HiQ Invest B.V.

Annual Report for the year ended December 31, 2017

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Profile and key figures

Profile

HiQ Invest B.V. (the Company) is authorised by the financial supervisory authorities in The Netherlands to act as an investment fund manager (*beheerder*) and accordingly received a license under the Dutch act on financial supervision (Wft). The financial supervisory authorities issued the licence on November 3, 2006 on the basis of article 2:67 Wft, and from June 17, 2014 also based on article 2:69c Wft.

The Company manages the following alternative investment funds (AIF) and undertakings for the collective investment in transferable securities (UCITS):

- HiQ Invest Fundamental Value Fund (AIF);
- HIQ Invest Market Neutral Fund (AIF);
- FundShare Umbrella Fund (AIF); and
- FundShare UCITS Umbrella Fund (UCITS).

Together hereafter: the “Funds”.

The Company was founded on August 9, 2006, has its statutory seat in Amsterdam, The Netherlands and is registered with the Chamber of Commerce and Industry in Amsterdam under number 34252934.

The website of the Company is: www.hiqinvest.nl.

Group structure

The Company is a 100% subsidiary of LPE Capital B.V. LPE Capital B.V. is a holding company and as such forms a group with its direct and indirect owned operating companies (the “Group”). The following entities are part of the Group:

- LPE Capital B.V. (parent company and head of the Group);
- DEGIRO B.V. (“DEGIRO”) (Investment firm) (100%);
  - Stichting DEGIRO (special purpose safekeeping entity);
  - Stichting DEGIRO II (special purpose safekeeping entity);
  - Stichting DEGIRO IIb (special purpose safekeeping entity);
- HiQ Trading Software B.V. (software- and ICT infrastructure development) (100%);
- ML Concepts B.V. (concept developer internet pages) (85%);
  - Codern Venture SRL (Software development) (60%);
  - ML Concepts Administration U.G. (100%);
- FundShare Administrator B.V. (fund administrator) (100%);
  - DAF Depositary B.V. (depositary of AIFMD and UCITS investment funds) (100%).
- Expat Pension Housing Beheer B.V. (100%);
- GMO Limited (a lead-generating company) (100%);
- DEGIRO Hong Kong Limited (applying for a licence) (100%); and
- DEGIRO Hypotheken B.V. (preparing application for licence) (100%).

Overview of Key figures

Key figures	2017	2016	2015	2014	2013
Revenues	**3,781,763**	**384,553**	**985,442**	**2,335,102**	**3,718,301**
Cost of sales	31,393	29,706	19,482	26,291	119,655
Gross margin	**3,750,370**	**354,847**	**965,960**	**2,308,811**	**3,598,646**
Operating expenses	**2,679,638**	**1,921,765**	**2,025,360**	**2,373,717**	**2,140,147**
Operating result	**1,070,732**	**-1,566,918**	**-1,059,400**	**-64,906**	**1,458,499**
Net result	**770,546**	**-1,163,481**	**-800,858**	**-17,979**	**1,216,948**
Average employees during the financial year (FTE)	23.99	20.36	12.87	10.26	8.13
Number of employees	23	19	15	13	8

Directors' report

The directors of the Company hereby present the financial statements for the financial year ended on December 31, 2017. The "Profile and key figures" on page two are considered to be an integral part of the Directors' report.

Financial and Operating Review

Revenues, expenses and results after tax

Net revenues

The Company's most important source of income consist of the management of the Funds.

Revenues

The increase in revenues from EUR 384,553 to EUR 3,781,763 results from a significant increase in performance fees received.

Operating expenses

The total operating expenses increased with EUR 757,873 compared with 2016, mainly caused by the increase of employee expenses.

Net result

The net result amounted to EUR 770,546 positive (2016: EUR 1,163,481 negative).

Results of the managed Funds

HiQ Invest Market Neutral Fund

HiQ Invest Market Neutral Fund ended the year 2017 with a Net Asset Value ("NAV") of EUR 21.71 (2016: EUR 20.23) per A-Class participation, EUR 20.59 (2016: EUR 19.19) per C-Class participation and EUR 20.24 (2016: EUR 18.86) per D-Class participation, which meant a positive return in each asset class. The total return in 2017 is +7.32% (D-Class). The return calculated from January 14th 2017 (NAV D-Class 18.40), being the introduction date of the hurdle rate performance fee (see below), is +10%. The assets under management in 2017 have decreased from around EUR 15.1 million to EUR 13.3 million due to a net outflow.

In order to make the fund management activities financially more viable, the Company introduced an additional 'hurdle rate' performance fee in addition to the current 'management fee' and the performance fee based on a 'high watermark' for HiQ Invest Market Neutral Fund.

This new performance fee implies that if the return of the fund after deduction of costs, is higher than 10% per year (the hurdle rate) calculated on the first NAV after January 1, 2017 with the NAV higher than, EUR 17.5 (D-class), the surplus will be paid to the Company as a performance fee. To the extent that the return of the fund after deduction of costs is lower than 4% per year in relation to an initial price of EUR 17.50 in the D-class (EUR 18.78 A-class and EUR 17.80 C-class), the Company will endeavour to refund the difference, up t0 4% by returning the previous earned performance fee, provided that the liquidity and capital position of the Company reasonably allows this. In both cases, the calculation and payment take place on a monthly basis, after deduction of costs and the management fee and the High Watermark Performance Fee.

The total amount of the 'hurdle rate' performance fee amounted to EUR 3,373,820 (2016: EUR 0).

FundShare Umbrella Fund (AIF)

FundShare Umbrella Fund was launched in 2012. The total assets under management, in this umbrella fund consisting of 11 active sub funds, per December 31, 2017 amount to EUR 419 million (2016: EUR 315 million).

FundShare UCITS Umbrella Fund (UCITS)

FundShare UCITS Umbrella Fund was launched in 2014. The total assets under management, in this umbrella fund consisting of 14 active sub funds, per December 31, 2017 amount to EUR 353 million (2016: EUR 235 million).

HiQ Invest Fundamental Value Fund

During the reporting period from January 1, 2017 until December 31, 2017, the NAV has increased from EUR 15.81 to EUR 20.83. This has resulted in a positive annual return of 31.75%. In 2017 the fund reached and exceeded the High Watermark (HWM) as a result of which the manager received a High Watermark Performance Fee amounting to EUR 9,561 (2016: EUR 0). The cumulative return of the HiQ Invest Fundamental Value Fund since inception is 108.30% and it's Assets under Management amount to EUR 955 thousand (2016: EUR 750 thousand).

Financial position at the balance sheet date

Solvency and liquidity

Solvency and liquidity	2017	2016
Shareholder's equity (a.)	2,152,656	1,218,306
Current liabilities (b.)	634,771	684,906
Total liabilities (c.)	723,769	773,123
Current assets (d.)	2,617,310	1,776,302
Total assets (e.)	2,876,425	1,991,429
Solvency ratio: debt-to-assets (c.)/(e.)	25%	39%
Current ratio: (d.)/(b.)	4.12	2.59

Solvency is expresses through the debt to assets ratio: total liabilities divided by total assets. This measures to what extent total assets were financed by (intercompany) creditors and liabilities (debt). The ratio decreased in 2017, mainly due to increased profits.

Liquidity is expresses through the current ratio. This measures the ability of the Company to repay current liabilities with current assets. The current ratio increased in 2017, mainly due to an increase in intercompany receivables and accrued income (receivable performance fee). The current ratio of 4.12 means that at the balance sheet date, the current assets cover 4.12 times the amount of current liabilities.

Cash flows and financing requirements

Cash and cash equivalents increased from EUR 29,500 to EUR 111,279.

Capital requirements

For capital adequacy purposes the minimum own equity capital of the Company should be at least the higher of:

- EUR 125,000 with a premium of 0.02% of the excess of assets under management exceeding EUR 250 million, up to a maximum of EUR 10 million; or
- 25% of the fixed costs of the preceding financial year (the fixed overhead requirement).

As the fixed overhead requirement is the highest, the present minimum required regulatory capital of the Company amounts to EUR 619,000. The eligible available capital at the balance sheet date amounts to EUR 2,151,000. The Company is sufficiently capitalized.

Personnel and remuneration

The staff has expanded from 19 employees in 2016 to 23 employees in 2017.

Risk management

Financial instruments risk management

The financial instruments recognized as financial assets in the balance sheet include: receivables, securities and cash and cash equivalents. The Company is therefore exposed to credit risks and market risks. Refer below for the description of these risks and their mitigating measures.

Principal risks, uncertainties and risk appetite

The Company is exposed to a number of principal risks and uncertainties arising from its main business activities and financial instruments. The principle risks which the Company seeks to actively manage are compliance and regulatory risks and investment strategy and return performance risks. The Company has a low risk appetite. Below please find a description of the mitigating activities undertaken per principal risk.

Compliance and regulatory risks

Compliance and regulatory risks concern the risks that a failure to comply with applicable laws, regulations, internal policies, best practices and lack of good conduct may result in supervisory penalties, financial losses or reputational damages. In the worst-case scenario such failure may result in termination of the license.

Mitigating measures:

- **Compliance Function:** An independent Compliance Department at Group level.
- **Implementation of new laws:** The Compliance Department, with assistance of the Legal Department, is focused and responsible for identification, interpretation and advising on legislative and regulatory developments and monitors the embedding thereof.
- **Compliance culture:** Through a sound Code of Conduct, compliance training and workshops the importance of compliance is embedded in our operations, this creates a compliant culture.
- **Compliance monitoring program:** By effective execution of the compliance monitoring program, the Compliance Department provides assurance to the Board that the Company operates within a compliant framework.

Impact and expected impact of compliance and regulatory risk

The financial regulatory environment is currently subject to continuous and extensive developments and this requires a significant effort of the organization to adequately interpret and implement newly adopted laws and regulations within the organization. The further growth and regulatory attention for the Group, require an increased focus on regulatory and compliance risks.

On January 23, 2018, the AFM published the main results of their investigation *"Onderzoek beheerders met van rechtswege omgezette AIFM"*. Through this investigation, the AFM wanted to get a better picture of the organization and processes of the managers of Alternative Investment Funds (AIF). The research focused on the statutory requirements regarding sound business operations, governance and asset segregation. The board of directors of the Company have read the report and recognize that there are also areas of improvement within the Company. Hence a (group wide) project has started to assess and identify these areas of improvement and remediate where necessary.

During 2017, the Netherland Authority for the Financial Markets (AFM) has performed a regulatory audit at the Company. During this audit at the Company the AFM has focussed on the main topics governance, controlled and sound conduct of its business and asset segregation. The Company is awaiting feedback from the AFM on the outcomes of this audit, but the Company expects these findings to be in line with the general publication by the AFM on the thematic audit it has performed at various AIFMD management companies.

With the enhancement of the compliance department and focus on the monitoring of regulatory changes, the Company expects to be able to keep its organization and processes fully compliant with applicable laws and regulations. The Company assesses the potential impact of the compliance and regulatory risk for the year 2018 to be medium.

Investment strategy and return performance risk

The quality of execution of investment policy (including if relevant algorithmic strategies) of the Funds is a dominant factor that will determine the performance of the Fund. Consistent negative returns could lead to a significant outflow and reducing AuM. This will have an adverse effect on the results and the financial condition of the Company.

Mitigating measures

- ***Investment policy restrictions:*** Pre-trade restriction verifications are in place.

- ***Pre set risk limits:*** We have pre and post trade risk systems in place. Orders that are placed through the trading application must first pass through a series of pre set risk controls.

- ***Market data reasonability*****:** before being used by a trading algorithm price data feeds are verified for reasonableness.

- ***Increased human interference in investment strategies:*** the Company has hired more traders to work on the automated strategies of the fund to increase fundamental investment analysis.

- ***Daily profit and loss analysis and position reconciliations:*** for all funds the outcome of (automated) investment decisions are analyzed and monitored by senior management based on the profit and loss per strategy. For a reliable and accurate profit and loss report the trading system positions are reconciled with the broker statements.

- ***Positions risk management:*** the financial risks of the positions of a fund are where applicable monitored on a daily basis by the traders and the risk department. If these risks are not at an acceptable level, immediate measures are taken to bring these risks back to an acceptable level.

Impact and expected impact of investment strategy risk

Even though HiQ Invest Market Neutral Fund achieved positive returns in 2017, the Fund experienced outflow. Most of the outflow was due to the introduction of the new ‘hurdle rate’ performance fee in the beginning of the year. The rest of the year showed a normal level of outflow. While there was no compensated inflow, as the Fund is closed since May 2016. With the positive 2017 returns the Company managed to recuperate the Fund losses of the previous two years. Due to new Mifid II regulation some strategies of the HiQ Invest Market Neutral Fund are discontinued and we expect those to be replaced by new strategies. However these might be less profitable or might become profitable at a later time.

Credit risk

Refers to the risk that the Company has an uncovered credit exposure with respect to outstanding receivables and cash and cash equivalents. This risk is not actively managed by the Company.

Impact and expected impact of credit risk

The maximum credit risk exposure per December 31, 2017 amounts to EUR 2,152,656 (2016: EUR 854,072).The Company has not suffered any losses in 2017 due to uncovered credit exposure. The likelihood that this risk will have a significant impact in the next financial year is deemed remote.

Market risks

Market risk arises mainly from uncertainty about future values of financial instruments influenced by other price, currency and interest rate movements. As a result of the Company's investments in equity instruments in non-listed units in AIFs, the Company is exposed to price risk, as the net asset values of these AIFs fluctuate. This risk is not actively managed by the Company.

Impact and expected impact of market risk

The Company has not suffered any losses in 2017 due to market risk exposure. The likelihood that this risk will have a significant impact in the next financial year is deemed remote.

Regulatory environment

AIFMD license

The Alternative Investment Fund Managers Directive (AIFMD) took effect in 2013. The AIFMD imposes more detailed requirements on the management of investment funds. The Dutch legislator has translated these European rules into legislation in the Netherlands. The management requirements pertain to such matters as risk management, outsourcing and remuneration policy. In addition, investment funds must have a depositary that extensively monitors fund management execution. The new rules became effective on July 21, 2013. The Company has used the transitional year and has been in compliance with the new rules since July 22, 2014. The Company's licence has been automatically converted into the AIFM licence on July 22, 2014.

UCITS license

The Company obtained a license in 2014 from the AFM to manage undertakings for the collective investment in transferable securities (UCITS).

Management and Fund Governance

In control statement

Our description of operations meets the requirements of the Financial Supervision Act (Wet op het financieel toezicht) and the Decree on Conduct of Business Supervision of Financial Undertakings under the Wft-Bgfo/ Besluit gedragstoezicht financiële ondernemingen Wft – Bgfo).

During the period under review, we assessed various aspects of the business operations. In the course of our work we did not find any indications that should lead us to conclude that the description of the structure of our operations as referred to in article 121 of the Bgfo does not meet the requirements set out in the Financial Supervision Act and related regulations. Based on this we confirm, in our capacity as manager of HiQ Invest Market Neutral Fund, HiQ Invest Fundamental Value Fund, FundShare Umbrella Fund and FundShare UCITS Umbrella Fund, to have a description of the operations as referred to in article 121 of the Bgfo which meets the requirements laid down in that Decree.

We have not become aware of any fact or other element that would lead us to believe that the operational structure was not carried out in an efficient way and in accordance with the description. We therefore state with a reasonable level of certainty that, that during the period under review, our operations have been carried out effectively and in accordance with the description.

Fund Governance

In 2010 the Company, as investment fund manager, implemented the Fund Governance Principles ("Code of Conduct"). This Code of Conduct is based on the formulated 'Principles of Fund Governance' by the Dutch Fund and Asset Management Association (DUFAS). The purpose of the Code of Conduct for fund managers is to guarantee control and integrity in their business operations and proper service as meant in the Wft.

In the Code of Conduct a distinction is made between 1) guidelines for the daily management tasks that give a further elaboration to the principle of preventing conflict of interest and acting in the interest of investors and 2) guidelines to guarantee compliance to the Code of Conduct within the organization of the fund manager. The Code of Conduct of DUFAS is designed in cooperation with the Ministry of Finance and the AFM. Through this Code of Conduct the Company provides interpretation to its governance policy. The full text of the Code of Conduct of the Company is published on the website: www.hiqinvest.nl

Outlook

Personnel

The team of traders and fund managers was expanded again during the reporting period. At the end of 2017 we're working with a team of 23 people. Currently the team is smaller, due to the closure of the foreign branch offices due to lack of results. This is partly offset by adding more people to our main team in Amsterdam. For the remaining of the year we don't expect many changes in employee's headcount.

Investments and Financing

The Company will invest continuous in to servers and computers to further improve the automatic execution and processing of investment transactions. In addition we're focussing on investments to further improve our Umbrella funds. The Company is completely financed with equity and it is expected to remain that way for the foreseeable future. The aforementioned investments will be financed by equity.

Inflow to investment funds

For 2018 we expect a shift in revenues from the different funds. On a total level we expect lower revenues, compared to the record year of 2017. We also expect lower cost, so 2018 is expected to show a profit, although lower than 2017

HiQ Invest Market Neutral Fund: Due to the new MiFID II regulation, effective 3rd January 2018, we expect significantly lower revenues from the MNF in 2018. During the year we expect to roll out multiple new projects and increase current projects, so that at end of 2018 we are on the same level as 2017. We will strive towards a net return between 4% to 10% for the participants, we have good faith that we will meet this objective.

FundShare Cash Funds Fund: We expect that the net inflow for the Cash Funds will increase further, in line with the growth of DEGIRO's client base. Due to new and upcoming regulations, regarding Money Market Funds (MMF), we expect higher revenues from management fees. This will compensate the loss in revenue for MNF on the swap agreements. In this low interest environment there is a high uncertainty regarding the future of the cash funds.

Other FundShare sub-funds: New regulatory rules are increasing the costs of compliance for managing regulated funds. Due to the cost efficient operation of HiQ Invest and good results, we expect more inflow in our current sub-funds and into new funds. To facilitate the expected growth we'll invest in and focus more on this part of the organisation in terms of compliance and risk management.

Fundamental Value Fund:

Due to great results in 2017, we received an award for best fund in the Euro Equity area. Based on this acknowledgement we expect to increase the AuM. The great results over 2017 brought us also back over the HWM level since 2012. For 2018 we expect more months with a HWM performance fee.

Based on the above, the management is confident about the near future. Finally, we express our appreciation for the efforts made by all the people who are involved in our activities.

Amsterdam, April 24, 2018

dr. Ir. J.H.M. Anderluh Director	drs. N.J. Klok CFA Director

Financial statements 2017

Balance sheet as of December 31, 2017

(Amounts in EUR, after appropriation of result)

Assets	Notes	31/12/2017		31/12/2016	
Fixed assets	**5**				
Tangible fixed assets	5.1	259,114		215,126	
Financial fixed assets	5.2	1		1	
			259,115		**215,127**
Current assets	**6**				
Receivables					
Trade receivables	6.1	63,439		68,240	
Receivables from Group companies	6.2	1,320,063		713,714	
Deferred tax assets	6.3	1,116		664,600	
Other receivables	6.4	0		5,742	
Prepayments and accrued income	6.5	919,196		42,618	
			2,303,814		**1,494,914**
Securities	6.6		202,217		251,888
Cash and cash equivalents	6.7		111,279		29,500
Total Assets			**2,876,425**		**1,991,429**

Equity & Liabilities		31/12/2017		31/12/2016	
Shareholder's equity	**7**				
Issued and paid up capital	7.2	18,000		18,000	
Share premium reserve	7.3	2,422,983		2,422,983	
Other reserves	7.4	-288,327		-1,222,677	
			2,152,656		**1,218,306**
Provisions	**8**				
Deferred tax liability	8.1	1,583		0	
Provision for deferred remuneration	8.2	87,415		88,217	
			88,998		**88,217**
Current liabilities	**9**				
Trade creditors	9.1	130,473		122,232	
Payables to Group companies	9.2	176,403		331,595	
Taxes and social security premiums	9.3	28,567		76,732	
Other liabilities	9.4	45,584		59,056	
Accrued expenses and deferred income	9.5	253,744		95,291	
			634,771		**684,906**
Total Equity & Liabilities			**2,876,425**		**1,991,429**

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

Profit and loss account for the year ended December 31, 2017

Over the period January 1- December 31 (Amounts in EUR).

Profit and loss account	Notes	2017	2016
Revenues	**11**	**3,781,763**	**384,553**
Cost of sales	**12**	31,393	29,706
Gross profit		**3,750,370**	**354,847**
	13		
Employee expenses	13.1	1,610,686	1,135,756
Depreciation tangible fixed assets	13.2	39,305	16,471
General and administrative expenses	13.3	1,029,647	769,538
Total operating expenses		**2,679,638**	**1,921,765**
Operating result		**1,070,732**	**-1,566,918**
Changes in value of financial fixed assets and securities	14.1	2,258	11,235
Other financial expenses	14.2	750	640
Financial income and expenses	**14**	**1,508**	**10,595**
Result before taxation		**1,072,240**	**-1,556,323**
Corporate Income Tax gains (loss)	**15**	-301,694	392,842
Net result		**770,546**	**-1,163,481**

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

Notes to the 2017 financial statements

1 General

1.1 Activities

The Company, with its registered office in Amsterdam, The Netherlands is a wholly owned subsidiary of LPE Capital B.V. in Amsterdam. The Company is registered at the Chamber of Commerce and Industry in Amsterdam under number 34252934. The activities of the Company consist of the management of four investment funds (hereinafter: the “Funds”), namely:

- HiQ Invest Fundamental Value Fund;
- HiQ Invest Market Neutral Fund;
- FundShare Umbrella Fund;
- FundShare UCITS Umbrella Fund; and

1.2 Financial supervision

The Company is regulated by The Netherlands Authority for the Financial Markets (“AFM”) and De Nederlandsche Bank (“DNB”). The Company is a fund manager with a license to manage both UCITS- and AIF funds.

1.3 Group companies

In addition to the Company the following active entities are part of the Group:

- LPE Capital B.V. (parent company and head of the Group);
- DEGIRO B.V. (Investment firm) (100%);
  - Stichting DEGIRO (special purpose safekeeping entity founded and controlled by DEGIRO B.V.);
  - Stichting DEGIRO II (special purpose safekeeping entity founded and controlled by DEGIRO B.V.):
  - Stichting DEGIRO IIb (special purpose safekeeping entity founded and controlled by DEGIRO B.V.):
- HiQ Trading Software B.V. (software- and ICT infrastructure development) (100%);
- ML Concepts B.V. (concept developer internet pages) (85%);
  - Codern Venture SRL (Software development) (60%);
  - ML Concepts Administration U.G. (100%);
- FundShare Administrator B.V. (fund administrator) (100%);
  - DAF Depositary B.V. (depositary of AIFMD and UCITS investment funds) (100%).
- Expat Pension Housing Beheer B.V. (100%);
- GMO Limited (a lead-generating company) (100%);
- DEGIRO Hong Kong Limited (applying for a licence) (100%); and
- DEGIRO Hypotheken B.V. (preparing application for licence) (100%)

1.3.1 Affiliated parties (Non Group Companies)

The following affiliated party is not part of the Group:

- HiQ Trading and Liquidity Providing N.V. (an investment company whose shares are kept by the legal owner of HiQ Invest Market Neutral Fund and in which the Company holds a priority share).

1.4 Branch offices (foreign operations)

The Company has branches in Sofia, Bulgaria and Hong Kong.

1.5 Significant accounting estimates and judgements

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. Actual results may vary from these estimates. The estimates and the underlying assumptions are constantly assessed. If necessary to provide the transparency required under article 362 paragraph 1 Book 2 of the Dutch Civil Code, the nature of these estimates and judgements, are disclosed in the notes to the relevant financial statement item. Revisions of estimates are recognized in the period in which the estimate is revised and in future periods for which the revision has consequences.

2 General accounting principles regarding the valuation of assets and liabilities

2.1 General

2.1.1 Basis of preparation

The financial statements have been prepared in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for annual reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The accounting policies applied are based on the historical cost convention, unless stated otherwise.

2.1.2 Financial reporting period

These financial statements have been prepared for the reporting period starting from January 1st till December 31st.

2.2 Foreign currencies

2.2.1 Functional currency

The amounts in the financial statements are stated in consideration of the currency in the economic environment in which the Company performs its business activities (the functional currency). The annual financial statements are presented in euro (EUR). This is both the Company’s functional and presentation currency.

2.2.2 Transactions in foreign currencies

Transactions denominated in foreign currency are translated to EUR at the exchange rate applicable on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate applicable on the balance sheet date. Non-monetary assets and liabilities in foreign currencies that are stated at historical cost are translated into EUR at the applicable exchange rates on the transaction date. Translation gains and losses on monetary assets and liabilities are taken to the profit and loss account.

2.2.3 Foreign operations

The assets and liabilities of foreign operations are translated to EUR at exchange rates applicable on the balance sheet date. Income and expenses of foreign operations are translated into EUR at the exchange rate applicable on the transaction date.

2.3 Recognition and derecognition of assets and liabilities

An asset is included in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits and or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet (derecognition). Assets and liabilities are not included in the balance sheet if economic benefits are not probable and/or cannot be measured with sufficient reliability.

2.4 Financial instruments

A financial instrument is a contract that simultaneously gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

In this connection, financial assets particularly comprise cash and cash equivalents, equity instruments held in other entities (e.g. investments in participating interests), trade accounts receivable, receivables from Group companies and investments securities.

Financial liabilities generally represent a contractual obligation to deliver cash or other financial assets. These include in particular, trade creditors, payables to Group companies and other liabilities. Within the Company, purchases and sales of (derivative) financial instruments are generally recorded as of the trade date, i.e. the date that the Company commits to purchase or sell the financial instrument. Financial assets and financial liabilities are generally reported separately (i.e. without being netted).

2.4.1 Financial instrument risk management

As the Company qualifies as a small-sized company, the principal risks and uncertainties are not disclosed as part of the notes to the financial statements, but are included in the directors' report.

2.4.2 Measurement of fair value

Fair value (market value) is the amount for which an asset can be exchanged or a liability can be settled between knowledgable willing parties in an arm's length transaction.

2.4.3 Initial recognition and subsequent measurement

Financial instruments are initially stated at fair value (i.e. the transaction price), including discount or premium and directly attributable transaction costs. However, if financial instruments are subsequently measured at fair value through profit and loss, then directly attributable transaction costs are separately recognized in the profit and loss account.

2.4.4 Investments in securities

Securities consist of short term positions (available for sale) in unlisted securities. Investments in unlisted equity securities are stated at fair value. The fair value of unlisted units in investment funds is determined by reference to the underlying net asset value (NAV) of each of the individual funds.

Changes in the market values of securities are reported in the profit and loss account under "Changes in value of financial fixed assets and securities".

2.5 Tangible fixed assets

Tangible fixed assets are valued at the purchase price less straight-line depreciation based on the expected economic (useful) life, or at the lower realisable value.

The expected useful life is:

Tangible asset category	Depreciation term
Leasehold improvement	5 years
Furniture	5 years
Computers and software	5 years

A tangible fixed asset is derecognised in the event of disposal or if no future economic benefits are expected from its disposal or use. Any gains or losses arising from its balance sheet derecognition (calculated as the difference between the net proceeds on disposal and the book value of the asset) are taken through profit or loss for the year in which the asset is derecognised. The residual value of the asset, its economic life and valuation principles are reviewed and, if necessary, adapted at the end of the financial year.

2.6 Financial fixed assets

2.6.1 Participating interests

Participating interests, over which significant influence can be exercised, are valued using the net asset value method based on the Company's accounting policies. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

Participating interests with a negative net asset value are valued at EUR 1. If the company fully or partly guarantees the liabilities of these participating interests a provision is set up, primarily comprising the receivables from this investment. A provision is created for the remainder, either being the share in the losses incurred by the investment, or the amount of payments the company is obliged to make on behalf of these investments.

Newly acquired associates are initially recognized on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

For financial fixed assets, an assessment is made as of each balance sheet date as to whether there are indications that these assets are subject to impairment. If there are such indications, the recoverable value of the asset is estimated. The recoverable value is the higher of the value in use and the net realisable value. If the carrying value of an asset is higher than the recoverable value, an impairment loss is recorded for the difference between the carrying value and the recoverable value.

2.7 Current assets

2.7.1 Receivables

2.7.1.1 Receivables from Group companies

The intra group balances outstanding are recorded at their nominal value (and if applicable) less a provision for doubtful items at year-end.

2.7.1.2 Trade and other receivables

At initial recognition trade and other receivables are measured at fair value. After initial recognition receivables are valued at amortized cost less impairment losses. The amortized cost value equals the nominal value, if no directly attributable transaction costs or premium/discounts are applicable.

2.7.1.3 Deferred tax assets

Deferred tax assets are determined using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses and credits carried forward. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The calculation of the deferred tax asset is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law. Deferred tax assets are stated at nominal value.

2.7.2 Cash and cash equivalents

Cash and cash equivalents comprise cash in bank accounts with a maturity of less than twelve months. Cash and cash equivalents are measured at nominal value.

2.8 Provisions

2.8.1 General

Provisions are made for legal or constructive obligations that exist at the balance sheet date, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be estimated reliably. Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. The provisions are carried at the nominal value of the expenditure that is expected to be required to settle the obligation. When an affiliated company reimburses the obligations, this amount is settled in the current account between both Group companies

2.8.2 Provision for deferred tax liabilities

Provisions for deferred tax liabilities are determined using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The calculation of the deferred tax liability is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law. The deferred tax liabilities are measured at nominal value.

2.8.3 Provision for deferred remuneration

The provision for deferred remuneration refers to conditional performance based remuneration awards where the actual payment is deferred for a period of, in principle, three years and depends on the performance (net asset value) of two specific investment funds managed by a related party to the Company. The change in value of the remuneration awards directly related to the performance of the investment funds is expressed in the calculation of the provision.

2.9 Current liabilities

Payables are classified as current liabilities if payment is due within one year, if not, they are presented as non-current liabilities. Payables are initially recognized at fair value and subsequently measured at amortized cost. The amortized cost value equals the nominal value, if there are no directly attributable transaction costs or premium/discounts applicable.

3 General accounting principles for determination of the result

Income and expense items are recognised in the period to which they relate, having due regard to the above accounting principles. Revenues are recognised if it is probable that their economic benefits will flow to the Company and the revenues can be reliably measured.

3.1 Revenues

3.1.1 Management and other fees

Management and other fees represent management fees, operating fees, performance fees and entry and exit fees.

3.1.1.1 Performance fees

With respect to the calculation of the performance fee of HiQ Invest Market Neutral Fund (Market Neutral Fund) the following applies:

If the return of the Market Neutral Fund after deduction of costs, is higher than 10% per year (the hurdle rate) calculated on the first NAV after January 1, 2017 with the NAV being higher than, EUR 17.5 (D-class), the surplus will be recognized as revenue by the Company as a ‘hurdle’ rate performance fee.

To the extent that the return of Market Neutral Fund after deduction of costs is lower than 4% per year in relation to an initial price of EUR 17.50 in the D-class (EUR 18.78 A-class and EUR 17.80 C-class) the Company will endeavour to refund the difference by returning the previous earned performance fee, provided that the liquidity and capital position of the Company reasonably allows this. A provision will be recognized if the conditions in note 2.8.1 are met.

3.2 Cost of sales

This relates to depositary and administration fees charged by suppliers in connection with the funds managed by the Company.

3.3 Employee expenses

Salaries and wages, social security charges and other salary related expenses are recognized over the period in which the employees provide their services to the group.

3.3.1 Share-based payments

The Group operates an equity-settled, share based payment plan, under which the Company receive services from eligible employees as consideration for conditionally awarded depositary receipts connected to equity instruments of LPE Capital B.V. The fair value of the depositary receipts, at the grant date, is recognized as an employee expense with a corresponding increase in equity (equity-settled) over the period that the employees become unconditionally entitled to the depositary receipts (vesting period). The wage tax charges related to the conditionally awarded depositary receipts will be paid by the Company. This will be categorized as a cash settled share-based payment.

The depositary receipts have been granted to employees of group entities in 2016 and 2017 as part of the remuneration policy. The related shares of the Company are held by an administration foundation, Stichting Participatie LPE Groep (*stichting administratiekantoor*) which has issued the depositary receipts to the employees. The grant of the depositary receipts is conditional on the employee completing service until December 31, 2017.

3.4 Financial income and expenses

Financial income and expenses comprise interest income and expenses on cash and cash equivalents and changes in value of securities.

3.5 Taxes

3.5.1 Corporate income tax (CIT)

Corporate income tax is calculated on the basis of the standard tax rates in the countries where the results were achieved, taking into account applicable tax facilities in these countries. Corporate income tax comprises the current and deferred income tax relating to the reporting period. Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years. If the carrying values of assets and liabilities for financial reporting purposes differ from their values for tax purposes (tax base), this results in temporary differences. A provision for deferred tax liabilities is recognized for taxable temporary differences.

3.5.2 Value added tax (VAT)

The Company is exempted from VAT with respect to revenues generated from the management of investment funds and the execution of investment transactions and the granting of loans. Due to this exemption a significant portion of invoiced VAT is not recoverable. Expenses therefore include non-recoverable VAT.

3.5.3 Fiscal unity

Under the Dutch corporate income tax act, Dutch companies (and Dutch permanent establishments of foreign subsidiaries) can form a consolidated group for tax purposes, a so-called ‘fiscal unity’. The Company is part of a fiscal unity for corporate income tax (CIT) and value added tax (VAT) purposes together with its parent company, LPE Capital and other fiscal unity members within the Group. Each of the companies within the fiscal unity recognizes the pro rata portion of corporate income tax that the relevant company would owe as an independent taxpayer, taking into account the applicable tax facilities. All companies in this fiscal unity are jointly and severally liable for the tax obligations of the fiscal unity.

3.6 Result from participations

The result is the amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the earnings achieved by the participation to the extent that this can be attributed to the Company.

4 Cash flow statement

Based on the fact that capital, directly or indirectly, is fully provided by a legal entity that prepares a comparable cash flow statement (RJ 360 104), the Company itself does not prepare a cash flow statement. These figures are included in the consolidated cash flow statement of LPE Capital B.V. The consolidated financial statements of LPE Capital B.V. are filed with the Trade Register of The Netherlands.

Notes to the balance sheet

Fixed assets

5 Fixed assets

5.1 Tangible fixed assets

Movement schedule tangible fixed assets	2017	2016
Opening balance 1 January	**215,126**	**229,143**
Investments	129,966	62,131
Depreciation	-85,978	-76,148
Closing balance 31 December	**259,114**	**215,126**

5.1.1 Breakdown per category

Category	Purchase value	Depreciation through 2016	Depreciation 2017	Book value
Leasehold improvements	58,954	0	-4,609	54,345
Furniture	140,537	-74,910	-11,901	53,726
Computers & software	492,317	-271,806	-69,468	151,043
Total	**691,808**	**-346,716**	**-85,978**	**259,114**

5.2 Financial fixed assets

5.2.1 Participation

The Company holds one priority share with a nominal value of EUR 1 in HiQ Trading and Liquidity Providing N.V., an investment firm dealing for own account, registered in Amsterdam. The total financial interest held in this company is below 0.01%.

6 Current assets

6.1 Trade receivables

Trade receivables	2017	2016
Trade receivables	63,439	68,240
Total	**63,439**	**68,240**

6.2 Receivables from group companies

Receivables from Group companies	2017	2016
LPE Capital B.V.	1,294,163	0
GMO Limited	25,900	16,892
DEGIRO B.V.	0	670,415
FundShare Administrator B.V.	0	26,407
Total	**1,320,063**	**713,714**

The loan receivables in current account from Group companies are non-interest bearing. There are no arrangements in place regarding timing and magnitude of repayments or with respect to the security of these payments.

6.3 Deferred tax assets

Deferred tax assets	2017	2016
Deferred tax assets	1,116	664,600
Total	**1,116**	**664,600**

The deferred tax assets are specified as follows:

Movement schedule deferred tax assets	2017	2016
Balance at 1 January	**664,600**	**267,129**
Recognised (un)used tax loss carry-forwards	-265,800	372,675
Deferred tax gain (charge) other temporary differences	-23,680	24,796
Transfer of unused tax loss within Fiscal Unity	-374,004	0
Closing balance 31 December	**1,116**	**664,600**

Deferred tax assets	2017	2016
Deferred tax assets due to temporary differences	1,116	24,796
Deferred tax assets due to unused tax losses	0	639,804
Total	**1,116**	**664,600**

6.4 Other receivables

The other receivables are specified as follows:

Other receivables	2017	2016
Other receivables	0	5,742
Total	**0**	**5,742**

6.5 Prepayments and accrued income

Prepayments and accrued income	2017	2016
Prepayments	31,743	42,618
Amounts to be received	887,453	0
Total	**919,196**	**42,618**

The prepayments and accrued income amounts are due within one year.

6.6 Securities

Securities	2017	2016
Investments in unlisted equity instruments	202,217	251,888
Total	**202,217**	**251,888**

The investments in unlisted equity instruments concerns investments in units of investments funds (AIF) managed by the Company. The units are priced at the validated net asset values at the balance sheet date.

6.6.1 Breakdown per category

Category breakdown	2017	2016
At free disposal	58,230	55,971
Linked to provision for deferred remuneration	143,987	195,917
Total	**202,217**	**251,888**

The securities linked to the provision for deferred remuneration are not at free disposal of the Company (refer to note 8.2). The Company held for an amount of EUR 56,572 securities linked to deferred remuneration obligations in other Group companies.

6.7 Cash and cash equivalents

The cash and cash equivalents are specified as follows:

Cash and cash equivalents	2017	2016
Current accounts	111,279	29,500
Total	**111,279**	**29,500**

Cash and cash equivalents are available for the Company's immediate use in day-to-day operations, besides the restrictions as reflected below.

6.7.1 Restrictions

Restricted cash entails cash held in a specific designated bank account which is earmarked for a specific purpose or on a contractual basis or at management's discretion and therefore not available for immediate and/or general use by the Company.

An amount of EUR 42,972 (2016: EUR 0) in current accounts is held in a designated bank account, in connection with a bank guarantee to secure the Company's office lease obligations (refer to note 10.1).

7 Shareholder's equity

The shareholder's equity is specified as follows:

Shareholder's equity	2017	2016
Share capital	18,000	18,000
Share premium reserve	2,422,983	2,422,983
Other reserves	-288,327	-1,222,677
Total	**2,152,656**	**1,218,306**

7.1 Initial capital requirement and fixed overhead requirement

The Company as both a UCITS and AIF manager has to comply with an initial capital requirement of EUR 125,000 with a premium of 0.02% of the excess of AUM over EUR 250 million and a fixed overhead requirement. The minimum required regulatory capital is equal to the higher of the initial capital of EUR 125,000 plus the aforementioned premium and the fixed overhead requirement (FOR).

The minimum required regulatory capital of the Company amounts to EUR 619,000.

7.2 Share capital

The authorised share capital amounts to EUR 90,000, divided in 900 ordinary shares, with a nominal value of EUR 100 each. 180 shares are issued and paid-up. The shares are wholly owned (100%) by the parent company LPE Capital B.V.

7.3 Share premium

The movement in the share premium is specified as follows:

Share premium reserve	2017	2016
Opening balance 1 January	**2,422,983**	**1,302,983**
Capital contributions	0	1,120,000
Closing balance 31 December	**2,422,983**	**2,422,983**

7.4 Other reserves

The movement in the other reserves is specified as follows:

Movement schedule other reserves	2017	2016
Opening balance 1 January	**-1,222,677**	**-105,504**
Result current year	770,546	-1,163,481
Share-based payment	163,804	46,308
Closing balance 31 December	**-288,327**	**-1,222,677**

8 Provisions

8.1 Provision for deferred tax liability

The provision for deferred tax liabilities comprises the tax effect of the temporary differences - with regards to valuation of securities - between the profit determination for financial reporting purposes and for tax purposes.

8.2 Provision for deferred remuneration

Provision for deferred remuneration	2017	2016
Opening balance 1 January	**88,217**	**69,776**
Release/payment	-13,367	0
Changes in value	12,565	18,441
Closing balance 31 December	**87,415**	**88,217**

This provision entails conditional bonus awards which are subsequently linked to the changes in value of units in two investment funds managed by the Company. A deferral period of three years minimum is applicable. After this period the conditional bonus is paid out if the conditions are fulfilled. The provision has a residual term of less than one year.

The deferred and conditional bonus awards are fully funded through earmarked investments in units of two funds, managed by the Company, invested just after at the granting date. Income tax payments on the deferred bonus amounts are due when the net deferred bonus amounts are actually paid to employees.

9 Current liabilities

9.1 Trade creditors

Trade creditors	2017	2016
Trade creditors	130,473	122,232
Total	**130,473**	**122,232**

9.2 Payables to Group companies

Payables to Group companies	2017	2016
LPE Capital B.V.	0	52,215
HiQ Trading Software B.V.	3,999	263,515
DAF Depositary B.V.	9,981	15,865
FundShare Administrator B.V.	42,814	0
DEGIRO B.V.	119,609	0
Total	**176,403**	**331,595**

The loan amounts payables in current account to group companies are non-interest bearing. There are no arrangements in place regarding timing and magnitude of repayments or with respect to the security of these payments.

9.3 Taxes and social security premiums

The taxes and social security premiums are specified as follows:

Taxes and social security premiums	2017	2016
Payroll taxes and social security premiums	14,548	67,940
Corporate income tax	14,019	5,811
Other taxes	0	2,981
Total	**28,567**	**76,732**

9.4 Other liabilities

Other liabilities	2017	2016
Other liabilities	45,584	59,056
Total	**45,584**	**59,056**

9.5 Accrued expenses and deferred income

Accrued expenses and deferred income	2017	2016
Accruals and other payables	253,744	95,291
Total	**253,744**	**95,291**

The accrued expenses and deferred income will be paid within one year.

10 Off balance sheet assets and liabilities

The off balance sheet assets and liabilities are valued at nominal value, if applicable unless stated otherwise.

10.1 Office lease obligations

The Company has the following office lease obligations:

Office lease obligation	Total duration	Yearly obligation
Sofia (Bulgaria)	5 years	180,585

The office lease obligations are secured by a bank guarantee, please refer to note 6.7.1.

10.2 Contingent liability in a fiscal unity

The Company is part of a fiscal unity for corporate income tax and value added tax purposes with her parent company LPE Capital B.V. All group companies within this fiscal unity are jointly and severally liable for the tax obligations of the fiscal unity as a whole.

10.3 Other off balance sheet items

The Company, as manager of the fund, aims to return a minimum yield of 4% per 12 months for HiQ Invest Market Neutral Fund. The Company will test this on a monthly basis and will endeavour to refund the difference by returning the previous earned performance fee, provided that the liquidity and capital position of the Company reasonably allows this. Based upon management's best estimate as per 31 December 2017, management assumes that the performance fees earned per this date will not affected in any future repayment.

Notes to the profit and loss account

11 Revenues

The revenue composition is specified as follows:

Revenues	2017	2016
Management fees	335,090	319,638
Performance fees	3,383,381	0
Entry and exit fees	14,413	17,173
Operating fees	48,879	47,742
Total	**3,781,763**	**384,553**

11.1 Management fees

The Company has entered into separate agreements per Fund together with the depositary. The Funds offer investors the opportunity to participate. Under these agreements, the Company for portfolio and risk management services, is entitled to receive management fees on an annual basis calculated on a monthly basis over the net asset value of these Funds.

11.2 Performance fees

Mainly due to a new hurdle rate performance fee, applicable for HiQ Invest Market Neutral, the company realised a performance fee of EUR 3,383,381.

11.3 Entry and exit fees

The Company as manager of AIF and UCITS funds, for some funds charges entry and exit fees as a percentage of the subscription and/or redemption amount.

11.4 Operating fees

Operating fees (e.g. Bloomberg terminals, trading systems etc.) arising directly from the operation of the HiQ Invest Market Neutral Fund are separately charged to this fund.

12 Cost of sales

The cost of sales concerning outsourcing and other external costs with respect to the funds managed by the Company is specified as follows:

Cost of sales	2017	2016
Service fee administrator	23,831	21,762
Service fee depositary	7,562	6,779
Other sales expenses	0	1,165
Total	**31,393**	**29,706**

13 Operating expenses

13.1 Employee expenses

Employee expenses	2017	2016
Salaries	785,373	801,751
Social security contributions	103,502	89,189
Other employee expenses	184,045	171,601
Share-based payments	288,719	96,077
Wage tax reduction*	-49,869	-52,927
(Re)charged employee expenses by group companies	298,916	30,065
Total	**1,610,686**	**1,135,756**

*This reduction in the wage tax paid refers to a facility provided by the Research and Development Promotion Act (WBSO).

13.1.1 Remuneration

For the performance period 2017 the Company has awarded performance related bonuses. The total fixed and variable remuneration for the directors and other employees (*identified staff*) is shown in the table below:

Details remuneration*	2017	2016
Fixed remuneration	1,063,548	723,301
Variable remuneration	236,347	174,527
Which is settled in equity instruments	*101,488*	*78,450*
Which is paid in cash for an amount of	*134,859*	*96,077*
Total	**1,299,895**	**897,828**

*The fixed and variable remuneration are including the (re)charged employee expenses by/to other Group companies.

Allocation remuneration	2017	2016
Directors	32,642	32,333
Identified staff	1,267,253	865,495
Total	**1,299,895**	**897,828**

For further information on the remuneration policy please refer to reference 16 of the notes to the financial statements.

13.2 Depreciation tangible fixed assets

Depreciation expenses	2017	2016
Depreciation leasehold improvements	4,609	0
Depreciation furniture	11,901	9,254
Depreciation computers & software	69,468	66,894
(Re)charged depreciation expenses	-46,673	-59,677
Total	**39,305**	**16,471**

13.3 General and administrative expenses

General and administrative expenses	2017	2016
Rents and services	204,440	82,647
Market data and exchange connectivity fees	408,731	438,176
Communication and information	50,641	28,242
Marketing expenses	0	2,299
Financial supervision	62,929	47,525
Audit and consultancy fees*	256,264	113,048
Office expenses and insurance	29,144	10,382
Payment services	8,188	10,987
Exchange rate differences (profit)	-1,563	1,425
Other expenses	10,873	34,807
Total	**1,029,646**	**769,538**

* The Company has appointed Mazars Paardekooper Hoffman Accountants N.V. as its Independent Auditor. The Independent Auditor's remuneration accounted for in 2017 amounted to EUR 54,700 (including VAT) with respect to audit fees (2016: EUR 46,000). The Independent Auditor has been engaged to perform the audit of these annual accounts of the Company (EUR 18,404 including VAT) and the investment funds (AIF and UCITS) under its management. The Auditor's remuneration for the Funds HiQ Invest Market Neutral Fund and Fundamental Value Fund will be charged to the Company (EUR 36,296 including VAT). The Independent Auditor did not provide any non-audit services to the Company.

14 Financial income and expenses

14.1 Changes in value of financial fixed assets and securities

Changes in value of financial fixed assets and securitie	2017	2016
Changes in value of securities	2,258	11,235
Total	**2,258**	**11,235**

14.2 Other financial expenses

Other financial expenses	2017	2016
Interest expenses	750	640
Total	**750**	**640**

15 Corporate Income Tax

The components of the Corporate Income Tax gains (expenses) are as follows:

Corporate income tax gain or expenses	2017	2016
Result before taxes	**1,072,240**	**-1,556,323**
Permanent differences	166,249	2,206
Temporay differences	-97,766	103,845
Taxable profit (loss)	**1,140,723**	**-1,450,272**
Carry forward tax losses	-1,063,201	0
Taxable amount	**77,522**	**-1,450,272**
The components of income tax gains are as follows:		
Current income tax gain (charge)	-10,632	-4,630
Deferred tax gain (charges) due to deferred tax assets	-289,480	397,471
Deferred tax liability due to temporary differences	-1,583	0
Total	**-301,694**	**392,842**

The applicable statutory nominal corporate income tax rates in The Netherlands are 25% (2016: 25%) for profits above the amount of EUR 200,000 and 20% for profits below the amount of EUR 200,000 (2016: 20%).The statutory tax rates applicable in Bulgaria and Hong Kong are 10% and 16.5%.

Deferred tax gain is the movement of deferred tax assets as reflected in note 6.3.

16 Remuneration policies and practices

16.1 Main principles

The remuneration policy is based on the following main principles:

- ✓ it aims at promoting a sound and effective risk management;
- ✓ it does not encourage the taking of more risks than is acceptable considering the risk profiles, rules or instruments of incorporation of the UCITS and AIFMD funds it manages;
- ✓ it aims to achieve and maintain a sound capital base.
- ✓ it is in line with the business strategy, objectives, values and long-term interests of the company; and
- ✓ it is designed to avoid conflict of interests.

The remuneration policy is intended to be flexible and it is designed to safeguard a sound capital base, while providing sufficient reward to key personnel. The remuneration comprises a fixed component, a variable component and discretionary pension benefits, whereby the fixed and variable components of the remuneration are distributed in a balanced way.

The criteria used for calculating the remuneration are aimed at reflecting the link between payment and performance.

The variable remuneration of all the employees is calculated taking the financial achievements of the company in the previous year and the projection of the regulatory capital requirement for the next year into account. The variable remuneration may be paid partially in financial instruments (units in investment funds managed by the Company) and may be subject to retention and/or deferral over a period which is deemed appropriate in light of the risks of the managed funds.

16.2 Annual Review

The management board in its supervisory function has adopted the remuneration policy. The remuneration policy is reviewed on an annual basis, in order to ensure compliance with national laws and regulations and in order to monitor that it operates as intended. The implementation of the remuneration policy is subject to central and independent review performed annually by the compliance department, in order to assess its compliance with policies and procedures laid down by the management board in its supervisory function. As a result of the annual reviews, the remuneration policy is assessed to be in line with current applicable laws and regulations and its implementation is deemed to be in compliance with the policy itself.

16.3 Average number of employees

During 2017 an average number of 23.99 employees (including directors) were employed based on a full time employment (2016: 20.36). The breakdown of the average employees is as follows:

FTE overview	2017	2016
Working in The Netherlands	8.13	7.89
Working outside The Netherlands	15.86	12.47
Total	**23.99**	**20.36**

16.4 Remuneration of directors

The remuneration of the directors of the Company (fixed and variable) amounted to EUR 32,642 in 2017 (2016: EUR 32,333).

17 Transactions with related parties

During the year there were no transactions (other than intra-group) with related parties that were not at arm's length and which should be disclosed in the financial statements.

18 Proposal for result appropriation 2017

The General Meeting will be asked to approve the following appropriation of the 2017 result after taxation (net result):

The net result of EUR 770,546 will be added to the other reserves.

In anticipation of the General Meeting, the appropriation of the result has been included in the financial statements.

19 Subsequent events

There have been no events after the end of the financial year that give further information about the actual situation at the balance sheet date or raise doubt regarding the assumption of continuity of the Company

Amsterdam, April 24, 2018

Dr. Ir. J.H.M. Anderluh
Director

Drs. N.J. Klok CFA
Director

Other information

Statutory arrangement regarding the allocation of the result

Article 14 of the Articles of Association includes the following regarding the appropriation of the result: The corporate profit shown in the financial statements approved by the General Meeting of Shareholders – to the extent that the profit is not to be used for the creation or maintenance of reserves prescribed by law – is at the disposal of the General Meeting of Shareholders, that decides regarding reservation or distribution of profits. The distribution of profits may only be made to a maximum amount that exceeds the portion of equity that is issued and called plus the legally held reserves.

Branch offices

The Company has branch offices in Sofia, Bulgaria and Hong Kong.

Auditor's report of the independent accountant

The auditor's report is included on the next pages of this annual report.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of HiQ Invest B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2017 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

We have audited the financial statements 2017 of HiQ Invest B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of HiQ Invest B.V. as at 31 December 2017, and of its result for 2017 in accordance Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:
1. the balance sheet as at 31 December 2017;
2. the profit and loss account for 2017; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of HiQ Invest B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:
- profile and key figures;
- the Directors' report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the Directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;
- obtaining 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;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 a company to cease to continue as a going concern;

- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Rotterdam, 24 April 2018

MAZARS PAARDEKOOPER HOFFMAN ACCOUNTANTS N.V.

Was signed: drs. C.A. Harteveld RA