Fund 30 Sep 2017 USD
Accrued audit fees	72,415	47,200	12,586	16,800
Accrued management fee	486,584	22,087	508,497	24,398
Accrued performance fee	7,442	-	-	8,785
Accrued administration fee	205,316	40,000	181,579	8,062
Accrued directors' fees	4,662	2,500	2,137	350
Accrued legal fees	1,736	1,267	192	356
Accrued other fees	40,966	-	46,615	330
Total Accrued expenses	<b>819,121</b>	<b>113,054</b>	<b>751,606</b>	<b>59,081</b>

## Notes to the Financial Statements

Year ended 30 September 2017

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### 8. Accrued expenses (continued)

	Consolidated PMG Special Funds SICAV plc 30 Sep 2016 EUR	PSF New Energy Fund 30 Sep 2016 EUR
Accrued audit fees	55,400	55,400
Accrued management fee	12,898	12,898
Accrued administration fee	20,000	20,000
Accrued directors' fees	15,000	15,000
Accrued legal fees	30,000	30,000
Accrued other fees	2,600	2,600
Total Accrued expenses	<u>135,898</u>	<u>135,898</u>

### 9. Share capital

As at 30 September 2017 the Company has issued two classes of shares, being the “Founder shares” and the “Investor shares”.

#### *Founder shares*

The Company has issued 310 voting shares of EUR 100 each, fully paid and are held by Mr. Eric Lütenegger and PMG Fonds Management AG.

The founder shares do not form part of the net asset value of the Company and are thus disclosed in the Financial Statements by way of this note only. In the opinion of the Directors, this disclosure reflects the nature of the Company’s business as an investment Company.

#### *Investor shares*

The authorised share capital of the Company is five billion (5,000,000,000) shares having no nominal value. The value of creations and redemptions for each sub-fund is disclosed in the statement of changes in net assets. The number of investor shares in circulation as at the end of this reporting period are presented in the following tables. These shares carry no voting rights.

**Notes to the Financial Statements**

Year ended 30 September 2017

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**9. Share capital (continued)**

*PSF New Energy Fund*

	<b>Class AA</b> <b>No of shares</b> <i>30 Sep 2017</i>
Number of shares as at 1 October 2016	77,096.519
Creation of shares	-
Redemption of shares	-
Number of shares as at 30 September 2017	<u>77,096.519</u>

*PSF Fine Art Fund*

	<b>Class C</b> <b>No of shares</b> <i>30 Sep 2017</i>
Number of shares as at 1 October 2016	-
Shares acquired via transfer of sub-fund	123,248.106
Creation of shares	-
Redemption of shares	-
Number of shares as at 30 September 2017	<u>123,248.106</u>

*PSF Global Trends Fund*

	<b>Class C</b> <b>No of shares</b> <i>30 Sep 2017</i>
Number of shares as at 1 October 2016	75,799.955
Creation of shares	(2,000.000)
Redemption of shares	-
Number of shares as at 30 September 2017	<u>73,799.955</u>



## PMG Special Funds SICAV plc

### Notes to the Financial Statements

Year ended 30 September 2017

#### 10. Interest income

	Consolidated PMG Special Funds SICAV plc 30 Sep 2017 12 months EUR	PSF New Energy Fund 30 Sep 2017 12 months EUR	PSF Fine Art Fund 30 Sep 2017 12 months CHF	PSF Global Trends Fund 30 Sep 2017 12 months USD
Interest earned from bonds	1,774	-	-	1,964
Bank interest	2,249	-	-	2,490
	<b>4,023</b>	<b>-</b>	<b>-</b>	<b>4,454</b>

	Consolidated PMG Special Funds SICAV plc 30 Sep 2016 7 months EUR	PSF New Energy Fund 30 Sep 2016 7 months EUR
Interest on securities	-	-

#### 11. Other net changes in fair value on financial assets and liabilities at fair value through profit or loss

	Consolidated PMG Special Funds SICAV plc 30 Sep 2017 12 months EUR	PSF New Energy Fund 30 Sep 2017 12 months EUR	PSF Fine Art Fund 30 Sep 2017 12 months CHF	PSF Global Trends Fund 30 Sep 2017 12 months USD
Realised gains/(losses) on disposal of investments	97,313	140,517	(68,680)	21,844
Realised gains/(losses) on bank balances	4,615	-	-	5,109
Unrealised fair value gains/(losses) on investments	(3,183,684)	18,070	(3,661,377)	169,834
Unrealised fair value gains/(losses) on bank balances	(2,145)	-	-	(2,375)
	<b>(3,083,901)</b>	<b>158,587</b>	<b>(3,730,057)</b>	<b>194,412</b>

**Notes to the Financial Statements**

Year ended 30 September 2017

**11. Other net changes in fair value on financial assets and liabilities at fair value through profit or loss (continued)**

	<b>Consolidated PMG Special Funds SICAV plc 30 Sep 2016 7 months EUR</b>	<b>PSF New Energy Fund 30 Sep 2016 7 months EUR</b>
Realised losses on disposal of investments	(57,709)	(57,709)
Unrealised fair value gains on investments	<b>245,031</b>	245,031
	<b>187,322</b>	<b>187,322</b>

**12. Realised gain on transfer of sub-fund**

An agreement was entered into on 20 February 2017 whereby it was agreed that the Fine Art Fund was transferred from Focus Funds Sicav plc (registration number SV 146) to PMG Special Funds Sicav plc. An addendum to this agreement was signed on 30 September 2017 for accounting purposes. Therefore, the Net Asset Value of the sub-fund transferred was recognised as a realised gain in this year's statement of comprehensive income.

**13. Fees**

***PSF New Energy***

***Management fees***

The investment manager is entitled to receive for the performance of its services under the Management Agreement, a maximum annual management fee of 1.6% based on the net asset value of the Fund. Fees are calculated and accrued on the net asset value of the Fund, payable monthly.

In addition to the Investment Management Fee, the Investment Manager may also be entitled to a performance fee of 20%.

**Notes to the Financial Statements**

Year ended 30 September 2017

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**13. Fees (continued)**

***Administrator fees***

The fund is liable to pay the Administrator an annual fee maximum 0.5%; minimum EUR 50,000 per annum charged on the average net asset value of the fund. This fee shall also cover the costs in respect of the Swiss Legal Representative.

***Audit fees***

Fees charged by the auditor for services rendered during the reporting period ended 30 September 2016 relate to the Annual Statutory Audit amounting to €5,000 exclusive of VAT.

***PSF Fine Art Invest Fund***

***Management fees***

The investment manager is entitled to receive for the performance of its services under the Management Agreement, a maximum annual management fee of 2% based on the net asset value of the Fund. Fees are calculated and accrued on the net asset value of the Fund, payable quarterly. Trailer fees, if any, are paid out of the management fee.

The investment manager is also entitled to receive a 20% performance fee payable annually on the amount above a 10% hurdle rate. From this remuneration the investment manager pays the fees due to the Fund Advisor. Fees are calculated and accrued on the net asset value of the Fund, payable quarterly. Trailer fees, if any, are paid out of the investment management fee.

***Administrator, Paying Agent and Prime Broker fees***

The fund is liable to pay the Administrator, Custodian and Prime Broker together an annual fee of maximum 0.40%; minimum CHF 50,000 per annum charged on the net asset value of the fund, payable quarterly.

***Audit fees***

Fees charged by the auditor for services rendered during the reporting period ended 30 September 2017 relate to the Annual Statutory Audit amounting to EUR 4,400 exclusive of VAT.



## Notes to the Financial Statements

Year ended 30 September 2017

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### 13. Fees (continued)

#### *PSF Global Trends Fund*

##### *Management fees*

The investment manager is entitled to receive for the performance of its services under the Management Agreement, a maximum annual management fee of 1.5% based on the net asset value of the Fund. Fees are calculated and accrued on the net asset value of the Fund, payable monthly. Trailer fees, if any, are paid out of the management fee.

The investment manager is also entitled to receive a 15% performance fee payable annually. The performance fee shall become due in the event of the NAV per share at the end of the relevant performance period exceeding the 'High-Water Mark' and shall be payable on the over performance of the NAV per share over and above the 'High-Water Mark'.

##### *Administrator fees*

The fund is liable to pay the Administrator, Custodian and Prime Broker together an annual fee of maximum 0.50%; minimum CHF 30,000 per annum charged on the net asset value of the fund, payable quarterly.

##### *Custodian fees*

The fund will be liable to pay to the custodian an all-inclusive-fee of up to 0.2% per annum, which is calculated on the NAV of the fund and is payable quarterly in arrears.

##### *Audit fees*

Fees charged by the auditor for services rendered during the reporting period ended 30 September 2017 relate to the Annual Statutory Audit amounting to EUR 6,000 exclusive of VAT.

### 14. Net Asset Value

In accordance with the Offering Memorandum, the net asset value of each class of shares in the each sub-fund is determined by reference to the market prices of the underlying assets in the relevant sub-fund attributable to such class at the close of business on the 'valuation date'. The 'valuation date' is defined as follows for the four sub-funds:

<i>PSF New Energy Fund:</i>	First Business Day of January, April, July and October
<i>PSF Fine Art Fund:</i>	Last Business Day of each Quarter
<i>PSF Global Trends Fund:</i>	Last Business Day of every Calendar Week

The Offering Memorandum stipulates the amortisation of formation expenses over a period of a number of years.

### Notes to the Financial Statements

Year ended 30 September 2017

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#### 15. Taxation

The Maltese tax regime for collective investment schemes is based on the classification of funds into prescribed or non-prescribed funds in terms of the conditions set out in the Collective Investment Schemes (Investment Income) Regulations, 2001 (as amended). In general, a prescribed fund is defined as a resident fund, which has declared that the value of its assets situated in Malta amount to at least 85% of the value of the total assets of the fund. On this basis, the Company qualifies as a non-prescribed fund for Maltese income tax purposes.

Any sub-fund of the Company which is classified as a prescribed fund is subject to Maltese tax on its investment income as defined in the Income Tax Act at a rate of 10% or 15% depending on the nature of the income. On the other hand, any sub-fund which is classified as a non-prescribed fund is not subject to tax on its income or gains.

In the case of the Company's foreign investments, any capital gains, dividends, interest and other gains or profits may be subject to tax imposed by the country of origin concerned and such taxes may not be recoverable by the Company or by its shareholders.

Maltese resident investors may be subject to a 15% final withholding tax on capital gains realised on any redemption of units. However the investor 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 tax.

Capital gains accruing to members not resident in Malta upon a redemption or transfer of shares or upon a distribution on a winding-up of the Company are not subject to tax in Malta. The redemption or transfer of shares and any distribution on a winding-up of the Company may result in a tax liability for the members according to the tax regime applicable in their respective countries of incorporation, establishment, residence, citizenship, nationality, domicile or other relevant jurisdiction.

#### 16. Related party transactions

##### *Investment Manager*

The investment manager appointed by the Company is PMG Fonds Management AG, a Company incorporated in Switzerland. A director of PMG Fonds Management AG, Mr Eric Lütenegger, is also a director of the Company.

The investment manager is entitled to management, performance fees and administration fees and as defined in the Funds' supplements. Total management fees payable to the investment manager for the year amounted to EUR 150,948 (2016: EUR 4,725), administration fees amounted to EUR 105,840 (2016: EUR 22,368) whereas performance fees amounted to EUR 7,936 (2016: nil). Amounts payable as at period end are included with accrued expenses in the Statement of Financial Position and in the notes to the Financial Statements.



**Notes to the Financial Statements**

Year ended 30 September 2017

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**16. Related party transactions (continued)**

*Directors' fees*

Mr. Eric Lütenegger, Mr. Peer-Joachim Hoffman and Dr. David Griscti are the directors of the Company and are considered to be related parties of the Company by virtue of key management personnel. The directors were paid directors' fees amounting to EUR 258 (2016: EUR 15,000) for the year.

## **Independent auditor's report**

To the Shareholders of PMG Special Funds SICAV plc

### **Report on the Audit of the Financial Statements**

We have audited the financial statements of PMG Special Funds SICAV plc (the Company), set out on pages 7 to 37, which comprise the statement of financial position as at 30 September, 2017 and the statement of comprehensive income, statement of changes in net assets attributable to holders of investor shares and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph the financial statements give a true and fair view of the financial position of the Company as at 30 September 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been prepared in accordance with the requirements of the Companies Act (Cap. 386).

### **Basis for Qualified Opinion**

FF Fine Art Invest Fund, a sub fund of the company has a financial asset at fair value amounting to *CHF 12,549,649* as disclosed in the statement of financial position as at 30 September 2017. The valuation of the financial asset is based on information provided by an art expert and insurance companies assuming normal operating conditions and is calculated in accordance with the sub fund's supplemental offering memorandum. During the year ended 30 September 2017 two of the subscribers of the FF Fine Art Invest Fund holding jointly 94% of the sub fund's equity were still in liquidation. PMG Fonds Management AG as Investment Manager is currently seeking a prospective buyer for (i) part or all the fund units pertaining to subscribers referred to above and / or (ii) part or all of the artwork of the fund portfolio. Due to these uncertainties we were unable to obtain sufficient appropriate audit evidence about the carrying amount of FF Fine Art Invest Fund's investment as at 30 September 2017 and of whether or not an impairment charge should have been accounted for the year then ended. Consequently, we were unable to determine whether the carrying amount of the investment is fairly stated.

PSF New Energy Fund, a sub fund of the company has a financial asset at fair value amounting to EUR 20,450 as disclosed in the statement of financial position as at 30 September 2017. The audit report of the accounts of this investment as at 30 September 2017 states that the auditor was unable to determine whether the carrying amount of the investment is fairly stated. There were no alternative means to determine whether or not the investment is fairly stated. Consequently we were unable to determine whether the carrying value of the investment is fairly stated.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial

## **Independent auditor's report (continued)**

To the Shareholders of PMG Special Funds SICAV plc (continued)

statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Other Information**

The directors are responsible for the other information. The other information comprises of general information. Our opinion on the financial statements does not cover this information. 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.

### **Responsibilities of the Directors**

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with EU IFRS's, and for such internal control as the directors determine 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 directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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.



## Independent auditor's report (continued)

To the Shareholders of PMG Special Funds SICAV plc (continued)

### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

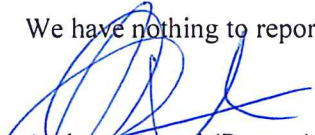
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

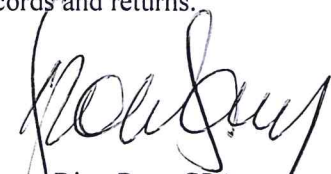
### Report on Other Legal and Regulatory Requirements

Under the Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.

We have nothing to report to you in respect of these responsibilities.

  
Anthony Attard (Partner)  
For and on behalf of  
**Mazars Malta**  
Registered auditors  
32, Sovereign Building,  
Zaghfran Road,  
Attard,  
Malta  
23 February 2018

  
Dion Borg CPA  
Registered auditor  
48, Parish Street  
St. Venera,  
Malta