

# **ITI Funds UCITS ETF SICAV**

Société d'Investissement à Capital Variable

**Audited annual report as at 31/12/22**

R.C.S. Luxembourg B 217005

# ITI Funds UCITS ETF SICAV

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In order to obtain more votes for following General Meetings of shareholders, the Board of Directors decided to contact known investors. After the discussion with investors and service-providers, the Board concluded that it is necessary to allow shareholders to be registered directly in the Register. The Board and service-providers are handling with the process of direct shareholders registration in the Register. Due to emerged lack of liquidity in ITI Funds Russia RTS UCITS ETF SICAV sub-fund the Board of Directors also resolved that it should cease the reference index tracking and to begin assets selling of to cover ongoing costs. The CSSF was informed on this action and the Fund Legal confirmed that there were no sanctioned securities in the Fund portfolio. The Board and service-providers are exploring possible ways of assets selling and investors will be notified on further actions once a solution is found.

# ITI Funds UCITS ETF SICAV

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## Organisation and administration

### REGISTERED OFFICE OF THE COMPANY

4, Rue Robert Stumper  
L-2557 Luxembourg  
Grand Duchy of Luxembourg

### BOARD OF DIRECTORS OF THE COMPANY

#### Chairman

Vincent Decalf  
Luxembourg

#### Directors

Natalia Petrova (until May 9, 2022)  
Bulgaria

Nikolay Dontsov  
Spain

Oleg Zhelezko (since May 9, 2022)  
Guernsey

### MANAGEMENT COMPANY

Fuchs Asset Management S.A.  
49, Boulevard Prince Henri  
L-1724 Luxembourg  
Grand Duchy of Luxembourg

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Jean-Jacques Lava  
Deputy CEO and Managing Director  
Fuchs Asset Management S.A.  
49, Boulevard Prince Henri  
L-1724 Luxembourg  
Grand Duchy of Luxembourg  
(since 7th April 2022)

Hervé Coussement  
Fuchs Asset Management S.A.  
49, Boulevard Prince Henri  
L-1724 Luxembourg  
Grand Duchy of Luxembourg  
(since 13th September 2022)

Jean Fuchs  
Chairman  
Fuchs Asset Management S.A.  
49, Boulevard Prince Henri  
L-1724 Luxembourg  
Grand Duchy of Luxembourg  
(until 12th September 2022)

Timothé Fuchs  
Chief Executive Officer  
Fuchs Asset Management S.A.  
49, Boulevard Prince Henri  
L-1724 Luxembourg  
Grand Duchy of Luxembourg  
(until 18th November 2022)

Christophe Pessault  
Independent Director  
16, Rue Jean-Pierre Brasseur  
L-1258 Luxembourg  
Grand Duchy of Luxembourg

### CONDUCTING PERSONS OF THE MANAGEMENT COMPANY

Timothé Fuchs  
Jean-Jacques Lava

### INVESTMENT MANAGER

Da Vinci Capital Management Limited  
Obsidian House  
Rue D'Aval  
Vale, Guernsey  
Channel Islands GY1 3UR

# ITI Funds UCITS ETF SICAV

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## Organisation and administration

<b>DEPOSITARY BANK AND DOMICILIARY AGENT IN LUXEMBOURG</b>	Edmond de Rothschild (Europe) 4, rue Robert Stumper L-2557 Luxembourg Grand Duchy of Luxembourg
<b>ADMINISTRATOR AND TRANSFER AGENT</b>	Edmond de Rothschild Asset Management (Europe) 4, rue Robert Stumper L-2557 Luxembourg Grand Duchy of Luxembourg
<b>AUDITOR</b>	KPMG Audit S.à.r.l. 39, Avenue John F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg
<b>LEGAL ADVISER AS TO LUXEMBOURG LAW</b>	Dechert (Luxembourg) LLP 1, Allée Scheffer L-2520 Luxembourg Grand Duchy of Luxembourg
<b>LEGAL ADVISER AS TO IRISH LAW</b>	Dechert LLP 3 George's Dock IFSC Dublin 2 Ireland
<b>IRISH STOCK EXCHANGE LISTING AGENT</b>	IQ EQ Fund Management (Ireland) Limited 76 Sir John Rogerson's Quay Dublin Docklands Dublin 2 D02 C9D0 Ireland

# ITI Funds UCITS ETF SICAV

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## General information

### INFORMATION TO THE SHAREHOLDERS

Notices concerning ITI Funds UCITS ETF SICAV (the “Company”) are published in newspapers designated by the Board of Directors of the Company and, if prescribed by law, are published in the Mémorial, the official gazette of Luxembourg, and are lodged with the Registrar of the Luxembourg District Court.

The current Articles of Incorporation of the Company are lodged with the Registrar of the Luxembourg District Court, from whom copies may be obtained.

The issue price and the redemption price of the Company shares are made public at the Registered Office of the Company, where prospectus, KIIDs, Articles of Incorporation and financial reports may be obtained.

Subscriptions cannot be received on the basis of financial reports. Subscriptions are valid only if made on the basis of the current prospectus, supplemented by the last annual report including financial statements and the most recent semi-annual report if published thereafter.

During the year under review, only audit services are provided by KPMG Audit S.à.r.l.

### NET ASSET VALUE PER SHARE

The Net Asset Value per Share is calculated on the Business Day following the relevant Valuation Day and be determined by dividing the Net Asset Value of the respective Sub-Fund/Class by the number of such Shares which are in issue on such Valuation Day in the relevant Sub-Fund and/or Class (including Shares in relation to which a Shareholder has requested redemption on such Valuation Day).

The Net Asset Value per Share will in principle be calculated with four decimal places and may be rounded up or down to the nearest whole unit of the currency in which the Net Asset Value of the relevant Shares are calculated.

For all Sub-funds, a non-tradable Net Asset Value was calculated on December 31, 2022 for the purpose of these financial statements. The securities have been valued at market prices used in the last NAV (February 25, 2022).

# ITI Funds UCITS ETF SICAV

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## Report of the Board of Directors

Beginning with February 28, 2022, the Moscow exchange (MOEX) had suspended trading on the equity market. In accordance with the Prospectus of the Fund, the day became a non-trading day for the Fund. Considering MOEX trading suspension and suspension of Russia-related securities trading & settlement by counterparties, the Board of Directors decided at March 1, 2022 to suspend NAV calculation, subscriptions and redemptions for both of sub-funds.

The Board also agreed to request for the secondary market (Euronext Dublin, London Stock Exchange, Moscow Exchange, Astana International Exchange) trading suspension. At March 9, 2022 the Euronext Dublin (primary listing for both of sub-funds) confirmed the suspension of listing for both of sub-funds' A class shares.

Moscow Exchange had partially resumed trading for some of securities from the RTS index, beginning from March 24<sup>th</sup>, 2022 and fully resumed trading on the equity market on March 29<sup>th</sup>, 2022 (only for residents). Since then the trading on local market for non-residents was never resumed. Similarly, the cross-border settlement of Russian equities (which are kept in Russian NSD) and some of Russian bonds was restricted by Global Depositories. Under these circumstances the Board concluded that NAV calculation and secondary market trading couldn't be restored in the close future and proposed the voluntary liquidation of the Fund. The Board reached out to Deloitte, Mr. Enrico Mela and ME Business Solutions for receiving on acting as liquidator and to test their experience in this field. Further to internal scoring, the Board submitted ME Business Solutions represented by Mr. Eric Chinchon for CSSF approval as liquidator of the Fund on April 1<sup>st</sup>, 2022.

The liquidator appointment non-objection letter from CSSF was received on July 19<sup>th</sup>, 2022. After a discussion with the Fund Legal, the Board of Directors convened an Extraordinary General Meeting (EGM) of Shareholders with voluntary liquidation approval agenda, which took place at August 22, 2022. As the required quorum was not reached at the Meeting, the Board decided to reconvene the Meeting for September 16, 2022, without the quorum requirement (according to the Luxembourg law). However, number of in favor votes was not enough to approve the voluntary liquidation of the Fund. The Board repeated the EGMs convening on October 6, 2022 (the required quorum was not reached) and on October 28, 2022 (enough in favor votes to approve the liquidation were not receive).

During the period of EGMs convening, the Board received notifications from several investors and market-makers, which were keeping their shares in Russian NSD. They notified that their voting instructions were rejected by their depositories. The Board also received a letter from Russian NSD, which confirmed that votes had been received by NSD, forwarded to Euroclear, but were rejected by Euroclear as electronic data interchange channels between NSD and Euroclear were under suspension. Unfortunately, these votes were neither accepted by notary in Luxembourg. As the majority of the investors have acquired shares of the funds historically at Moscow Exchange, that meant that none of them could vote on EMG using standard mechanisms. The Board continues to work out a solution with investors and market-makers on the revealed issues and aim for another voting EGMs on voluntary liquidation in 2023.

Due to the shortage of available cash in the RTS sub-fund and under Prospectus limitations on the cost allocation, the Fund started to have issues with payments to several service providers. The Board is exploring the possibilities to sell some non-restricted assets from RTS sub-fund portfolio in order to release more cash in this fund and settle outstanding debts. Inability to release more cash in this portfolio carry the risk of legal claims to the fund and, as its consequence, the risk of legal liquidation, that may result in poorer value to the Shareholders.

The Board considers the voluntary liquidation as the best available option for Shareholders and intends to continue efforts on resolution of payment issues (where possible) and on voluntary liquidation approval receipt from Shareholders.

### Sub-fund - ITI Funds Russia RTS Equity UCITS ETF SICAV

The sub-fund inception date is 30<sup>th</sup> of January 2018 with USD 25 initial NAV per share. The sub-fund is denominated in USD and targets to track index of most liquid Russian stocks on the initial investment plus accumulates dividends which are paid by underlying stocks. Accumulated stock dividends minus costs are to be distributed annually. In financial year 2022 the sub-fund paid no dividends.

As of the most recent calculated NAV (dated February 25<sup>th</sup>, 2022) the sub-fund recorded negative performance -6.97% since the inception and -40.39% over the year 2022 including dividends.

During January 2022 and the first half of February 2022 the Russian equity market had shown strong negative dynamics, reacting to the situation on the global equity market and rising geopolitical tensions, thus the sub-fund AUM fell to USD 6.8m as of mid-February 2022 from USD 7.53m as of the end of 2021.

In mid-February 2022 the fund AUM was increased to USD 7.5m by a subscription. The sub-fund portfolio had also reflected recent changes in the reference index by inclusion of En+ Group (ENPG) and exclusion of LSR Group (LSRG) from the portfolio. The beginning of the Russian invasion to Ukraine was accompanied by the panic on the Russian equity market and the sub-fund AUM fell to USD 3.8m as COB February 24, 2022. During the following day, the sub-fund AuM grew USD 4.8m, reflecting the correction on the Russian equity market.

Beginning with February 28<sup>th</sup>, 2022, the Moscow exchange had suspended trading on the equity market. In accordance with the Prospectus of the Fund, the day became a non-trading day for the Fund. At the same day Russian NSD blocked outgoing payments and securities of non-Russian residents in accordance with a request from the Russian regulator. The Board of Directors decided at March 1<sup>st</sup>, 2022 to suspend NAV calculation, subscriptions and redemptions for the sub-fund. There were no unsettled trades in RTS sub-fund as of the suspension date.

On March 18<sup>th</sup>, 2022 Euroclear and then on March 25<sup>th</sup>, 2022 Clearstream blocked Russian NSD accounts. On March 23<sup>rd</sup>, 2022 the RTS index licensor (S&P) notified that it was in the process of suspension of commercial operations in Russia, and that S&P's agreement with Moscow Exchange in relation to RTS Index maintenance had been terminated. As the result, the ETF License for RTS index tracking for the sub-fund would also be terminated starting from July 1<sup>st</sup>, 2022.

# ITI Funds UCITS ETF SICAV

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## Report of the Board of Directors

Moscow Exchange had partially restored trading for some of equities from RTS index beginning from March 24<sup>th</sup>, 2022 and fully restored equity trading only for resident accounts on March 29<sup>th</sup>, 2022. On June 3<sup>rd</sup>, 2022 blocking sanctions were applied to Russian NSD by EU.

On July 19<sup>th</sup>, 2022 one of portfolio securities issuers - Petropavlovsk PLC (POGR, 0.19% of sub-fund assets) notified that the external administrators had been appointed for the company and that it was unlikely that there would be any return to the company's shareholders. During the same week the notification was followed by delisting of POGR DRs from the London Stock Exchange and the Moscow Exchange. As of December 31<sup>st</sup>, 2022, Petropavlovsk PLC had convened a Scheme Meeting to the General Creditors.

The reference index had three scheduled rebalances in 2022: on June 17<sup>th</sup> (FEES equity was excluded), on September 16<sup>th</sup> (HHRU equity was excluded) and on December 16<sup>th</sup>, 2022 (no inclusions / exclusions, only members' weights were changed). The sub-fund wasn't able to replicate these changes in the portfolio due to the suspension of services by Russia-related securities by executing brokers.

Due to the sanctions imposed by EU, US and other countries to several Russian companies and organizations after February 2022, at least 50% of the sub-fund assets are potentially affected because of relations to sanctioned companies / persons, however, it doesn't contain any sanctioned securities in its portfolio. The situation with restrictions became more complicated after EU imposed blocking sanctions to Russian NSD, which is a safekeeping place for Russian equities. The sub-fund also has not been able to receive dividends for Russian equities from NSD.

As the fund had been receiving dividends for only two months after the most recent dividend payout in December 2021, it caused available cash shortage in the sub-fund (due to depositary and other service providers fees). As of December 31<sup>st</sup>, 2022 the remaining available cash was not enough to continue payment of the Global fixed fee in order to cover ongoing service-provider invoices. The Board is looking for solutions to sell some securities from its portfolio and release more cash.

There are limited number of counterparties, which are ready to consider trading & settlement services for Russian equities at the moment. We have approached them and have good understanding of this market and process of potential sale, which will likely happen on OTC market for non-residents with discount to current market price at Moscow Exchange for residents.

The license for RTS index tracking was also terminated in 2022 and the sub-fund won't be able to resume normal activities without the obtaining of the new one from Russian Licensor. There is a potential risk of delisting of some equities in the portfolio. In this case the sub-fund will have difficulties to sell them even if no sanctions are imposed and trading services are resumed.

The sub-fund is not able to operate normally, to receive dividends from equities in the portfolio (due to restrictions imposed on Russian NSD more than 50% in amount of scheduled dividend payments in year 2022 are affected and considered as receivables) and to comply with investment policy (due to large amount of sanctioned equities in the reference index and the terminated index tracking license).

### Sub-fund - ITI Funds Russia-focused USD Eurobond UCITS ETF SICAV

The fund inception date is 30<sup>th</sup> of January 2018 with USD 25 initial NAV. The fund is denominated in USD and targets tracks total-return index of most rated Russian USD denominated Eurobonds. Accumulated coupons are to be reinvested.

As of the most recent calculated NAV (dated February 25<sup>th</sup>, 2022) the sub-fund recorded negative performance -10.82% since the inception and -24.21% over the year 2022.

At the beginning of the year 2022 the Eurobonds sub-fund's AuM showed negative dynamics due to expected FED rate rise and rising geopolitical tensions. The slow negative dynamics continued to take place during the whole January 2022 and first half of February 2022, decreasing the sub-fund AuM to USD 5.9m as of mid-February 2022 from 6.46m as of the end of 2021. The beginning of the Russian invasion to Ukraine caused panic sellings on the Russian Eurobonds market and the sub-fund AUM fell to USD 4.5m as COB February 24, 2022. During the following day, the sub-fund AuM grew to USD 4.9m, reflecting the correction on the Russian Eurobonds market.

Beginning with February 28<sup>th</sup>, 2022, the Moscow exchange has suspended trading on the equity market and executing brokers suspended trading for Russia-related securities (including sovereign and corporate Eurobonds). In accordance with the Prospectus of the Fund, the day has become a non-trading day for the Fund. The Board of Directors decided on March 1<sup>st</sup>, 2022 to suspend NAV calculation, subscriptions and redemptions for the sub-fund. There were no unsettled trades in RTS sub-fund as of the suspension date.

On April 22<sup>nd</sup>, 2022 the Severstal (issuer of CHMFRU 3.15 09/16/24, 10.97% of the sub-fund portfolio) notified that due to the lack of regulatory authorizations which were still pending, it was not technically in position to pay the interest and information on holders was requested. This notification was forwarded to the Management Company for compliance checks on possible eligible actions to be done in relation to this sanctioned issuer. The Management Company confirmed that no eligible action can be done.

On October 12<sup>th</sup>, 2022 Severstal had announced a consent solicitation meeting in relation to terms of some of Eurobonds and on November 3<sup>rd</sup>, 2022 the Amended Payment Mechanics for coupons was approved by the meeting. According to the Amended Payment Mechanics, the holders which held bonds through non-Russian custodians will receive direct payments from Severstal in RUB only in the case of submission of direct-payment form.

During May 2022, GPN Capital arranged early redemption of their Eurobonds (SIBNEF 6 11/27/23), which returned USD 400k to the sub-fund. The Eurobond was also excluded from the reference index.

As of the end of the year 2022 Lukoil (LUKOIL 4 3/4 11/02/26) and Gazprom (GAZPRU 3 1/2 07/14/31) Eurobonds, which are members of the reference index, were not included into the portfolio as were considered as non-desirable for investment due to being subjects of OFAC sanctions (prior to February 2022). There were no inclusions / exclusions of ongoing bonds in the reference index during year 2022.

# ITI Funds UCITS ETF SICAV

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## Report of the Board of Directors

Due to sanctions imposed by EU, US and other countries to several Russian companies and organizations after February 2022, at least 50% of the sub-fund assets are affected because of relation to sanctioned companies / persons, although there are no sanctioned securities in the portfolio of the sub-fund.

The settlement of Russian Eurobonds was also temporarily suspended by executing brokers of the sub-fund, making the sub-fund unable to process subscriptions and redemptions. Processing of transactions for some bonds was also suspended by Euroclear & Clearstream, making sub-fund unable to receive bond coupons / redemption until the restriction is lifted (more 50% in amount of scheduled coupon payments in year 2022 are affected by the measure, such coupons are considered as receivables).

The index provider doesn't make any changes to the index composition due to sanctions applied to most part of large Russian companies and to the Russian Ministry of Finance, which are issuers of top-ranked USD nominated Russian Eurobonds. Thus, the sub-fund may be unable to continue to track the reference index while meeting UCITS requirements on assets diversification (due to small number of Eurobonds in the index). The calculation of the reference index may also be terminated by the Index provider in the future.

As the summary, there is a risk for the sub-fund to face defaults for some bonds in the portfolio, to be unable to sell some of its assets and to comply with investment policy in the future.

ITI Funds UCITS ETF SICAV  
June 5th, 2023





**KPMG Audit S.à r.l.**  
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L-1855 Luxembourg

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To the Shareholders of  
ITI Funds UCITS ETF SICAV  
4, Rue Robert Stumper  
L-2557 Luxembourg  
Grand Duchy of Luxembourg

## **REPORT OF THE REVISEUR D'ENTREPRISES AGREE**

### ***Report on the audit of the financial statements***

#### ***Disclaimer of Opinion***

We were engaged to audit the financial statements of ITI Funds UCITS ETF SICAV and each of its sub-funds ("the Fund"), which comprise the statement of net assets and the securities portfolio as at 31 December 2022 and the statement of operations and changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Fund. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### ***Basis for Disclaimer of Opinion***

ITI Funds Russia RTS Equity UCITS ETF SICAV and ITI Funds Russia-Focused USD Eurobond UCITS ETF SICAV, both sub-funds of the Fund, are Exchange Traded Funds ("ETFs") ("the Sub-Funds") which are fully invested in Russian equities and/or bonds and for which the portfolio of investments ("the Securities") represents 94.97% and 87.00% of their total net assets, respectively, as at 31 December 2022.

As a direct consequence of the military action of the Russian Federation in Ukraine started in February 2022, various jurisdictions have introduced sanctions against the Russian Federation, its selected corporates and individuals. In addition, in response to international sanctions, counter-measures have been introduced by the Russian Federation. These events made it no more possible to trade Russian securities and these Securities can no longer be considered as liquid, the ETFs' reference indices stopped to be calculated and the calculation of the net asset values of the Sub-Funds was suspended. As a result, on 1 April 2022, the Board of Directors of the Fund proposed to put the Fund in liquidation and these financial statements have been prepared on a non-going concern basis. The liquidation process has not been started as of now.

Because of the pervasiveness of the above-mentioned limitations, we issued a disclaimer of opinion on the financial statements for the year ended 31 December 2021 dated 30 June 2022. Our opinion on the current year's financial statements is also modified because of the possible effects of the matter on the "Net assets at the beginning of the year" and the "Net increase/(decrease) in net assets as a result of operations" for the year ended 31 December 2022. The valuation of the Securities in the financial statements for the year ended 31 December 2022 reflects their market values recorded as at 25 February 2022 (last business day before suspension of the net asset values of the Sub-Funds).



Due to the circumstances described in the preceding paragraph and the lack of available sufficient and reliable market observable data regarding these Securities, the Board of Directors of the Fund is not in a position to assess whether or not this Securities' valuation represents the net realizable value as at 31 December 2022 as per the accounting policy.

Given the above mentioned circumstances, there is also uncertainty on the recoverability of the amounts recorded in the captions "Dividends receivable, net" and "Interests receivable, net" in the statement of net assets as at 31 December 2022 and the corresponding "Dividends on securities portfolio, net" and "Interests on bonds, net" in the statement of operations and changes in net assets for the year ended 31 December 2022.

Lastly, we were unable to obtain external confirmation of the number of shares of both Sub-Funds outstanding as at 31 December 2022 as we were informed by the transfer agent that the existence of these shares could not be confirmed.

As a result of all these matters, we were unable to determine whether any adjustments were necessary to the captions "Securities portfolio at market value", "Interests receivable, net", and "Dividends receivable, net" as at 31 December 2022 as well as the related captions in the statement of operations and changes in net assets for the year then ended.

### ***Emphasis of Matter***

We draw attention to notes 2.1, 6 and 7 of these financial statements, which indicate the intent of the Board of Directors of the Fund to put the Fund into liquidation as soon as possible. These financial statements have therefore been prepared using a non-going concern basis of accounting.

### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we do not report on key audit matters.

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

The Board of Directors of the Fund is responsible for the preparation and fair presentation of 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



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

Our responsibility is to conduct an audit of the Fund’s financial statements in accordance with the EU Regulation N° 537/2014, 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”) and to issue an auditor’s report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (“IESBA Code”) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements.

### ***Report on other legal and regulatory requirements***

We have been appointed as “réviseur d’entreprises agréé” by the Annual General Meeting of the shareholders on 30 June 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 5 years.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Fund in conducting the audit.

Luxembourg, 27 October 2023

KPMG Audit S.à r.l.  
Cabinet de révision agréé

A handwritten signature in black ink, appearing to be 'R. Beegun', written over a light blue horizontal line.

R. Beegun  
Partner

# **ITI Funds UCITS ETF SICAV**

## **Combined financial statements**

# ITI Funds UCITS ETF SICAV

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## Combined statement of net assets as at 31/12/22

	Note	Expressed in EUR
<b>Assets</b>		<b>10,010,637.74</b>
Securities portfolio at market value	2.2	8,974,150.16
<i>Cost price</i>		11,802,340.05
Cash at banks and liquidities		539,435.35
Dividends receivable, net		339,280.82
Interests receivable, net		157,771.40
<b>Liabilities</b>		<b>174,101.93</b>
Expenses payable		5,621.92
Liquidation fees	7	168,480.01
<b>Net asset value</b>		<b>9,836,535.80</b>

# ITI Funds UCITS ETF SICAV

## Combined statement of operations and changes in net assets for the year ended 31/12/22

	Note	Expressed in EUR
<b>Income</b>		<b>596,205.35</b>
Dividends on securities portfolio, net		379,325.26
Interests on bonds, net		214,165.38
Commissions on issue and repurchase of shares		2,714.71
<b>Expenses</b>		<b>355,797.99</b>
Global fee	3	171,378.73
Transaction fees	2.5	15,936.81
Interests paid on bank overdraft		2.45
Liquidation fees	7	168,480.00
<b>Net income / (loss) from investments</b>		<b>240,407.36</b>
<b>Net realised profit / (loss) on:</b>		
- sales of investment securities		-23,224.82
- foreign exchange	2.3	-4,976.77
<b>Net realised profit / (loss)</b>		<b>212,205.77</b>
<b>Movement in net unrealised appreciation / (depreciation) on:</b>		
- investments	2.2	-3,855,603.05
<b>Net increase / (decrease) in net assets as a result of operations</b>		<b>-3,643,397.28</b>
Subscriptions of distribution shares		372,103.32
<b>Net increase / (decrease) in net assets</b>		<b>-3,271,293.96</b>
<b>Revaluation of opening combined NAV</b>		<b>806,272.08</b>
<b>Net assets at the beginning of the year</b>		<b>12,301,557.68</b>
<b>Net assets at the end of the year</b>		<b>9,836,535.80</b>

## **ITI Funds Russia RTS Equity UCITS ETF SICAV**

# ITI Funds Russia RTS Equity UCITS ETF SICAV

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## Statement of net assets as at 31/12/22

	Note	Expressed in USD
<b>Assets</b>		<b>5,669,048.06</b>
Securities portfolio at market value	2.2	5,290,226.16
Cost price		6,666,985.80
Cash at banks and liquidities		16,724.44
Dividends receivable, net		362,097.46
<b>Liabilities</b>		<b>98,905.30</b>
Expenses payable		3,500.00
Liquidation fees	7	95,405.30
<b>Net asset value</b>		<b>5,570,142.76</b>



# ITI Funds Russia RTS Equity UCITS ETF SICAV

## Statement of operations and changes in net assets from 01/01/22 to 31/12/22

	Note	Expressed in USD
<b>Income</b>		<b>407,732.15</b>
Dividends on securities portfolio, net		404,834.88
Commissions on issue and repurchase of shares		2,897.27
<b>Expenses</b>		<b>208,026.17</b>
Global fee	3	97,032.41
Transaction fees	2.5	15,588.46
Liquidation fees	7	95,405.30
<b>Net income / (loss) from investments</b>		<b>199,705.98</b>
<b>Net realised profit / (loss) on:</b>		
- sales of investment securities		19,507.21
- foreign exchange	2.3	-5,306.17
<b>Net realised profit / (loss)</b>		<b>213,907.98</b>
<b>Movement in net unrealised appreciation / (depreciation) on:</b>		
- investments	2.2	-2,565,513.85
<b>Net increase / (decrease) in net assets as a result of operations</b>		<b>-2,351,606.83</b>
Subscriptions of distribution shares		397,127.27
<b>Net increase / (decrease) in net assets</b>		<b>-1,954,479.56</b>
<b>Net assets at the beginning of the year</b>		<b>7,524,622.32</b>
<b>Net assets at the end of the year</b>		<b>5,570,142.76</b>

# ITI Funds Russia RTS Equity UCITS ETF SICAV

## Statistics

		31/12/22	31/12/21	31/12/20
<b>Total Net Assets</b>	<b>USD</b>	<b>5,570,142.76</b>	<b>7,524,622.32</b>	<b>5,247,362.94</b>
<b>Class A (USD)</b>				
Number of shares		252,000.0000	238,000.0000	189,000.0000
Net asset value per share	USD	22.0195	31.4885	27.6278
<b>Class P (USD)</b>				
Number of shares		185.0000	185.0000	185.0000
Net asset value per share	USD	114.8166	164.1040	138.9599

## ITI Funds Russia RTS Equity UCITS ETF SICAV

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### Changes in number of shares outstanding from 01/01/22 to 31/12/22

	Shares outstanding as at 01/01/22	Shares issued	Shares redeemed	Shares outstanding as at 31/12/22
Class A (USD)	238,000.0000	14,000.0000	0.0000	252,000.0000
Class P (USD)	185.0000	0.0000	0.0000	185.0000

# ITI Funds Russia RTS Equity UCITS ETF SICAV

## Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Cost price (in USD)	Market value (in USD)	% of net assets
<b>Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market</b>			<b>6,666,985.80</b>	<b>5,290,226.16</b>	<b>94.97</b>
<b>Shares</b>			<b>6,666,985.80</b>	<b>5,290,226.16</b>	<b>94.97</b>
<b>British Virgin Islands</b>			<b>97,202.76</b>	<b>15,534.23</b>	<b>0.28</b>
VKCO --- SHS GDR REPR 1 SH REG-	RUB	3,780	97,202.76	15,534.23	0.28
<b>Cyprus</b>			<b>340,275.66</b>	<b>259,853.80</b>	<b>4.67</b>
FIX PRICE --- SHS SPONSORED GLOBAL DEPOS	RUB	7,254	58,955.89	28,151.45	0.51
GLOBALTRANS INV -GDR- REP 1 SH REG -S	RUB	3,240	21,232.11	15,765.02	0.28
HEADHUNTER GROUP	RUB	936	34,157.64	19,848.30	0.36
OZON HLDGS --- SHS SPONSORED AMERICAN DE	RUB	1,746	80,381.14	25,902.95	0.47
TCS GROUP HOLDINGS GDR REPR 1 SH A REGS	RUB	3,654	145,548.88	170,186.08	3.06
<b>Jersey</b>			<b>191,126.14</b>	<b>130,482.92</b>	<b>2.34</b>
POLYMETAL INTERNATIONAL PLC	RUB	10,638	191,126.14	130,482.92	2.34
<b>Netherlands</b>			<b>509,750.55</b>	<b>290,756.34</b>	<b>5.22</b>
X5 RETAIL GROUP GDR REPR SHS REG-S	RUB	3,528	106,436.15	61,377.46	1.10
YANDEX NV	RUB	8,676	403,314.40	229,378.88	4.12
<b>Russia</b>			<b>5,493,227.66</b>	<b>4,582,852.51</b>	<b>82.28</b>
AEROFLOT	RUB	31,680	39,287.30	15,970.17	0.29
ALROSA CJSC	RUB	79,200	109,693.76	93,303.99	1.68
AO TATNEFT	RUB	22,050	193,409.68	113,240.20	2.03
CREDIT BANK MOS - REGISTERED SHS	RUB	221,400	19,003.71	15,640.53	0.28
DETSKY MIR PJSC	RUB	16,200	25,340.68	18,996.14	0.34
EN+ GROUP INTERNATIONAL PJSC	RUB	2,826	35,764.06	24,311.31	0.44
FEDERAL GRID COMPANY OF UNIFIED ENERGY	RUB	7,200,000	19,660.44	8,975.33	0.16
GAZPROM	RUB	269,820	811,693.15	879,686.00	15.79
INTER RAO UES - SHS	RUB	1,089,000	69,998.53	42,515.70	0.76
JSFC SISTEMA	RUB	100,800	24,873.34	17,193.97	0.31
LUKOIL HOLDING	RUB	10,512	794,856.40	742,103.05	13.32
MAGNIT JSC	RUB	2,160	142,873.84	91,725.91	1.65
MAGNITOGORSK IRON	RUB	70,740	53,955.69	46,853.08	0.84
MMC NORILSK NIC	RUB	1,656	437,583.26	453,698.05	8.15
MOBILE TELESYSTEMS	RUB	26,460	122,772.39	85,179.34	1.53
MOSCOW EXCHANGE	RUB	45,360	83,915.26	61,745.44	1.11
NOVATEK	RUB	20,160	321,905.75	350,452.15	6.29
NOVOLIPETSK STEEL	RUB	39,780	100,281.51	102,174.53	1.83
PHOSAGRO - REGISTERED SHS	RUB	1,026	48,025.23	72,311.83	1.30
PIK-SPECIALIZED HOMEBUILDER	RUB	4,590	40,137.14	31,564.07	0.57
POLYUS GOLD CO ZAO	RUB	900	121,150.58	137,145.03	2.46
ROSNEFT OIL COMPANY OJSC	RUB	36,864	226,592.84	155,535.58	2.79
ROSTELECOM	RUB	30,060	35,312.02	29,236.40	0.52
RUSHYDRO	RUB	3,474,000	38,486.85	33,312.29	0.60
SBERBANK	RUB	262,980	935,902.09	470,121.18	8.44
SBERBANK-PREFERENCE	RUB	25,380	81,358.64	45,701.33	0.82
SEVERSTAL JSC CHEREPOVETS METAL FACTORY	RUB	5,832	98,292.45	112,645.34	2.02
SURGUTNEFTEGAZ	RUB	178,200	92,927.21	77,382.64	1.39
SURGUTNEFTEGAZ	RUB	282,600	143,605.92	86,309.03	1.55
TATNEFT PREF.SHS	RUB	4,662	34,303.12	21,202.49	0.38
TRANSNEFT PREF.SHS	RUB	18	43,246.91	36,986.25	0.66
UC RUSAL --- REGISTERED SHS	RUB	81,720	45,119.72	69,741.77	1.25
VTB BANK PJSC	RUB	147,600,000	101,898.19	39,892.39	0.72
<b>United Kingdom</b>			<b>35,403.03</b>	<b>10,746.36</b>	<b>0.19</b>
PETROPAVLOVSK PLC	RUB	81,000	35,403.03	10,746.36	0.19

# ITI Funds Russia RTS Equity UCITS ETF SICAV

## Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Cost price (in USD)	Market value (in USD)	% of net assets
Total securities portfolio			6,666,985.80	5,290,226.16	94.97
Cash at bank/(bank liabilities)				16,724.44	0.30
Other net assets/(liabilities)				263,192.16	4.73
Total				5,570,142.76	100.00

# ITI Funds Russia RTS Equity UCITS ETF SICAV

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## Geographical breakdown of investments as at 31/12/22

Country	% of net assets
Russia	82.28
Netherlands	5.22
Cyprus	4.66
Jersey	2.34
British Virgin Islands	0.28
United Kingdom	0.19
<b>Total</b>	<b>94.97</b>
<b>Other assets/(liabilities) and liquid assets</b>	<b>5.03</b>
<b>Total</b>	<b>100.00</b>

## Economic breakdown of investments as at 31/12/22

Sector	% of net assets
Petroleum	37.26
Non-ferrous metals	11.74
Holding and finance companies	11.02
Banks and other financial institutions	10.26
Coal mining and steel industry	6.57
Internet and Internet services	4.86
Precious metals and stones	2.46
Communications	2.36
Foods and non alcoholic drinks	1.65
Utilities	1.52
Chemicals	1.30
Transportation	1.23
Retail trade and department stores	1.10
Non-Classifiable/Non-Classified Institutions	0.50
Electrical engineering and electronics	0.44
Miscellaneous services	0.36
Miscellaneous consumer goods	0.34
<b>Total</b>	<b>94.97</b>
<b>Other assets/(liabilities) and liquid assets</b>	<b>5.03</b>
<b>Total</b>	<b>100.00</b>

## **ITI Funds Russia-Focused USD Eurobond UCITS ETF SICAV**

# ITI Funds Russia-Focused USD Eurobond UCITS ETF SICAV

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## Statement of net assets as at 31/12/22

	Note	Expressed in USD
<b>Assets</b>		<b>5,014,805.07</b>
Securities portfolio at market value	2.2	4,287,435.60
<i>Cost price</i>		5,929,061.62
Cash at banks and liquidities		558,987.94
Interests receivable, net		168,381.53
<b>Liabilities</b>		<b>86,904.98</b>
Expenses payable		2,500.00
Liquidation fees	7	84,404.98
<b>Net asset value</b>		<b>4,927,900.09</b>



# ITI Funds Russia-Focused USD Eurobond UCITS ETF SICAV

## Statement of operations and changes in net assets from 01/01/22 to 31/12/22

	Note	Expressed in USD
<b>Income</b>		<b>228,568.00</b>
Interests on bonds, net		228,568.00
<b>Expenses</b>		<b>171,699.24</b>
Global fee	3	85,871.54
Transaction fees	2.5	1,420.10
Interests paid on bank overdraft		2.62
Liquidation fees	7	84,404.98
<b>Net income / (loss) from investments</b>		<b>56,868.76</b>
<b>Net realised profit / (loss) on:</b>		
- sales of investment securities		-44,293.90
- foreign exchange	2.3	-5.28
<b>Net realised profit / (loss)</b>		<b>12,569.58</b>
<b>Movement in net unrealised appreciation / (depreciation) on:</b>		
- investments	2.2	-1,549,378.50
<b>Net increase / (decrease) in net assets as a result of operations</b>		<b>-1,536,808.92</b>
<b>Net increase / (decrease) in net assets</b>		<b>-1,536,808.92</b>
<b>Net assets at the beginning of the year</b>		<b>6,464,709.01</b>
<b>Net assets at the end of the year</b>		<b>4,927,900.09</b>

# ITI Funds Russia-Focused USD Eurobond UCITS ETF SICAV

## Statistics

		31/12/22	31/12/21	31/12/20
<b>Total Net Assets</b>	<b>USD</b>	<b>4,927,900.09</b>	<b>6,464,709.01</b>	<b>22,726,763.28</b>
<b>Class A (USD)</b>				
Number of shares		219,000.0000	219,000.0000	769,000.0000
Net asset value per share	USD	22.4248	29.4181	29.5248
<b>Class P (USD)</b>				
Number of shares		185.0000	185.0000	185.0000
Net asset value per share	USD	91.2102	119.6551	120.0886

## ITI Funds Russia-Focused USD Eurobond UCITS ETF SICAV

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### Changes in number of shares outstanding from 01/01/22 to 31/12/22

	Shares outstanding as at 01/01/22	Shares issued	Shares redeemed	Shares outstanding as at 31/12/22
Class A (USD)	219,000.0000	0.0000	0.0000	219,000.0000
Class P (USD)	185.0000	0.0000	0.0000	185.0000

# ITI Funds Russia-Focused USD Eurobond UCITS ETF SICAV

## Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Cost price (in USD)	Market value (in USD)	% of net assets
<b>Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market</b>			<b>5,929,061.62</b>	<b>4,287,435.60</b>	<b>87.00</b>
<b>Bonds</b>			<b>5,929,061.62</b>	<b>4,287,435.60</b>	<b>87.00</b>
<b>Ireland</b>			<b>2,349,246.06</b>	<b>2,007,149.60</b>	<b>40.73</b>
PHOSAGRO(PHOS B 2.6000 21-28 16/09S	USD	800,000	780,400.00	650,632.00	13.20
SIBUR SECURITIES DAC 3.45 19-24 23/09S	USD	600,000	630,000.00	601,773.60	12.21
VEB FINANCE REG S 6.80 10-25 22/11S	USD	800,000	938,846.06	754,744.00	15.32
<b>Luxembourg</b>			<b>2,066,039.39</b>	<b>1,410,828.00</b>	<b>28.63</b>
ALROSA FINANCE SA 3.10 20-27 25/06S	USD	600,000	622,478.57	403,038.00	8.18
GAZ CAPITAL 7.288 07-37 16/08S	USD	600,000	812,848.32	457,842.00	9.29
STEEL CAPITAL SA 3.1500 19-24 16/09S	USD	600,000	630,712.50	549,948.00	11.16
<b>Russia</b>			<b>1,513,776.17</b>	<b>869,458.00</b>	<b>17.64</b>
RUSSIA 4.875 13-23 16/09A	USD	200,000	218,050.33	161,790.00	3.28
RUSSIA 5.625 12-42 04/04S	USD	600,000	766,622.84	429,420.00	8.71
RUSSIAN FEDERAT REGS 5.875 13-43 16/09S	USD	400,000	529,103.00	278,248.00	5.65
<b>Total securities portfolio</b>			<b>5,929,061.62</b>	<b>4,287,435.60</b>	<b>87.00</b>
<b>Cash at bank/(bank liabilities)</b>				<b>558,987.94</b>	<b>11.34</b>
<b>Other net assets/(liabilities)</b>				<b>81,476.55</b>	<b>1.65</b>
<b>Total</b>				<b>4,927,900.09</b>	<b>100.00</b>

# ITI Funds Russia-Focused USD Eurobond UCITS ETF SICAV

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## Geographical breakdown of investments as at 31/12/22

Country	% of net assets
Ireland	40.73
Luxembourg	28.63
Russia	17.64
<b>Total</b>	<b>87.00</b>
<b>Other assets/(liabilities) and liquid assets</b>	<b>13.00</b>
<b>Total</b>	<b>100.00</b>

## Economic breakdown of investments as at 31/12/22

Sector	% of net assets
Holding and finance companies	69.36
Bonds of States, provinces and municipalities	17.64
<b>Total</b>	<b>87.00</b>
<b>Other assets/(liabilities) and liquid assets</b>	<b>13.00</b>
<b>Total</b>	<b>100.00</b>

## **ITI Funds UCITS ETF SICAV**

### **Other notes to the financial statements**

# ITI Funds UCITS ETF SICAV

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## Other notes to the financial statements

### 1 - General information

ITI Funds UCITS ETF SICAV (the "Company"), is an open-ended investment company organised under the laws of Luxembourg as a société d'investissement à capital variable (SICAV), under the form of a public limited liability company (société anonyme) and authorised under part I of the amended Law dated December 17, 2010 on undertaking for collective investments.

The Company was incorporated in Luxembourg on August 4, 2017 and is registered at the Register of Commerce and Companies of Luxembourg under number B 217005. The Articles of Incorporation have been published in the Mémorial, Recueil Spécial des Sociétés et Associations (the "Mémorial") on August 11, 2017.

On December 31, 2022, the following sub-funds were open:

- ITI Funds Russia RTS Equity UCITS ETF SICAV;
- ITI Funds Russia-focused USD Eurobond UCITS ETF SICAV.

See Note 6 on Significant events during the year for more information on the dissolution of the Company.

### 2 - Principal accounting policies

#### 2.1 - Presentation of the financial statements

Further the specific market conditions linked to the war between Russia and Ukraine, the Board of Directors of the Company decided on April 1, 2022 to propose the voluntary liquidation of the Company (see Note 6 on Significant events during the year). Consequently, the financial statements for the year ended December 31, 2021 were prepared under a non-going concern basis in accordance with Luxembourg regulations relating to undertakings for collective investment. However the valuation of the investments portfolios as of December 31, 2021 was retained and reflected the market values at this date because of the Board of Directors of the Company cannot assess whether or not this valuation represents the realizable value of the portfolio in the context of the liquidation of the Company.

Given that the overall situation has not changed, the financial statements for the year ended December 31, 2022 are also prepared on a non-going concern basis in accordance with Luxembourg regulations relating to undertakings for collective investment. The securities have been valued at market prices used in the last NAV before suspension (February 25, 2022).

#### 2.2 - Valuation of assets

The value of any cash in hand or on deposit notes and bills payable on demand and accounts receivable, prepaid expenses and cash dividends declared and interest accrued but not yet collected, shall be deemed the nominal value of these assets unless it is improbable that it can be paid and collected in full; in which case, the value will be arrived at after deducting such amounts as the Company or the Management Company may consider appropriate to reflect the true value of these assets.

The Securities and Money Market Instruments listed on an official stock exchange or dealt on any other Regulated Market will be valued at their last available price in Luxembourg as of the Valuation Day (December 31, 2022) and, if the security or Money Market Instrument is traded on several markets, on the basis of the last known price on the main market of this security. If the last known price is not representative, valuation will be based on the fair value at which it is expected it can be sold, as determined with prudence and in good faith by the Company or the Management Company. As described in note 2.1, the securities have been valued at market prices used in the last NAV before suspension (February 25, 2022).

Unlisted securities and securities or Money Market Instruments not traded on a stock exchange or any other Regulated Market as well as listed securities and securities or Money Market Instruments listed on a Regulated Market for which no price is available, or securities or Money Market Instruments whose quoted price is, in the opinion of the Company or the Management Company, not representative of actual market value, will be valued at their last known price in Luxembourg or, in the absence of such price, on the basis of their probable realisation value, as determined with prudence and in good faith by the Company or the Management Company.

Securities or Money Market Instruments denominated in a currency other than the relevant Sub-Fund's or Class' valuation currency will be converted at the spot exchange rate (T+0) of the currency concerned applicable on the Valuation Day.

The valuation of investments reaching maturity within a maximum period of 90 days may include straight-line daily amortisation of the difference between the principal 91 days before maturity and the value at maturity.

UCIs are valued on the basis of their last available net asset value in Luxembourg. This net asset value may be adjusted by applying a recognised index so as to reflect market changes since the last valuation.

Any other securities and assets are valued in accordance with the procedures put in place by the Company or the Management Company and, where necessary and appropriate, with the support of valuers who will be instructed to carry out valuations.

Liquid assets are valued at their nominal value plus accrued interest, or on the basis of amortised costs.

#### 2.3 - Foreign currency translation

Exchange rates as at December 31, 2022 are the following:

## Other notes to the financial statements

### 2 - Principal accounting policies

#### 2.3 - Foreign currency translation

1 EUR = 77.90935 RUB                      1 EUR = 1.06725 USD

#### 2.4 - Combined financial statements

The accounts of the sub-funds are kept in the reference currency of the Sub-Fund. The combined statements are the sum of the statement of net assets and the statement of operations and changes in net assets of each Sub-Fund converted with the exchange rate prevailing at year-end. The combination currency is the Euro.

#### 2.5 - Transaction fees

The total amount of transaction fees is included in the statement of operations and changes in net assets of each Sub-Fund and consists of transaction fees paid to the Custodian and Sub-Custodian (taxes included) as well as Brokerage fees.

### 3 - Global fee

The Company pays out of the net assets of sub-funds a fixed global fee, which is accrued on each Valuation Day and paid monthly in arrears to the Investment Manager.

The global fee rates effective at December 31, 2022 were as follows:

- ITI Funds Russia RTS Equity UCITS ETF SICAV: 0.65%
- ITI Funds Russia-focused USD Eurobond UCITS ETF SICAV: 0.50%

The global fee is fixed in the sense that the Investment Manager will either bear any excess of the Company's actual operating expenses, as listed below, to the fixed global fee or be entitled to retain any amount of fixed global fee in excess of the Company's actual operating expenses, as listed below

The fixed global fee covers expenses directly incurred by the Company including, without limitation, the following:

- formation expenses;
- fees and expenses payable to the Management Company and to the Investment Manager;
- fees and expenses payable to all other service providers of the Company (including the Auditors, accountants, the Depositary and its correspondents, the Administrator, the Distributor(s) and any pricing agencies);
- costs in relation to lease of premises in Luxembourg or elsewhere or any permanent representation in places of registration, as well as any other agent employed by the Company;
- the remuneration of the Directors and officers and their reasonable out-of-pocket expenses, insurance coverage, and reasonable travelling costs in connection with board meetings;
- fees and expenses for legal and auditing services consultants;
- any fees and expenses involved in registering and maintaining the registration of the Company or any Sub-Fund with any governmental agencies or stock exchanges in Luxembourg and in any other country;
- reporting and publishing expenses, including the costs of preparing, printing, advertising and distributing prospectuses, explanatory memoranda, periodical reports or registration statements;
- the costs of any reports to Shareholders;
- costs for the publication of the issue and redemption prices;
- costs to pay interests, bank charges, postage, telephone and telex.

The following is an illustration of the fees that can be charged by the various service providers of the Company. The percentages indicated are maximum fees.

#### a) Management Company Fee

The Management Company receives annual servicing fee in respect of each Sub-Fund. This fee is payable out of the fixed global fee at the end of each month by the Company in respect of each Sub-Fund and is accrued on each Valuation Day based on the applicable Net Asset Value. The fee is calculated by the agreed schedule to the Management Company Services Agreement and shall not exceed 0.10% per annum of the Net Asset Value of each Sub-Fund.

#### b) Investment Manager Fee

The Investment Manager receives out of the fixed global fee a Management Fee, equal to the difference between the fixed global fee and the actual operating expenses incurred by the Company.



# ITI Funds UCITS ETF SICAV

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## Other notes to the financial statements

### 3 - Global fee

#### c) Depositary Fee

The Depositary receives annual safekeeping and servicing fees in respect of each Sub-Fund. The depositary fee is payable out of the fixed global fee at the end of each month by the Company in respect of each Sub-Fund and is accrued on each Valuation Day based on the previous day's Net Asset Value and the number of transactions processed during that month. The depositary fee is calculated in accordance with usual practice in the Grand Duchy of Luxembourg and shall not exceed 0.30% per annum of the Net Asset Value of each Sub-Fund.

#### d) Administration Fee

The Administrator receives annual administrative fees in respect of each Sub-Fund. The administrative fee is payable out of the fixed global fee at the end of each month by the Company in respect of each Sub-Fund and is accrued on each Valuation Day based on the previous Valuation Day's Net Asset Value. The administrative fee is calculated in accordance with usual practice in the Grand Duchy of Luxembourg, subject to a minimum flat fee of EUR 30.000 per annum for the first year and EUR 50.000 after the first anniversary of the launch of the Company. In addition to the above-mentioned fees, the Administrator and the Depositary are entitled to any other fees for specific services and transactions as agreed from time to time between the Company and the Depositary (the Other Fees), disclosed in the agreements. They are further entitled to be reimbursed by the Company for their respective reasonable out-of-pocket expenses properly incurred in carrying out their duties as such and for the charges of any correspondents. Other Fees include for example set-up fees, listing fees, fees in relation to the organization of Board meetings, Shareholders meetings, financial statements, extraordinary NAV calculation, KIID preparation, etc.

#### e) Annual Tax

Unless otherwise provided by the 2010 Act, the Company's assets are subject to a subscription tax (taxe d'abonnement) in Luxembourg of 0.05% p.a. on net assets (and 0.01% p.a. on total net assets in case of sub-funds or Classes reserved to Institutional Investors), payable quarterly. The 2010 Act notably provides for the following exemption : sub-funds whose Shares are listed or traded on at least one stock exchange or another regulated market operating regularly, recognised and open to the public and whose exclusive object is to replicate the performance of one or more indices are exempt from the annual subscription tax (taxe d'abonnement).

The Company is exempt from the annual subscription tax (taxe d'abonnement).

In the scope of NAV calculation suspension beginning from March 1st, 2022 (see note on Significant event), the standard approach of global fee amount calculation based on the global fee rates became non applicable. In order to continue to pay to various service providers, the Board approved fixed figures, based on the average NAV from February 2022, in amount USD 3,500 for the ITI Funds Russia RTS Equity UCITS ETF SICAV and USD 2,500 for the ITI Funds Russia-Focused USD Eurobond UCITS ETF SICAV to be paid monthly as global fees until further notice.

### 4 - Commissions on subscriptions/redemptions

The price of subscription and redemption is the net asset value per share plus a maximum fee of 3.00%.

### 5 - Changes in the composition of securities portfolio

A copy of the list of changes in the portfolio of each Sub-Fund may be obtained free of charge at the registered office of the Company for the year under review.

### 6 - Significant events during the year

#### Dissolution of the Company:

On March 1st, 2022, the Board of Directors resolved to the suspension of the calculation of the net asset value of shares based on clause 12 of the Fund's article of incorporation and on clause 23 of its prospectus, suspension of subscriptions and redemptions in the primary market and suspension of the trading of each of the sub-funds in the context of the recent capital restrictions introduced in Russia as well as the sanctions upon Russia.

As the Company is investing through its two sub-funds, namely ITI Funds Russia RTS Equity UCITS ETF SICAV and ITI Funds Russia-Focused USD Eurobond UCITS ETF SICAV, in Russian securities, the Board takes the view that the investment strategy of both sub-funds can no longer be pursued in an efficient manner because of the Russian-Ukrainian war, which is submitting the Russian economy to higher pressure, in particular, through the economic sanctions which are imposed by the European Union, the United States of America, the United Kingdom and other countries.

As of the moment it is not possible to determine when the situation will get better, so the Board considers the dissolution of the Company as the most beneficial option for interests of shareholders. The dissolution of the Company allows to return investments to shareholders as soon as it becomes practically possible in the scope of developing situation with sanctions. It also will reduce ongoing costs of the Company to the minimum for the period before investments are returned.

With effective date April 1st, 2022, the Board of Directors decided to propose the voluntary liquidation of the Company because of the poor market and regulatory perspective.

Four general meetings were convened to vote on the liquidation. There were two rounds – no quorum was obtained at the first general meeting of each round. For the second general meeting in each round, one of the investors (or group of investors) repeatedly voted against the liquidation.

## Other notes to the financial statements

### 7 - Subsequent events

At the date of the report the liquidation of the Company has not been approved by the last Extraordinary General Meeting dated 31 July 2023. Only liquidation costs have been included in the annual report as at 31.12.22.

## **ITI Funds UCITS ETF SICAV**

### **Additional unaudited information**

# ITI Funds UCITS ETF SICAV

## Additional unaudited information

### Remuneration policy

The Management Company, Fuchs Asset Management, has elaborated a remuneration policy as required by the Law of 17 December 2010 (UCITS Law). Such policy aims at preventing excessive risk taking and at ensuring a proper and effective management of risks. Currently, the remuneration of all the employees of the Management Company is fixed. The remuneration of the staff or management was not linked in any way to the performance of the Funds under management. Variable remuneration as defined in the remuneration policy is consistent with the risk management and governance processes. Fixed remuneration is mainly based on the experience, the level of responsibility and the complexity of the task performed. No significant change in the remuneration policy has been noted in 2022.

The article 69 (3) of the UCITS V directive (Directive 2014/91/EU of 23 July 2014) requires disclosing in the annual report of the Fund the information on the total remuneration of the employees of the Management Company for the financial year. Such information is detailed in the below tables.

**Total amount of remuneration for the financial year 2022, split into fixed and variable remuneration, paid by Fuchs Asset Management to its staff, and number of beneficiaries, and, where relevant, carried interest paid by the Funds:**

Fixed remuneration	Variable remuneration	Carried interest	Total remuneration	Average number of staff
EUR 4,473,502	EUR 2,976,853	-	EUR 7,450,355	39

**Aggregate amount of remuneration broken down by senior management and members of staff of Fuchs Asset Management:**

Category	Total remuneration
Senior Management	EUR 4,404,003
Staff	EUR 3,046,352

## Additional unaudited information

### Global Risk Exposure

#### Tracking Errors

The level of Tracking errors have been further increased by differences in fair-value determinations from managers and index providers, with some index providers marking the value of Russian bonds down to, or close to, zero.

Market quotes for Russian securities are currently not readily available, which may leave funds to determine fair values using models.

#### Global exposure

In accordance with the Circular CSSF 11/512 as amended by Circular CSSF 18/69, the Board of Directors of the Company needs to determine the global risk exposure of the Company by applying either the commitment approach or the VaR ("Value at Risk") approach.

In terms of risk management, the Board of Directors of the Company has decided to adopt the commitment approach for both sub-funds of ITI Funds UCITS ETF SICAV.

The Management Company of the Company has implemented a risk-management process which enables to monitor and measure the global risk exposure at Sub-Fund level.

## **Additional unaudited information**

### **Securities Financing Transactions Regulation (SFTR) Disclosures**

The Company does not use any instruments falling into the scope of SFTR.

## Additional unaudited information

### **Information concerning the sustainability-related disclosures in the financial services sector (Regulation EU 2019/2088, hereafter the “Sustainable Finance Disclosure Regulation” or “SFDR”)**

Unless otherwise stated for a relevant Sub-Fund in its Special Section, the purpose of each Sub-Fund is to replicate the Reference Index as determined in the applicable Special Section. The Reference Indexes do not pursue sustainability-related objectives. It results that no sustainability-related factors can be taken into account by the Sub-Fund. The fact that no sustainability-related factors are not taken into account may have an impact on the performance of the Sub-Fund.

However, the objective of the sub-funds is not to outperform the Reference Index but to track the Reference Index. The sub-funds qualify as a non-ESG fund in the meaning of last paragraph of article 6.1 of SFDR.

The investments underlying this financial product do not take into account EU criteria for environmentally sustainable economic activities.

At the date of the annual accounts, none of the sub-funds promotes environmental or social characteristics within the meaning of article 8 SFDR, nor is classified as a product that has sustainable investments as its objective for the purposes of article 9 SFDR.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities as defined in Regulation EU 2020/852 on the establishment of a framework to facilitate sustainable investment (which is also known as the “Taxonomy Regulation” or “TR”).