

ANNUAL REPORT


OF THE COLLECTIVE INVESTMENT FUND ENTITLED:

Conseq Polských dluhopisů, podfond Conseq Funds SICAV

FOR THE YEAR ENDED 31 DECEMBER 2019

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I. DISCLOSURES

required by Act No. 240/2013 Coll., on Investment Companies and Investment Funds, and Decree No. 244/2013 Coll., on the Specification of Certain Rules Contained in the Act on Investment Companies and Investment Funds

A. INFORMATION ABOUT THE ACTIVITIES OF THE MANAGER with respect to the Fund's assets in the accounting period

Throughout the accounting period, the collective investment fund Conseq Polských dluhopisů, podfond Conseq Funds SICAV, ("**the Fund**") was managed by Conseq Funds investiční společnost, a.s., with its registered office at Rybná 682/14, Praha 1, postcode 110 05, ID# 24837202, recorded in the Commercial Register under section B, insert 17126, maintained with the Municipal Court in Prague ("**the Investment Company**").

2019 proved to be another successful year for Polish bond market, just like the preceding 2 years. Government bond prices went up especially during summer months, supported primarily by price gains in Eurozone government bonds and stability in monetary policy rates of Polish central bank. The central bank was clear in saying that it is not contemplating rising key interest rates anytime soon, notwithstanding gradually rising inflation in domestic economy. The fund closed the year with a performance +2,30%, underperforming local bond market index by 2 percentage points. The reason for that was lower interest rate risk investment manager applied (lower average portfolio duration) in the fund's portfolio weighting risks of possible interest rate hikes driven by rising inflationary pressures.

During the reporting period, the Investment Company as a manager resolved on transformation of the collective investment unit fund into a subfund of a joint stock company with variable registered capital with a decisive day of transformation on January 1, 2020. Previous Fund (Conseq Polských dluhopisů, otevřený podílový fond) was dissolved on December 31, 2019 in accordance with Section 421 par. 1 of Act No. 240/2013 Coll., on Investment Companies and Investment Funds, as amended, and Conseq Funds, SICAV a.s. (Id. No. 08805105) and its subfund Conseq Conseq Polských dluhopisů, podfond Conseq Funds SICAV was newly formed on January 1, 2020. Due to the transformation, unitholders of the dissolving fund become shareholders of the investment shares of the newly formed joint stock company with variable registered capital, or its subfund upon the day of registration of the newly formed joint stock company in the Commercial Register. The transformation decisive day (January 1, 2020) is also a day from which the asset of the dissolving fund is considered to be an asset in the subfund of the newly formed joint stock company with variable registered capital.

Fund Performance as at 31 December 2019

	Fund Performance
1 month	0,03 %
3 months	-0,21 %
6 months	0,45 %
1 year	2,05 %
Total	16,73 %

Overview of positions in the Fund:

Position in the Fund	ISIN	Share as at 31/12/19
CPSPWf/26	PLCFRPT00047	3,40 %
DOMf/23	PLDMDVL00087	1,68 %
GHELGRf/22	PLGHLMC00370	1,71 %
JPMfe/27	XS1569783613	3,34 %
PLgb0-01/24	PL0000107454	8,35 %
PLgb2.5-07/26	PL0000108866	15,55 %
PLgb3.25-07/25	PL0000108197	13,12 %
PLgb4-10/23	PL0000107264	12,04 %
PLgb5.75-09/22	PL0000102646	5,60 %
PLgbf-01/26	PL0000108817	14,88 %
PLgbf-05/28	PL0000110383	12,21 %
ROBYG2f/23	PLROBYG00263	2,49 %

Note: Only shares above 1% of the Fund's asset value as at the date of valuation for the purposes of this annual report are included in the table.

B. TOTAL NUMBER OF THE FUND'S UNITS

that are in circulation at the end of the accounting period and that were issued and redeemed in the accounting period

In 2019, 4 176 209 units were issued and 6 970 726 units were redeemed. As at 31 December 2019, 5 117 723 units were in circulation.

C. FUND'S EQUITY ATTRIBUTABLE TO ONE UNIT

at the end of the accounting period

As at 31 December 2019, the Fund's equity attributable to one unit was CZK 7.0102 (PLN 1.1742).

D. STRUCTURE OF THE FUND'S ASSETS AND CHANGES THEREIN

Percentage of total assets	31 December 2019	31 December 2018
Receivables from banks	5,30 %	0,61 %
Debt securities	94,37 %	99,32 %
of which: a) issued by government institutions	81,75 %	92,69 %
b) issued by other entities	12,62 %	6,63 %
Other assets	0,33 %	0,07 %

E. INFORMATION ABOUT ALL SFT AND SWAP REVENUES

The volume of borrowed securities and commodities,
expressed as a share of the total lending assets without cash and cash equivalents

In the reporting period, the Fund did not lend any securities or commodities

The volume of assets used in each type of SFT and swap revenues,
expressed in absolute terms (in the Fund's currency) and as a share in assets managed by the Fund

In the reporting period, the Fund did not close any sell-buy operation.

The ten most important issuers of collateral,
in terms of all SFT and all swap revenues (classification of securities and commodity securities received by issuer):

In the reporting period, the only issuer of the collateral was the Ministry of Finance of the Republic of Poland.

The ten most important contracting parties
for each type of all SFT and swap revenues separately (name of the contracting party and gross volume of unsettled trades)

The sell-buy operation are closed by the counterparty Česká Spořitelna, a.s. and PPF banka, a.s. on behalf of the Fund.

Summary information on trades for all SFT and swap revenues separately,
 classification due to the collateral type and quality;
 classification due to the maturity profile of collateral further divided into the following maturity dates: less than one day, one day to one week, one week to one month, one month to three months, three months to one year, more than one year; open maturity;
 classification due to the currency of collateral;
 classification due to the maturity profile of SFT and swap further divided into the following maturity dates: less than one day, one day to one week, one week to one month, one month to three months, three months to one year, more than one year, open trades;
 classification due to the country in which the contracting parties are established;
 classification due to the settlement and clearing (eg trilateral, central counterparty, bilateral);

Type of operation	Type of security and its maturity	Maturity of SFT	Currency	Country	Clearing
Sell-buy	State bond of Republic of Poland with maturity in 2027	5-days	PLN	CZ	bilateral settlement

The share of the collateral that was received and reused,
 in relation to the maximum volume specified in the prospectus or the information provided to investors

The collateral was not reused.

Revenues from re-use of funds
 provided to secure the debt of the Fund

In the reporting period, the Fund did not record any revenues from the re-use of the funds provided to secure the debt

Custody of the collateral received by the Fund relating to all SFT and swap revenues
 The volume and names of the custodians and the volume of the collateral assets held by each of them

In the reporting period the Fund did not receive any collateral.

Custody of the collateral provided by the Fund relating to all SFT and swap revenues
 The share of collateral held either in separate accounts or in join accounts or in other accounts

During the operation the provided collateral is deposited to the account of the counterparty, Česká spořitelna, a.s. and PPF banka, a.s.

Revenue and cost data for all SFT and swap revenues
 classification according to the Fund, Company and third parties (such as loan intermediaries) in absolute terms and in proportion to the total income derived from the type of all SFT and the swap revenues

In the reporting period, the Fund did not record any revenues and costs from sell-buy operations.

F. DEVELOPMENT OF FUND ACTIVITIES

In the reporting period, despite the profit the Fund's assets have decreased as a result of higher withdrawals from the Fund.

G. COMPARISON OF THE FUND'S TOTAL EQUITY AND EQUITY PER UNIT for the three most recent accounting periods (as at the end of each period)

Period ended	Fund's equity (CZK)	Fund's equity (CZK) per unit
31 December 2017	64 977 275.80	6.7481
31 December 2018	54 347 315.45	6.8688
31. December 2019	35 876 182,50	7,0102

H. FINAL VOLUME OF LIABILITIES RELATING TO TECHNIQUES used by the manager in managing the Fund, as at the end of the accounting period, classified into repo transactions and derivatives

Type	Nominal value (CZK)	Fair value (CZK)
Liabilities arising from repo transactions	0.00	0.00
Liabilities arising from FX derivatives	0.00	0.00

I. INFORMATION ABOUT ALL OF THE FUND'S PORTFOLIO MANAGERS in the reporting period and about the duration of their activity as managers, including a brief description of their experience and knowledge

Throughout the reporting period, the Fund's financial assets were managed by the Investment Company .

The Investment's key personnel involved in the management of the Fund:

Jan Vedral

After graduating from the Faculty of Business of the University of Economics in Prague, he worked at Investiční banka. In 1992 he joined Agrobanka Praha (presently MONETA Money Bank) and, as its chief broker, participated in the first transactions on the emerging Czech primary and secondary capital markets. At the end of 1994, he initiated the establishment of Conseq Finance, which he headed until 2003. For that entire period, he was in charge of operations, stock brokerage and investment management. At Conseq Investment Management, Jan Vedral works as a chief investment manager, leading an investment team and setting key investment strategies. Together with Hana Blovká, he is involved in making decisions on the firm's business strategy and operational management.

Ondřej Matuška

He graduated from the Faculty of Finance and Accounting of the University of Economics in Prague. During his studies, he worked for Hospodářské noviny as an editor specialising in international capital markets. After graduation, he briefly worked as an analyst in the commercial banking department of Erste Bank Sparkassen CR, later Česká spořitelna. He joined Conseq Finance in 2000. As a junior portfolio manager, he was responsible for managing cash flows relating to client portfolios and executing investment decisions. As of 2003, he works as a portfolio manager

at Conseq Investment Management, where he is primarily responsible for the bond component of client portfolios and for the following funds: Conseq Invest Dluhopisový, Conseq Invest Konzervativní dluhopisový and Conseq Invest Dluhopisů Nové Evropy. As part of Jan Vedral's investment team, he helps develop investment strategies. In August 2008 he was elected a member of the Board of Directors.

Jan Schiller

He graduated from the Faculty of Finance and Accounting of the University of Economics in Prague as a finance major specialising in financial markets analysis. Two years before successfully completing his studies, he joined Conseq Investment Management as a junior analyst. He later became a full-fledged member of the team as a junior portfolio manager in charge of implementing investment decisions relating to the bond component of portfolios and institutional mandates and focusing on asset allocation and the management of client portfolios. In 2018 he became a portfolio manager at the Investment Company where he is responsible for implementation of investment decisions concerning the bond components and for management of client portfolios.

J. INFORMATION ABOUT THE FUND'S DEPOSITARY

in the reporting period and about the duration of its activity as the depositary

Throughout the reporting period, UniCredit Bank Czech Republic and Slovakia, a.s., with its registered office at Želetavská 1525/1, Praha 4 - Michle, postcode 140 92, ID# 64948242, recorded in the Commercial Register under section B, insert 3608, maintained with the Municipal Court in Prague, acted as the Fund's depositary ("the Depositary").

K. INFORMATION ABOUT THE ENTITY CHARGED WITH THE CUSTODY OR SAFEKEEPING OF THE FUND'S ASSETS,

provided that more than 1% of the Fund's assets is deposited with the entity

The Depositary has delegated the following companies: CLEARSTREAM BANKING, 42 Avenue JF Kennedy, L-1855 Luxembourg, VAT ID: LU 10294056, The Bank of New York Mellon SA / NV, 46 Rue Montoyerstraat, B-1000 Brussels, Belgium, company number 0806.743.159, and banks from the UniCredit group (especially UniCredit Bank Austria AG, 1010 Wien, Schottengasse 6-8, Austria, UniCredit Bank Hungary Zrt., Szabadság tér 5-6, H-1054 Budapest, Hungary, and Bank of Poland Kasa Opieky SA, Grzybowska 53/57, 00-950, Warsaw, Poland) to perform the safekeeping or other custody of foreign investment instruments, according to the type of investment instrument, country of issuer and the market where the investment instrument was purchased.

L. INFORMATION ABOUT THE MAIN PRIME BROKER

in the reporting period and about the duration of its activity as the main prime broker

In the reporting period, no entity acted as the main prime broker with respect to the Fund's assets.

M. IDENTIFICATION OF THE FUND'S ASSETS

provided their value exceeds 1% of the Fund's asset value as at the date of valuation for the purposes of this annual report, indicating total acquisition cost and fair value at the end of the reporting period:

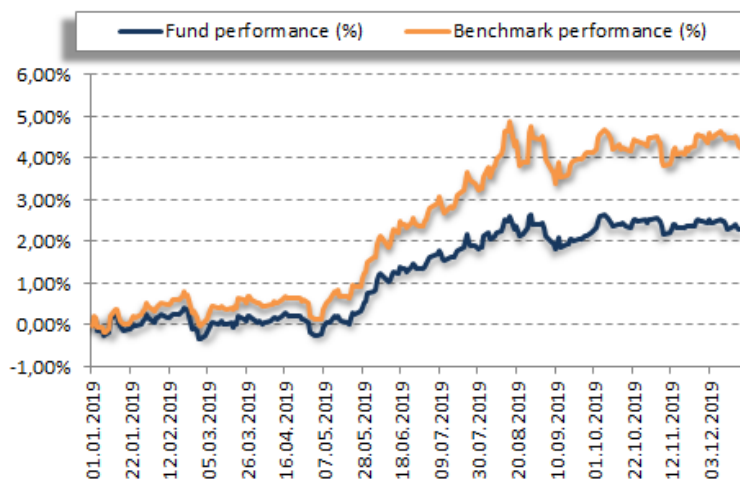
Debt securities held by the Fund:

Name of security (or issuer)	ISIN	Total acquisition cost (TCZK)	Total fair value (TCZK)
CPSPWf/26	PLCFRPT00047	1 196	1 223
DOMf/23	PLDMDVL00087	598	605
GHELGRf/22	PLGHLMC00370	585	616
JPMfe/27	XS1569783613	1 243	1 202
PLgb0-01/24	PL0000107454	3 060	3 007
PLgb2.5-07/26	PL0000108866	5 190	5 599
PLgb3.25-07/25	PL0000108197	4 615	4 722
PLgb4-10/23	PL0000107264	4 381	4 333
PLgb5.75-09/22	PL0000102646	2 406	2 015
PLgbf-01/26	PL0000108817	5 339	5 356
PLgbf-05/28	PL0000110383	4 361	4 395
ROBYG2f/23	PLROBYG00263	901	898

Assets:	Purchase price (TCZK)	Fair value (TCZK) as at 31 December 2018:
Receivables from banks	1 908	1 908

N. MOVEMENT IN UNIT VALUE IN THE REPORTING PERIOD

in graph form; if the investment strategy is based on an index or another financial quantitative indicator (benchmark), the movement in the index in the reporting period should also be provided in graph form



O. JUDICIAL OR ARBITRATION DISPUTES REGARDING ASSETS OR CLAIMS OF FUND UNITHOLDERS

where the value of the subject of the dispute exceeds 5% of the Fund's assets in the reported period

In 2019, the Fund was not a participant in any judicial or arbitration disputes whose value exceeded 5% of the Fund's assets.

P. THE VALUE OF ALL SHARES IN PROFIT PAID OUT PER UNIT

The Fund is a growth fund. It does not pay out shares in profit (dividends) or in revenues from the Fund's management; instead, these are reinvested and are reflected in the value of the Fund's units.

Q. REMUNERATION PAID TO THE FUND MANAGER FOR THE MANAGEMENT OF THE FUND'S ASSETS

broken down into remuneration paid for performing the role of depositary, administrator, main prime broker and auditor, and figures relating to other expenses and taxes

In the period from 1 January to 31 December 2019, remuneration paid for the management of the Fund's assets amounted to TCZK 534.

In the period from 1 January to 31 December 2019, performance-based remuneration totalled TCZK 0.

In the period from 1 January to 31 December 2019, remuneration paid for performing the role of depositary amounted to TCZK 49 and expenses relating to other depositary services amounted to TCZK 74.

In the period from 1 January to 31 December 2019, fees payable to the auditor totalled TCZK 44.

For the period from 1 January to 31 December 2019, current income tax of TCZK 65 was calculated.

R. RISKS RELATED TO DERIVATIVES, QUANTITATIVE LIMITATIONS AND RISK ASSESSMENT METHODS

selected for the assessment of risks related to portfolio management and Fund management techniques for the reported period, including information on transaction counterparties, types and amounts of security received, expenses and revenues linked to the application of these methods, and information on investment limits in respect of derivative contracts concluded for the Fund's account

Risks related to derivatives

Risks associated with financial derivatives generally comprise market risks (which, depending on the derivative's underlying asset, can include currency or interest rate risks) and counterparty credit risk. Derivatives are characterised by the leverage effect, whereby even a slight change in the price of a derivative's underlying instrument results in a relatively significant change in the price of the derivative.

The counterparty risk arising from financial derivatives, amounting to the sum of the derivatives' positive fair values, and from standard fund management techniques may not exceed (in respect of a single counterparty):

- 10% of the value of the Fund's assets, provided that the counterparty is an entity specified in Section 72 (2) of the Act on Investment Companies and Investment Funds; or
- 5% of the value of the Fund's assets, provided that the counterparty is an entity other than that specified in the previous bullet point.

Quantitative limitations

selected for the assessment of risks related to Fund management methods

The Fund may use financial derivatives only for the purpose of mitigating the Fund's investment risks, namely the Fund's FX rate risks. The Fund's liabilities arising from the use of financial derivatives must always be fully covered by its assets. The Fund may carry out Repo transactions for the purpose of mitigating the Fund's investment risks, cutting the Fund's expenses and generating additional revenues.

Quantitative limitations

selected for the assessment of risks related to the Fund portfolio management

Bonds and money market instruments issued by a single issuer may make up a maximum of 5% of the Fund's asset value, unless specified otherwise. Deposits with a single national or foreign bank may not make up more than 20% of the Fund's asset value. The sum of deposits with national or foreign banks may not exceed 20% of the Fund's asset value. The sum of investments into bonds or money market instruments issued by a single issuer, deposits with this issuer and the risk linked to this issuer as a counterparty in financial derivative transactions may not exceed 20% of the Fund's asset value. The Fund may invest up to 10% of the Fund's asset value into securities issued by a single standard fund or a single special collective investment fund. The Fund's total investments into securities issued by collective investment funds may not exceed 10% of the Fund's asset value. The Fund may not acquire into its assets more than 10% of the total nominal value of bonds issued by a single issuer or more than 10% of the total nominal value or total number of money market instruments issued by a single issuer. The proportion of bonds and money market instruments must amount to at least 90% of the Fund's asset value. The maximum proportion of bonds and money market instruments issued or secured by Poland may amount up to 100% of the Fund's asset value, provided the Fund has bonds and money market instruments in its assets from at least six different issues and provided that securities from a single issue do not exceed 30% of the Fund's asset value. The proportion of corporate bonds must make up less than 70% of the Fund's asset value. Open positions denominated in a currency other than PLN must

make up less than 10% of the Fund's asset value. Investments into instruments denominated in a currency other than PLN must make up less than 30% of the Fund's asset value. Bonds issued by non-investment issuers (with a BB+/Ba1 rating or lower from at least one renowned rating agency – Standard&Poor's, Moody's and Fitch) may make up a maximum of 10% of the Fund's asset value.

The specified quantitative limitations are defined in greater detail in the Fund's statutes in line with Government Decree No. 243/2013 Coll., on Investment Funds' investing and on their management methods (the "Government Decree").

Methods

selected for the assessment of risks related to the portfolio management and Fund management methods

In managing risks arising from the use of investment instruments that are part of the Fund's assets, the Investment Company applies the following methods:

- a) monitoring and checking compliance with relevant rules regarding risk distribution and limitations (investment limits and rules) laid down by generally binding regulations and the Fund's statute,
- b) monitoring movement in the Fund's performance volatility expressed as a standard deviation using the Fund's unit performance over 36 months expressed as an annual deviation,
- c) monitoring operating risk.

The Investment Company secures credit risk regarding derivatives or repo transactions in line with rules laid down by the Fund's statutes and the Government Decree. The Investment Company also monitors the development of investment instrument credit ratings.

S. ANNUAL DEVIATION BETWEEN THE FUND'S PERFORMANCE AND THE PERFORMANCE OF THE MONITORED INDEX,

if the Fund monitors certain indices or other financial quantitative benchmarks; including an explanation of the differences between the expected and real deviation for the reported period

The deviation between the monitored annual performance of the Fund and the monitored index amounts to – 1.96 %.

The difference can be attributed to the poorer performance of Polish corporate bonds, which are not part of the benchmark and whose prices, compared to Polish government bonds, rose more moderately, as well as to the difference between the portfolio's and the index's duration.

T. SIGNIFICANT CHANGES IN INFORMATION STATED IN THE STATUS OF FUND,

which occurred during the accounting period

The Depositary has delegated the following companies: CLEARSTREAM BANKING, 42 Avenue JF Kennedy, L-1855 Luxembourg, VAT ID: LU 10294056, The Bank of New York Mellon SA / NV, 46 Rue Montoyerstraat, B-1000 Brussels, Belgium, company number 0806.743.159, and banks from the UniCredit group (especially UniCredit Bank Austria AG, 1010 Wien, Schottengasse 6-8, Austria, UniCredit Bank Hungary Zrt., Szabadság tér 5-6, H-1054 Budapest, Hungary, and Bank of Poland Kasa Opieky SA, Grzybowska 53/57, 00-950, Warsaw, Poland) to perform the safekeeping or other custody of foreign investment instruments, according to the type

of investment instrument, country of issuer and the market where the investment instrument was purchased.

Except for above mentioned changes there were no further changes to the Fund statute in line with article 23 of European parliament and Council directive no. 2011/61/EU on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 Text with EEA relevance which are mentioned in the Fund's statute.

U. INFORMATION ABOUT WAGES, RENUMERATIONS AND SIMILAR INCOME OF EXECUTIVE MEMBERS,

which may be considered as remuneration paid by the management of the Investment Company to its employees or managers in the accounting period, remuneration are divided into fixed and mobile components, data on the number of employees and managers of the fund and information on any bonuses for capital appreciation that the investment fund or his manager has paid off

The wage and similar expenses of the Investment Company for the year 2019 amounted to TCZK 101 358. The variable component amounted to TCZK 86 273 out of the total amount of wage and similar expenses. The amounts above are related to the total remuneration of all employees and managers of the Investment Fund. In 2019, the average number of employees and executives of the Investment Company that obtained remuneration were eighteen.

The Investment Fund has not paid any remuneration to employees or executives for the Fund's capital appreciation.

The Investment Company has modified the remuneration system for persons whose activities have a significant impact on the risks to which an Investment Company or Fund can be exposed, including the senior management of the Investment Company, in accordance with the principles in Amendment II of AIFMD Directive. The modification takes into account the size, internal organization and the nature, scale and complexity of the activities of the Investment Company and the Fund. In opinion of Investment Fund, the remuneration system is consistent with proper and effective risk management, risk management is encouraged and it does not encourage risks that are incompatible with the Risk Profile and the Statute of the Fund. Information about the risk profile and risk management of the Fund is presented elsewhere in the annual report. The remuneration system includes measures to prevent conflicts of interest. The rules for preventing and resolving conflicts of interest are incorporated into the internal regulations of the Investment Company.

V. INFORMATION ABOUT WAGES, RENUMERATIONS AND SIMILAR INCOME OF EXECUTIVE MEMBERS

paid by the management of the Fund to its employees or executives whose activities have a material impact on the risk profile of the Fund,

Personnel expenses and remuneration of directors and other employees of Investment Company whose activities have a material impact on the Fund's risk profile for the year 2019 amounted to TCZK 86 468. The variable component amounted to TCZK 80 435 out of the total amount.

II. DISCLOSURES

required by Section 21 of Act No. 563/1991 Coll., on Accounting

A. FINANCIAL AND NON-FINANCIAL DISCLOSURES

regarding events that occurred after the balance sheet date and that are significant for the compliance with the purpose of this annual report

At the end of 2019, the first news broke of the COVID-19 (coronavirus) outbreak. In the early months of 2020, the virus spread around the world, adversely affecting many countries. The Fund manager is continuously monitoring current developments (relating to the security measures due to the Covid-19 outbreak), and evaluates the potential short- and long-term impacts on the financial services industry and the Company's operations. The manager principally tries to assess all economic consequences which might impact the company's operations and its funds both in the near future and in the long-term horizon.

While it was impossible to observe any economic impacts in 2019, the first months of 2020 took a completely different and very fast direction. The immediate shock and the impact on the value of the managed assets was overall negative, but with differences between different asset types, the immediate exposition to the most affected sectors, the means and frequency of measurement, and also in the necessity to meet mandatory requirements arising from the fund status or legal regulations. Regardless of the above and of the intensity of the initial economic losses, our approach continues to follow our long-term vision, and we see asset valuation in Q1 and Q2 of 2020 more like a one-off anomaly whose intensity will fully depend on the duration of the security measures than the new norm of a lengthy recession. We encountered similar financial market behaviour and asset price developments at the beginning of the great financial crisis in 2008. In some cases, today's volatility is even larger due to the passive structures of the financial markets. Although we realistically expect a significant impact and a slowdown of economy in the first two to three quarters of 2020, followed by increased unemployment, growth in credit margins and the rate of credit failures, we believe that the promptly imposed government measures and allocated fiscal capacity will allow for the mitigation of the whole process and a return to the previous levels of economic activity, with a positive response of the stock markets and the total valuation of investment assets.

As at the time of preparation of financial statements, the Fund manager experienced neither any restrictions caused by a lack of employees due to the outbreak nor any other restrictions affecting employees, nor the necessity to secure additional hardware for new employees, nor a direct impact of the government's restrictions on foreign travel and the imposed quarantine measures. The Fund manager has not experienced any problems with meeting any covenants and financial liabilities.

Although we can rationally expect repeated extensions of the current restrictions with a considerable direct impact on the Company's financial results in the immediate future, at present the Company is able to meet its liabilities and increased client requirements to liquidate invested funds in relation to market conditions and government restrictions without any trouble. However, due to the above we believe it necessary to point out the necessity to carefully consider the selection of funds, and we recommend to abstract away from emotional news and headlines which often exacerbate the situation and may result in overlooking the actual situation. At present, the Company is in a position enabling it to efficiently face the current situation and ensure a seamless operation to overcome the challenges presented by the coronavirus outbreak.

After the balance sheet date, financial and non-financial information that would be relevant to the purpose of the annual report (with exception described above, especially in note I.A relating to transformation of the Fund and circumstances in connection with Covid-19 pandemic) did not occur

B. EXPECTED DEVELOPMENT OF FUND'S ACTIVITIES

The Fund does not expect any changes in its investment policy in 2020. The main objective of the Fund in 2020 is to invest the collected capital in line with its investment strategy, limitations and unitholders' expectations as for the revenues and based on that create conditions for stable revenues and expansion of the Fund's assets in the long run.

C. RISKS

arising from the use of investment instruments and their management aims and methods

The aim of the Fund's risk management is to minimise risks linked to the Fund's business activities while complying with the Fund's investment strategy.

In order to assess risks linked to the Fund's efficient management methods and tools, methods were selected identifying the following individual significant risks:

- a) Market risk (interest rate and currency risks) - the Investment Company manages this risk by monitoring and following the above mentioned quantitative limitations and by using derivatives.
- b) Credit risk – the Investment Company minimises this risk primarily by selecting counterparties with specific rating levels, by setting volume limits on receivables from individual counterparties, and through diversification and appropriate contractual arrangements.
- c) Settlement risk - this risk is minimised particularly by selecting credible counterparties, settling transactions with investment instruments under reliable settlement systems and by arranging high-quality and reliable legal institutes in case of transactions with real assets.
- d) Liquidity risk - the Investment Company manages this risk by keeping a certain minimum level of liquid funds in the Fund and using other measures in line with generally binding legal regulations.
- e) The risk arising from the Fund's investment focus on specific industries, countries or regions, different parts of the market of specific types of assets - this systemic risk is managed by diversification, i.e. spreading of investments.
- f) The risk of loss of assets entrusted into custody or another type of safekeeping - the Fund entrusts its asset into custody or, where the nature of things excludes this, to another type of safekeeping to a Fund depositary that is a renowned bank.
- g) Operating risk which is the risk of a loss as a result of deficiencies or failures of internal processes or human factors or as a result of external circumstances - the Investment Company curbs this risk by maintaining an appropriate internal control system.

D. INFORMATION ON RESEARCH AND DEVELOPMENT ACTIVITIES

In the reported period, the Fund did not engage in any research and development activities.

E. INFORMATION ABOUT ACQUISITION OF OWN SHARES OR OWNERSHIP INTERESTS

The Fund did not acquire any own shares or ownership interests.

F. ENVIRONMENTAL PROTECTION AND INDUSTRIAL RELATIONS ACTIVITIES

In the reported period, the Fund did not engage in any environmental protection and industrial relations activities.

G. BRANCHES ABROAD

The Fund has no branches abroad.

Statutory declaration

To the best of our knowledge, this annual report represents a true and fair view of the Fund's financial situation, its business activities and profit and loss in the previous accounting period, and of the outlook for future development of the Fund's financial situation, business activities and profit and loss.

Date of preparation

30 April 2020

Signature of statutory representative


Ing. Jan Vedral



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This document is an English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

**Independent Auditor's Report to the Shareholders of
Conseq Polských dluhopisů, podfond Conseq Funds
SICAV (until 31 December 2019 Conseq Polských
dluhopisů, otevřený podílový fond)**

Opinion

We have audited the accompanying financial statements of Conseq Polských dluhopisů, podfond Conseq Funds SICAV ("the Company"), prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2019, the income statement and the statement of changes in equity for the year 2019 then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance for the year 2019 then ended in accordance with Czech accounting legislation.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs) as amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter – fund transformation

We draw attention to Note 1 to the financial statements. On 1 January 2020, the Fund's name changed from Conseq Polských dluhopisů, otevřený podílový fond to Conseq Polských dluhopisů, podfond Conseq Funds SICAV.

Our opinion is not qualified in respect of this matter.

Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the financial statements and our auditor's report. The statutory body is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- the other information describing matters that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Statutory Body for the Financial Statements

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation and for such internal control as the statutory body 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 statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body'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 the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Statutory Auditor Responsible for the Engagement

Jindřich Vašina is the statutory auditor responsible for the audit of the financial statements of Conseq Polských dluhopisů, podfond Conseq Funds SICAV as at 31 December 2019, based on which this independent auditor's report has been prepared.

Prague
30 April 2020

KPMG Česká republika Audit

KPMG Česká republika Audit, s.r.o.
Registration number 71

Ondřej Fikrle

Ondřej Fikrle
Engagement Partner

Jindřich Vašina

Jindřich Vašina
Engagement Partner
Registration number 2052

**Conseq Polských dluhopisů,
podfond Conseq Funds SICAV**

**Financial statements
as at 31 December 2019**

Conseq Polských dluhopisů, podfond Conseq Funds SICAV

Registered office: Praha 1, Rybná 682/14, postcode 110 05

Identification number: 248 37 202

Legal form: open-end mutual fund

Principal activity: collective investment

Date of preparation: 30 April 2020

**BALANCE SHEET
AT 31 DECEMBER 2019**

Assets			
TCZK	Note	31 December 2019	31 December 2018
Receivables from banks	3	1 908	332
of which: a) repayable on demand		1 908	332
Debt securities	4	33 971	54 155
of which: a) issued by government institutions		29 428	50 541
b) issued by other entities		4 544	3 614
Other assets	5	79	38
Total assets		35 958	54 525

Liabilities			
TCZK	Note	31 December 2019	31 December 2018
Other liabilities	6	57	78
Reserves		25	100
of which: b) tax		25	100
Capital funds	7	26 139	45 846
Retained profits/Accumulated losses of the prior period		8 501	6 594
Profit for the accounting period	7	1 236	1 907
Equity/Net assets	Statement of Changes in Equity	35 876	54 347
Total liabilities		35 958	54 525

Conseq Polských dluhopisů, podfond Conseq Funds SICAV

Registered office: Praha 1, Rybná 682/14, postcode 110 05

Identification number: 248 37 202

Legal form: open-end mutual fund

Principal activity: collective investment

Date of preparation: 30 April 2020

**OFF-BALANCE SHEET ITEMS
AT 31 DECEMBER 2019**

TCZK	Note	31 December 2019	31 December 2018
Values placed under management	8	35 876	54 347
Total off-balance sheet assets		35 876	54 347

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

TCZK	Note	31 December 2019	31 December 2018
Interest income and similar income	9	1 453	1 759
of which: interest on debt securities		1 453	1 759
Interest and similar costs	10	0	- 8
Commission and fee expense	11	- 12	- 10
Depreciation, creation and use of		0	
adjustments and provisions for receivables	12		- 8
Gain or loss from financial operations	13	620	954
of which: conducted		478	- 81
: not conducted		142	1 035
Administrative expenses	14	- 754	- 680
Profit from ordinary activities before tax		1 307	2 007
Income tax	16	- 71	- 100
Net profit for the accounting period		1 236	1 907

Conseq Polských dluhopisů, podfond Conseq Funds SICAV

Registered office: Praha 1, Rybná 682/14, postcode 110 05

Identification number: 248 37 202

Legal form: open-end mutual fund

Principal activity: collective investment

Date of preparation: 30 April 2020

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

TCZK	Note	Capital funds	Retained profits/ Accumulated losses	Profit/loss for the current period	Total
Balance at 1 January 2018		58 383	5 055	1 539	64 977
Profit/loss distribution		0	1 539	- 1 539	0
Sale of units	7	5 060	0	0	5 060
Purchase of units	7	- 16 642	0	0	- 16 642
FX gains (losses)		- 955	0	0	- 955
Net profit for the period	7	0	0	1 907	1 907
Balance at 31 December 2018		45 846	6 594	1 907	54 347

TCZK	Note	Capital funds	Retained profits/ Accumulated losses	Profit/loss for the current period	Total
Balance at 1 January 2019		45 846	6 594	1 907	54 347
Profit/loss distribution		0	1 907	- 1 907	0
Sale of units	7	29 263	0	0	29 263
Purchase of units	7	- 48 842	0	0	- 48 842
FX gains (losses)		- 129	0	0	- 129
Net profit for the period	7	0	0	1 236	1 236
Rounding differences		1	0	0	1
Balance at 31 December 2019		26 139	8 501	1 236	35 876

1 GENERAL INFORMATION

Information about the Fund

Conseq Polských dluhopisů, otevřený podílový fond (“the Fund”) was incorporated on 1 January 2020 upon its entry in the list of mutual funds maintained by the Czech National Bank by transformation of the collective investment unit fund into a subfund of a joint stock company with variable registered capital with a decisive day of transformation being 1 January 2020. The previous Fund (Active Invest Progressive, open-ended mutual fund) was dissolved on 31 December 2019, in accordance with Section 421 (1) of Act No. 240/2013 Coll., on Investment Companies and Investment Funds, as amended, and a new subfund, Conseq Active Invest Dynamický of Conseq Funds SICAV a.s., was established on 1 January 2020, (ID No. 08805105). Due to the transformation, the unitholders of the dissolving fund became the shareholders of the investment shares of the newly formed joint stock company with variable registered capital, or its subfund on the day of registration of the newly formed joint stock company in the Commercial Register. The transformation decisive day (1 January 2020) is also the day from which the assets of the dissolving fund are considered to be the assets of the subfund of the newly formed joint stock company with variable registered capital.

Until 31.12.2019 the Fund was a mutual fund within the meaning of Section 102 et seq. of Act No. 240/2013 Coll., on Investment Companies and Investment Funds (“the Act on Investment Companies and Investment Funds”). Mutual funds do not have a legal personality. Ownership of the assets in a mutual fund is shared jointly by all of its unitholders and is exercised by its manager on the manager’s behalf and for the mutual fund’s account (see “Information about the manager of the Fund”).

The Fund’s purpose, until 31.12.2019, was to collect funds from the public by issuing units and, based on a set investment strategy and in accordance with the principle of risk diversification, to collectively invest these funds for the benefit of its unitholders and to further manage these assets. The Fund’s investment strategy is governed by its rules.

The Fund was established for an indefinite period.

Units are cross-border offered in Poland.

The value of the Fund’s units is shown in Polish Zloty (PLN).

Information about the manager of the Fund

Conseq Funds investiční společnost, a.s. (“the Company”), with its registered office at Rybná 682/14, Praha 1, postcode 110 05, is the investment company that manages and administers the Fund in accordance with the Act on Investment Companies and Investment Funds. The Company was recorded in the Commercial Register on 11 May 2011, ID: 248 37 202.

2 ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared on the basis of accounts maintained in accordance with the Act on Accounting and relevant regulations and decrees effective in the Czech Republic. The financial statements have been prepared under the historical cost convention on the basis of full accrual accounting, except for selected financial instruments that are stated at fair value.

These financial statements have been prepared in accordance with Decree of the Czech Ministry of Finance No. 501, dated 6 November 2002, as amended, which regulates the layout and definition of the individual items of financial statements and the extent of disclosures for banks and certain financial institutions.

Unless otherwise indicated, all amounts are shown in thousands of Czech crowns ("TCZK").

These financial statements are non-consolidated.

The fair values of investments listed on active markets are based on current asking prices (financial assets) or bid prices (financial liabilities). If no active market exists for a financial instrument, the Company determines the fair value of the Fund's financial instruments using valuation techniques including the use of an arm's length price, discounted cash flow analysis, options pricing models and other valuation techniques commonly used by market participants. These valuation techniques reflect market conditions prevailing at the measurement date, which may differ from the market conditions before or after the measurement date. At the reporting date, the Company's management reviewed the techniques used to ensure they adequately reflected current market conditions, including relative market liquidity and credit spread levels.

The Fund's financial statements have been prepared in accordance with the following significant accounting policies:

(b) Transaction date

Depending on the transaction type, the transaction date is generally defined as: the date of payment or cash collection; the date of purchase or sale of foreign currency or securities; the date of executing a payment; the date of settling the Fund's orders; the date on which (foreign currency) funds are credited, as stated in an account statement; or the trade and settlement date for securities, foreign currency, options or other derivative transactions.

Financial assets and liabilities are recognised when the Fund becomes a contracting party to the transaction.

The Fund derecognises a financial asset or part thereof from the balance sheet if it loses control of the contractual rights to the financial asset or part thereof. The Fund loses this control if it exercises the rights to the benefits defined in a contract, or if such rights expire or are waived by the Fund.

2 ACCOUNTING POLICIES (CONTINUED)

(b) Transaction date (continued)

A financial liability or part thereof is extinguished when the obligation specified in a contract is discharged or cancelled or expires and the Entity no longer recognises the financial liability or part thereof in the balance sheet. The difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to another party and the consideration paid for the liability is recognised in profit or loss.

Spot purchases and sales of financial assets are recorded in the balance sheet from the settlement date.

(c) Securities at fair value through profit or loss

Securities at fair value through profit or loss are securities that have been acquired in order to generate profit from short-term price fluctuations. The Fund only invests in securities that meet this definition.

Securities at fair value through profit or loss are initially measured at cost, which includes ancillary expenses incurred in connection with their acquisition. Subsequently, they are measured at fair value based on market prices. Any related unrealised gains or losses arising from the revaluation of securities at fair value through profit or loss and gains or losses realised on their sale are recognised under “Gain or loss from financial operations”.

The fair value of a security is determined as the market price quoted by the respective stock exchange or another active public market, provided that the Fund is able to prove that the security can be sold at the market price. The fair value of a unit is determined as the fund capital value per unit declared by the investment company administering the relevant fund. Otherwise, fair value is estimated at the net present value of cash flows, taking into account credit and liquidity risks.

In applying valuation techniques to determine the fair value of the Fund’s securities, the Company only uses available market information. These valuation techniques reflect market conditions prevailing at the measurement date, which may vary from the market situation before or after that date. At the balance sheet date, the Company’s management reviewed these techniques to ensure they adequately reflected current market conditions, including relative market liquidity and credit spread levels.

(d) Interest income and expense

Interest income primarily comprises coupons related to the ownership of debt securities and their accruing. Interest income and expense is recognised on an accrual basis using the straight-line method.

(e) Receivables

Receivables are stated at nominal value reduced by any adjustment. Unrecoverable receivables are written off when the debtor’s bankruptcy proceedings have concluded.

2 ACCOUNTING POLICIES (CONTINUED)

(e) Receivables (continued)

Receivables are reviewed for recoverability, which is the basis for establishing adjustments to receivables. The establishment of an adjustment is recognised as an expense; its utilisation is recorded together with the expenses or losses related to the reduction in assets in the income statement. The release of an adjustment no longer considered necessary is recognised in income.

(f) Establishment of provisions

A provision represents a probable cash outflow of uncertain timing or amount. A provision is recognised if the following criteria are met:

- a present obligation (legal or constructive) exists as a result of a past event,
- it is probable or certain that an outflow of economic benefits will be required to settle the obligation (“probable” means a probability exceeding 50%), and
- the amount of the obligation can be estimated reliably.

(g) Foreign currency translation

Transactions denominated in foreign currencies are recorded in the local currency at the exchange rate prevailing on the transaction date. Assets and liabilities denominated in foreign currencies, together with unsettled foreign exchange spot transactions, are translated into the local currency at the Czech National Bank official rate prevailing as at the balance sheet date. The net foreign exchange gain/loss arising from the translation of foreign currency assets, liabilities, share premium and other capital funds, except for investments denominated in foreign currencies and items that hedge currency risk resulting from agreements not yet recorded in the Fund’s balance sheet or from expected future transactions, is recognised in the income statement as “Gain or loss from financial operations”.

“FX gains (losses)” in the statement of changes in equity shows an effect of FX rates on the translation of the nominal value of foreign currency units and a relevant portion of the share premium into Czech crowns.

(h) Financial derivatives

Currency forwards are initially recognised off-balance sheet at the contractual value and subsequently remeasured at fair value. Fair values are derived from discounted cash flow models. The fair values of derivatives are recorded in “Other assets” (if the fair value is positive) or in “Other liabilities” (if the fair value is negative).

Changes in the fair values of financial derivatives that are not used for hedge accounting purposes are recorded under “Gain or loss from financial operations”.

2 ACCOUNTING POLICIES (CONTINUED)

(i) Income tax

Tax expense comprises current and deferred tax, as well as withholding tax to the extent that it cannot be deducted from current tax.

Current tax comprises an estimate of tax payable calculated based on the taxable income, using the tax rate valid as at first day of the accounting period.

(j) Value added tax

Since the Fund is not a registered value added tax ("VAT") payer, any input VAT is expensed as incurred.

(k) Deferred tax

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities presented in the balance sheet and the amounts used for taxation purposes, using the full liability method. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which it can be utilised.

Deferred tax is calculated using the tax rate enacted for the period in which the Company expects to utilise the deferred tax asset/liability.

(l) Related parties

In accordance with IAS 24 *Related Party Disclosures*, a related party of the Fund is defined as a party that:

- a) has control of the entity;
- b) has significant influence over the entity as a result of an interest in that entity;
- c) is a member of the key management personnel of the Company;
- d) is a close member of the family of an individual covered by c).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Material related party transactions and balances and methods of determining the prices of related party transactions are provided in Note 17.

2 ACCOUNTING POLICIES (CONTINUED)

(m) Items relating to other accounting periods

Items relating to another accounting period in terms of tax and accounting are recognised as current period income or expenses, with the exception of corrections of material errors relating to the recognition of prior period income or expenses and changes in accounting policies, which are recognised under “Retained profits (or accumulated losses)” in the Fund’s balance sheet.

(n) Changes in accounting policies

In 2019 and 2018, the Company made no changes to its accounting policies and procedures.

(o) Subsequent events

The effect of events that occur between the balance sheet date and the date of preparation of the financial statements is reflected in the financial statements where such events provide additional evidence of conditions that existed at the balance sheet date.

The impact of material events occurring between the balance sheet date and the date of preparation of the financial statements is described in the notes but not recognised in the financial statements where such events are indicative of conditions that arose after the balance sheet date.

3 RECEIVABLES FROM BANKS

TCZK	31 December 2019	31 December 2018
Current bank accounts	1 908	332
Total	1 908	332

4 DEBT SECURITIES

TCZK	31 December 2019	31 December 2018
Government bonds		
Traded on another exchange	29 428	50 541
Issued by financial institutions		
Traded on another exchange	1 201	0
Issued by non-financial institutions		
Traded on another exchange	3 342	3 614
Total	33 971	54 155

Government bonds traded on another exchange comprise Polish government bonds traded on the Polish market.

Other exchanges comprise the public markets of OECD countries, including the Czech Republic, as well as, in particular, the London Stock Exchange, EURONEXT and Frankfurter Wertpapierbörse.

From a sector perspective, the Fund primarily invests in government bonds as well as bonds issued by companies specialising in financial services.

5 OTHER ASSETS

TCZK	31 December 2019	31 December 2018
Receivables for the issuer – coupon payment	21	17
Tax refund from abroad	0	10
Other	58	11
Total	79	38

6 OTHER LIABILITIES

TCZK	31 December 2019	31 December 2018
Estimated payables	57	78
Total	57	78

Conseq Polských dluhopisů, podfond Conseq Funds SICAV
Notes to the Czech statutory financial statements (translated from the Czech original)
Year ended 31 December 2019

7 EQUITY

	31 December 2019	31 December 2018
Fund's equity (TCZK)	35 876	54 347
Number of units issued (quantity)	5 117 723	7 912 240
Equity per unit (CZK)	7.0102	6.8688
Equity per unit (PLN)	1.1742	1.1486

The current value of a unit is defined as the Fund's equity attributable to one unit. The Fund's equity is understood to be the Fund's asset value decreased by the Fund's debt.

Units of open-end mutual funds are offered at a price equal to the current value of unit increased by selling fees.

The Company applied the exchange rate of CZK/PLN 5.970 declared by the Czech National Bank for 31 December 2019 to translate the value of equity denominated in PLN do CZK (exchange rate for 31 December 2018: 5.980 CZK/PLN).

Units sold and purchased can be analysed as follows:

TCZK	Number of units	Capital funds
Balance at 1 January 2018	9 629 021	58 383
Units sold	753 048	5 060
Units purchased	- 2 469 829	- 16 642
FX gains (losses)	0	- 955
Balance at 31 December 2018	7 912 240	45 846

TCZK	Number of units	Capital funds
Balance at 1 January 2019	7 912 240	45 846
Units sold	4 176 209	29 263
Units purchased	- 6 970 726	- 48 842
FX gains (losses)	0	- 129
Balance at 31 December 2019	5 117 723	26 138

FX gains or losses in the statement of changes in equity totalling TCZK 129 (2018: TCZK 0) represents exchange rate differences from recalculation of units in foreign currency to Czech crowns.

7 EQUITY (CONTINUED)

Profit distribution

The net profit for 2018 of TCZK 1 907 was transferred to undistributed profits from previous years.

The net profit for 2019 of TCZK 1 236 will be proposed to be transferred to undistributed profits from previous years.

8 VALUES PLACED UNDER MANAGEMENT

The Fund's assets, totalling TCZK 35 875 as at 31 December 2019 (2018: TCZK 54 347), are managed by the Company. The fee for the management of the Fund is disclosed in Note 14.

9 INTEREST INCOME AND SIMILAR INCOME

TCZK	2019	2018
Interest on debt securities	1 453	1 759
Total	1 453	1 759

10 INTEREST A SIMILAR COSTS

TCZK	2019	2018
Interest on debt securities	0	8
Total	0	8

11 COMMISSION AND FEE EXPENSE

TCZK	2019	2018
Bank fee	11	9
Other fee	1	1
Total	12	10

12 DEPRECIATION, CREATION AND USE OF ADJUSTMENTS AND PROVISIONS FOR RECEIVABLES

TCZK	2019	2018
Write off receivable	0	8
Total	0	8

13 GAIN OR LOSS FROM FINANCIAL OPERATIONS

TCZK	2019	2018
Gain/loss from securities transactions	- 515	- 81
Gain/loss from currency transactions	- 105	1 035
Total	- 620	954

14 ADMINISTRATIVE EXPENSES

TCZK	2019	2018
Fee for the management of the Fund	534	516
Performance fee	0	1
Depository service fee	123	106
Audit fee	44	53
Other	53	4
Total	754	680

The Fund is managed by the Company, to which it pays management fees. The fees are recognised on an accrual basis in accordance with the Fund's rules.

In accordance with the Fund's rules, the fee for the management of the Fund amounts to 1% of the Fund's average annual equity. In accordance with the agreement with the Fund's depository, the depository service fee amounts to 0.07% of equity as at the last calendar day of the respective month.

In 2019, the Fund did not meet the criteria for the payment of a performance bonus.

15 REVENUES/EXPENSES BY GEOGRAPHICAL SEGMENTS

Geographical areas

TCZK	Czech Republic		European Union		Others	
	2019	2018	2019	2018	2019	2018
Interest income and similar incomes	- 80	0	1 500	1 759	33	0
Fee and commission expenses	- 12	0	0	0	0	0
Gain or loss from financial operations	342	1 035	278	-49	0	-32
Administrative expenses	- 754	-754	0	0	0	0

16 INCOME TAX

a) Income tax

TCZK	2019	2018
Current income tax	- 65	- 100
Tax payable for previous accounting period	- 6	0
Total	- 71	- 100

b) Current tax

TCZK	2019	2018
Profit/loss before tax	1 307	2 007
Taxable income	1 307	2 007
Current income tax at 5%	- 65	- 100

As at 31 December 2019, the Company reported a tax reserve of TCZK 65, which resulted from a tax liability of TCZK 65.

17 TRANSACTIONS WITH RELATED PARTIES

TCZK	31 December 2019	31 December 2018
Liabilities		
Estimated payables	32	47

TCZK	2019	2018
Expenses		
Fee for the management of the Fund	534	516
Performance fee	0	1

The table includes all related party transactions.

All transactions with related parties were carried out under the same conditions that were at the time provided to other entities under comparable transactions and in accordance with the conditions defined in the Fund's rules.

In 2019 the Fund incurred a management fee totalling TCZK 534 (2018: TCZK 516), which was paid to Conseq Funds investiční společnost, a.s.

18 FINANCIAL INSTRUMENTS – MARKET RISK

The Fund is exposed to market and credit risk as a result of its general investment strategy in accordance with its rules. The Fund obtains funds from unitholders and invests them in quality assets in order to generate a stable return, as measured in Czech crowns, in the short to medium term.

The Company monitors and assesses risks related to the investment instruments held by the Fund, e.g. by using the Value-at-Risk model and by monitoring the credit rating of securities issuers, interest rate sensitivity and the residual maturity of debt securities. Company regularly monitors compliance with the limits set by the Act on Investment Companies and Investment Funds, Government Regulation No. 243/2013 Coll., on Investment by Investment Funds and on Investment Fund Management Techniques, and the Fund's rules. The Company calculates the standard deviation of the Fund's performance. The main risks that are monitored include credit risk, interest rate risk and liquidity risk.

(a) Credit risk

The Fund is primarily exposed to credit risk on receivables from banks and other debt instruments in the Fund's portfolio. The Company manages the Fund's credit risk exposure by selecting assets in accordance with the investment restrictions defined by the Fund's rules.

Analysis of assets by geographical segments

31 December 2019

TCZK	Czech Republic	European union	Others	Total
Receivables from banks	1 371	537	0	1 908
Debt securities	0	32 770	1 201	33 971
Other assets	0	79	0	79
Celkem	1 371	33 386	1 201	35 958

31 December 2018

TCZK	Czech Republic	European union	Others	Total
Receivables from banks	212	120	0	332
Debt securities	0	52 951	1 204	54 155
Other assets	17	21	0	38
Celkem	229	53 092	1 204	54 525

18 FINANCIAL INSTRUMENTS – MARKET RISK (CONTINUED)

(a) Credit risk (continued)

Analysis of securities by sector of the issuer

Sector	31 December 2019	31 December 2018
Banking and insurance	1 201	1 204
Government sector	29 428	50 541
Construction industry	2 119	2 410
Information and communication technologies	1 223	0
Total	33 971	54 155

Conseq Polských dluhopisů, podfond Conseq Funds SICAV
Notes to the Czech statutory financial statements (translated from the Czech original)
Year ended 31 December 2019

Information and communication technologies

18 FINANCIAL INSTRUMENTS – MARKET RISK (CONTINUED)

(b) Currency risk

The following table shows the Fund's foreign currency position by currency.

31 December 2019

TCZK	PLN	CZK	Total
Receivables from banks	1 904	4	1 908
Shares and units	33 971	0	33 971
Other assets	79	0	79
Total assets	35 954	4	35 958
Other liabilities	0	57	57
Reserves	0	25	25
Equity	26 138	9 737	35 875
Total liabilities	26 138	9 860	35 958
Net foreign currency position	9 816	- 9 816	0

31 December 2018

TCZK	PLN	CZK	Total
Receivables from banks	330	2	332
Shares and units	54 155	0	54 155
Other assets	21	17	38
Total assets	54 506	19	54 525
Other liabilities	0	78	78
Reserves	0	100	100
Equity	45 846	8 501	54 347
Total liabilities	45 846	8 679	54 525
Net foreign currency position	8 660	- 8 660	0

18 FINANCIAL INSTRUMENTS – MARKET RISK (CONTINUED)

(c) Interest rate risk

The Fund's financial position and cash flows are exposed to the risk of changes in market interest rates.

The following table summarises the Fund's exposure to interest rate risk. The table shows the carrying amounts of the Fund's financial assets and liabilities sorted by the earlier of the settlement date, the date on which the coupon rate changes and the due date.

31 December 2019

TCZK	Up to 3 months	3 - 12 months	1 - 5 years	More than 5 years	Non-interest bearing	Total
Receivables from banks	1 908	0	0	0	0	1 908
Debt securities	9 877	7 425	6 348	10 321	0	33 971
Other assets	0	0	0	0	79	79
Total assets	11 785	7 425	6 348	10 321	79	35 958
Other liabilities	0	0	0	0	58	58
Reserves	0	0	0	0	25	25
Equity	0	0	0	0	35 875	35 875
Total liabilities	0	0	0	0	35 958	35 958
Gap	11 785	7 425	6 348	10 321	- 35 879	0

31 December 2018

TCZK	Up to 3 months	3 - 12 months	1 - 5 years	More than 5 years	Non-interest bearing	Total
Receivables from banks	332	0	0	0	0	332
Debt securities	14 583	2 715	17 970	18 887	0	54 155
Other assets	0	0	0	0	38	38
Total assets	14 915	2 715	17 970	18 887	38	54 525
Other liabilities	0	0	0	0	78	78
Reserves	0	0	0	0	100	100
Equity	0	0	0	0	54 347	54 347
Total liabilities	0	0	0	0	54 525	54 525
Gap	14 915	2 715	17 970	18 887	- 54 487	0

18 FINANCIAL INSTRUMENTS – MARKET RISK (CONTINUED)

(d) Liquidity risk

The Fund is exposed to the daily drawing of disposable funds due to the mandatory buyback of units of its unitholders. Although the funds of unitholders are recognised in equity, the Fund allows redemption of units, which poses the greatest risk to the Fund's liquidity. As a result, the actual outflow of funds cannot be reliably estimated and is therefore reported as "Not specified" in the following table. The table classifies the Fund's assets and liabilities by residual maturity as at the balance sheet date.

31 December 2019

TCZK	Up to 3 months	3 - 12 months	1 - 5 years	More than 5 years	Not specified	Total
Receivables from banks	1 908	0	0	0	0	1 908
Debt securities	0	0	11 474	22 497	0	33 971
Other assets	79	0	0	0	0	79
Total assets	1 987	0	11 474	22 497	0	35 958
Other liabilities	58	0	0	0	0	58
Reserves	0	25	0	0	0	25
Equity	0	0	0	0	35 875	35 875
Total liabilities	58	25	0	0	35 875	35 958
Gap	1 929	- 25	11 474	22 497	- 35 875	0

31 December 2018

TCZK	Up to 3 months	3 - 12 months	1 - 5 years	More than 5 years	Not specified	Total
Receivables from banks	332	0	0	0	0	332
Debt securities	0	0	20 381	33 774	0	54 155
Other assets	17	21	0	0	0	38
Total assets	349	21	20 381	33 774	0	54 525
Other liabilities	78	0	0	0	0	78
Reserves	0	100	0	0	0	100
Equity	0	0	0	0	54 347	54 347
Total liabilities	78	100	0	0	54 347	54 525
Gap	271	- 79	20 381	33 774	- 54 347	0

19 SUBSEQUENT EVENTS

The unprecedented safety and health measures adopted to prevent the spread of the COVID-19 outbreak affect many economic subjects, from companies to entrepreneurs to employees. The restrictions adopted impact most economic sectors, and at present, it is impossible to assess their effect on domestic and global economies. The Company's management is aware that the severity of the economic impact depends on the scope and period of the restrictive measures and therefore is continuously monitoring the developments in the fight against the outbreak both in the Czech Republic and globally. Should significant change take place, the Company plans to review its economic outlook including stress scenario parameters.

So far, the outbreak had an immediate negative impact on the Fund's asset valuation which decreased due to a reduction in investment instruments' prices. However, once the outbreak quiets down and the restrictive measures are lifted, we expect a rather speedy recovery and a gradual return to pre-pandemic levels.

The Company has adopted several measures to ensure the safe continuation of all our operations as well as the health protection of our employees.

- most employees were requested to work from home;
- employees who must be in the workplace are required to practice social distancing;
- personal contacts between clients and employees have been suspended;
- the Company has provided protective items and disinfectants for employees.

Despite a high uncertainty in relation to the Covid-19 pandemic, the Company believes that the adopted measures and its capital funds are sufficient to withstand even extremely adverse economic scenarios, and continues its management of the Fund as before in full.

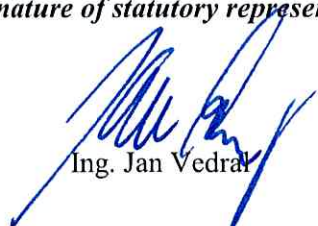
No other significant subsequent events occurred between the balance sheet day and the date of the financial statements preparation that would have any material impact on the financial statements as at 31 December 2019.

These financial statements have been approved by the Company's board of directors.

Date of preparation

30 April 2020

Signature of statutory representative


Ing. Jan Vedral