

# ***YUKI ASIA UMBRELLA FUND***

**Annual Report and Audited Financial  
Statements for the financial year ended 31 July 2022**

# **YUKI ASIA UMBRELLA FUND**

## **Annual Report and Audited Financial Statements for the financial year ended 31 July 2022**

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# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### General Information

The following information is derived from and should be read in conjunction with the full text and definitions section of the Prospectus.

Yuki Asia Umbrella Fund (the "Fund") was constituted on 28 May 2009 as an open-ended umbrella Unit Trust. The Fund has been authorised in Ireland by the Central Bank of Ireland (the "Central Bank"), pursuant to and complying with the provisions of the Unit Trusts Act, 1990 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) (the "UCITS Regulations") and the Central Bank (Supervision and Enforcement) Act 2013 (section 48 (1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (the "Central Bank UCITS Regulations").

As at 31 July 2022, the Fund comprised of one active Sub-Fund, the Yuki Japan Rebounding Growth Fund (the "Sub-Fund"), which launched on 30 March 2011. At 31 July 2022, the following Unit Classes were in existence - JPY Unit Class, USD Hedged Unit Class, Euro Hedged Unit Class and JPY Institutional Unit Class 2. All Unit Classes except for the Euro Hedged Unit Class are listed on the Main Securities Market of Euronext Dublin.

Additional Sub-Funds may, with the prior approval of the Central Bank and the Depositary, be added by Carne Global Fund Managers (Ireland) Limited (the "Manager").

### Investment Objective and Policies

#### *Yuki Japan Rebounding Growth Fund*

The investment objective of the Sub-Fund is to achieve both short and long-term capital appreciation.

Yuki Management & Research Co., Limited (the "Investment Manager") will seek to achieve the investment objective of the Sub-Fund by investing primarily in Japanese equities of companies which (i) are expanding and growing through their contribution to the growth of the Asian economy and also their contribution to wealth creation in the Asian countries, (ii) possess strong competitiveness in industries expected to show significant growth in the future, (iii) are restructuring their operations to strengthen or focus on industries expected to show significant growth in the future, and (iv) have high long-term growth potential. The securities in which the Sub-Fund will invest will be listed and/or traded on a Recognised Stock Exchange.

The Investment Manager will have the ability to retain up to 100% in cash and/or money market instruments, to include, but will not be limited to, short-term fixed and/or floating rate investment grade government bonds or bills issued or backed by the Japanese Government in order to control risks in a volatile market situation, as well as to take advantage of timing of the potential rebound in the Japanese markets.

### Prices

The price for buying and selling the Units in the Sub-Fund is represented by the Net Asset Value ("NAV") per Unit. In addition, a subscription charge of up to 3% of the NAV per Unit may be added to the NAV per Unit at the discretion of the Manager with the resultant figure rounded up to the nearest Unit of the base currency.

Units shall be redeemed at the applicable NAV per Unit on the Dealing Day on which the redemption of Units is effected. In addition, a repurchase charge of up to 3% of the NAV per Unit may be payable, which shall be deducted from the NAV per Unit and the resultant figure rounded down to the nearest Unit of the base currency.

### Dealing

The Dealing Day for the Sub-Fund is each Business Day. Applications or redemption requests must be received by the Administrator no later than 4.00 a.m. (Irish time) / 5.00 a.m. (Irish Summer Time) as the case may be on the relevant Dealing Day.

## **YUKI ASIA UMBRELLA FUND**

### **Annual Report and Audited Financial Statements for the financial year ended 31 July 2022**

#### **General Information (continued)**

##### **Dealing (continued)**

Applications or redemption requests received after the time aforesaid will be dealt with on the next Dealing Day following the relevant Dealing Day unless the Manager at its discretion determines otherwise provided that any such application or redemption request were made before the close of business in the Japanese markets on the relevant Dealing Day.

##### **Minimum Investment and Holding**

The minimum initial investment, minimum holding and minimum subsequent investments per Unitholder in the Sub-Fund is JPY 1,000,000 or its equivalent in foreign currency for the JPY Unit Class of the Sub-Fund, USD 10,000 for the USD Hedged Unit Class of the Sub-Fund, EUR 10,000 for the EUR Hedged Unit Class and is JPY 100,000,000/100,000,000/1,000,000 for JPY Institutional Unit Class.

The Manager may, at its sole discretion, waive or reduce the minimum initial investment, minimum holding and minimum subsequent investment.

##### **Distributions**

Any distributions of the Sub-Fund are expected to be declared within five Business Days of the financial year end and paid within ten Business Days of the financial year end in each financial year.

Distributions, if any, will be declared at the sole discretion of the Manager.

There were no distributions to Unitholders during the financial years ended 31 July 2022 or 31 July 2021.

##### **Valuation Day and Point**

The relevant Valuation Point is 12.00 noon (Irish time) on the relevant Dealing Day. The Valuation Day is each Dealing Day. As 31 July 2022 fell on a weekend, the valuation day used for the purpose of these financial statements is 29 July 2022.

##### **Leverage**

The Manager does not intend that the Sub-Fund either borrow or employ leverage.

##### **Statement of Corporate Governance**

The Manager is subject to corporate governance practices imposed by:

- The Irish Companies Act 2014 which is available for inspection at the registered office of the Manager and may also be obtained at <http://www.irishstatutebook.ie/>.
- The Articles of Association of the Manager which are available for inspection at the registered office of the Manager at 2<sup>nd</sup> Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland and at the Companies Registration Office in Ireland.
- The Central Bank in their UCITS and Guidance which can be obtained from the Central Bank's website at: [www.centralbank.ie](http://www.centralbank.ie) and are available for inspection at the registered office of the Manager.

The Corporate Governance Code for Collective Investment Schemes and Management Companies (the "Code") was issued by Irish Funds ("IF") in December 2011 (The "IF Code"). The IF Code may be adopted on a voluntary basis by Irish authorised collective investment schemes and management companies. The IF Code may be inspected on/obtained from [www.irishfunds.ie](http://www.irishfunds.ie).

## **YUKI ASIA UMBRELLA FUND**

### **Annual Report and Audited Financial Statements for the financial year ended 31 July 2022**

#### **General Information (continued)**

##### **Statement of Corporate Governance (continued)**

Effective 1 January 2013, the Board of Directors of the Manager adopted the IF Code having regard for certain other key pillars of governance within the collective investment fund governance structure, including:

- the uniqueness of the independent segregation of duties as between the Investment Manager, the Administrator (with responsibility for the calculation of the net asset value, amongst other duties) and the independent Depositary (with responsibility for safeguarding the assets of the Sub-Fund and overseeing how the Sub-Fund is managed) to the Sub-Fund, such segregation of duties/functions being achieved through delegation of respective responsibilities to and appointment of suitably qualified and also regulated third party entities who are subject to regulatory supervision.

The Board of Directors of the Manager has reviewed and assessed the measures included in the IF Code and considers its corporate governance practices and procedures since the adoption of the Code as consistent therewith.

The Manager has no employees and all Directors are non-executive Directors. Consistent with the regulatory framework applicable to management companies of investment fund companies such as the Sub-Fund (and in contrast to normal operating companies with a full time executive management and employees), the Sub-Fund, consequently, operates under the delegated model whereby it has delegated investment management, administration and distribution functions to third parties without abrogating the Board of Directors' overall responsibility. The Board of Directors of the Manager has in place mechanisms for monitoring the exercise of such delegated functions, which are always subject to the supervision and direction of the Board of Directors of the Manager. These delegations of functions and the appointment of regulated third party entities are summarised as follows:

1. The Manager has delegated the performance of the investment management function in respect of the Sub-Fund to the Investment Manager as detailed in the Prospectus for the Fund. The Investment Manager has direct responsibility for the decisions relating to the day-to-day running of the Sub-Fund which they manage and they are accountable to the Board of Directors of the Manager for the investment performance of the Sub-Fund which they manage. The Investment Manager has internal controls and risk management processes in place to ensure that all applicable risks pertaining to their management of the Sub-Fund are identified, monitored and managed at all times and appropriate reporting is made to the Board of Directors of the Manager on a regular basis. The Investment Manager is regulated by and under the supervision of the regulator of their operating jurisdiction;
2. The Manager has appointed BNY Mellon Fund Services (Ireland) Designated Activity Company (the "Administrator") as Administrator, Registrar and Transfer Agent in respect of the Sub-Fund, with responsibility for the day-to-day administration of the Sub-Fund including the calculation of the net asset value. The Administrator is regulated by and under the supervision of the Central Bank;
3. The Manager has delegated the distribution of the Sub-Fund to the entities described in the Prospectus for the Sub-Fund, which entities are regulated by and subject to the supervision of the regulators of their respective operating jurisdictions; and

# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### General Information (continued)

#### Statement of Corporate Governance (continued)

4. The Bank of New York Mellon SA/NV, Dublin Branch (the "Depositary") acts as Depositary of the assets and has responsibility for the safekeeping of such assets in accordance with the Central Bank's UCITS Regulations and for exercising independent oversight over how the Sub-Fund is managed. The Depositary is authorised by the European Central Bank under the supervision of the Central Bank of Ireland. The Board of Directors of the Manager receives reports on a regular (and at least quarterly) basis from each of its delegate service providers and the Depositary which enable it to assess the performance of the delegate service providers and the Depositary (as the case may be).

#### *Financial Reporting Process - description of main features*

The Board of Directors of the Manager is ultimately responsible for overseeing the establishment and maintenance of adequate internal control and risk management systems for the Sub-Fund in relation to the financial reporting process. As the Manager has no employees and all directors serve in a non-executive capacity, all functions relating to the Sub-Fund's financial reporting process including the preparation of the Sub-Fund's financial statements have been outsourced to the Administrator, which is required to maintain the accounting records of the Sub-Fund. Through this appointment, the Board of Directors of the Manager has procedures in place to ensure that all relevant accounting records are properly maintained and are readily available, including production of annual and half-yearly financial statements. Subject to the supervision of the Board of Directors of the Manager, the appointment of the Administrator is intended to manage rather than eliminate the risk of failure to achieve the Sub-Fund's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of Directors of the Manager is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and for ensuring that processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board of Directors of the Manager's appointment of an independent third party administrator, (which is regulated by the Central Bank) is intended to mitigate though not eliminate the risk of fraud or irregularities which may impact the financial statements of the Sub-Fund.

During the financial year of these financial statements, the Board of Directors of the Manager was responsible for the review and approval of the annual financial statements as set out in the Statement of Responsibilities of the Manager. The statutory financial statements are required to be audited by independent auditors who report annually to the Board of Directors of the Manager on their findings. The Board of Directors of the Manager monitors and evaluates the independent auditor's performance, qualifications and independence. As part of its review procedures, the Board of Directors of the Manager receives presentations from relevant parties including consideration of International Financial Reporting Standards ("IFRS") and their impact on the annual financial statements, and presentations and reports on the audit process. The Board of Directors of the Manager evaluates and discusses significant accounting and reporting issues as the need arises. The annual report and audited financial statements of the Sub-Fund are required to be approved by the Board of Directors of the Manager and filed with the Central Bank.

#### **Diversity**

The Board of Directors of the Manager considers that diversity in its membership is beneficial and therefore seeks to ensure that the Board's size, structure and composition, including skills, knowledge, experience and diversity is sufficient for the effective direction and control of the Sub-Fund. However, as the Board of Directors of the Manager is committed to appointing the most appropriate candidates as Directors of the Sub-Fund, it has not set any measurable objectives in respect of this policy.

## **YUKI ASIA UMBRELLA FUND**

### **Annual Report and Audited Financial Statements for the financial year ended 31 July 2022**

#### **General Information (continued)**

##### **Significant Events during the Financial Year**

Refer to Note 18 of the Notes to the Financial Statements for details of significant events during the financial year.

##### **Significant Events after the Financial Year End**

Refer to Note 19 of the Notes to the Financial Statements for details of significant events after the financial year end.

# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Investment Manager's Report

#### Political

##### Japan

The Kishida administration (inaugurated in October 2021) changed its economic policy from income redistribution to a growth strategy based on the basic policy decided by the Cabinet in June 2022. The administration also clarified its stance of emphasizing its policy “from savings to investment”, signifying a shift to emphasizing companies and the stock market. The House of Councilors election in July, during which election period the shocking assassination of former Prime Minister Abe occurred, was a form of gaining public confidence, but we think the main point for the financial market is to what degree the Kishida administration can put out unique policies. Furthermore, the biggest external challenge is how to navigate between the U.S. and China, for without the Japan-U.S. security arrangement, Japan could not confront the threats of East Asia; however, while deterring China, it is necessary to build trade and investment relations with China on the economic front. Currently, there are many issues facing the administration, such as the geopolitical risk of the Russia-Ukraine issue, the depreciation of the yen, measures against inflation and measures to deal with the Coronavirus, with an uncertain outcome, and we want to keep an eye on their future efforts.

#### **Foreign**

##### United States

The tendency to emphasize economic security in the United States has increased since 2017 when the Trump administration was inaugurated, against the backdrop of China's economic, military and technological rise. This trend has been inherited by the Biden administration, and along with the movement to finally enforce the regulations introduced during the Trump administration, the supply chain of important goods and industries was reviewed and improvement measures were formulated. In addition, the U.S. is currently facing not only domestic problems such as inflation, but also a mountain of domestic and international challenges, such as Russia's invasion of Ukraine and the situation in Taiwan, where there are concerns about escalating tensions. The midterm elections scheduled for November will be an important milestone that will determine the future course of American politics, which will have a major impact on the international community.

##### China

At the National People's Congress held in March 2022, the government's 2022 growth rate target was set at round 5.5%, higher than expected. This target, however, was difficult to achieve because of the forced lockdown with the outbreak of the Coronavirus infection in Shanghai and the continuation of the zero-Coronavirus policy. The domestic real estate market is seeing more and more people refusing to make mortgage payments on properties sold before completion in a pre-sale system due to delays in handing over homes to buyers, and the fear of a real estate crisis, which will also have a ripple effect, is becoming more serious, forcing the central government to respond.

#### Economy

##### Domestic Economy

Real gross domestic product (“GDP”) growth was 0.5% compared to the previous quarter (annualized rate of 2.2%) spurred by a recovery in consumer spending in the April-June quarter. Additionally, the annualized real GDP was 542.1 trillion yen, exceeding the 540.8 trillion yen in the October-December quarter of 2019 before the spread of the Coronavirus. Going forward, however, growth in personal consumption and other areas is expected to be sluggish, and the GDP growth rate for the current fiscal year is expected to remain at around 2%. Personal consumption increased by 1.1% year-on-year in the April-June quarter due to the lifting of the “priority measures to prevent the spread of the virus.” That said, amid rising prices due to the high energy and food prices, a decline in real purchasing power is likely to weigh on personal consumption going forward.



## **YUKI ASIA UMBRELLA FUND**

### **Annual Report and Audited Financial Statements for the financial year ended 31 July 2022**

#### **Investment Manager's Report (continued)**

##### **Economy (continued)**

###### **Domestic Economy (continued)**

The consumer price index (excluding fresh food) rose 2.4% year-on-year in July, expanding from a 2.2% year-on-year increase in June. However, the Bank of Japan is expected to maintain its current monetary easing measures for the time being, from the determination that price increases caused by high energy costs will not be sustainable.

###### **China**

Following the sluggish economic growth rate (real GDP growth rate) in the April-June quarter, the economy is expected to pick up in the second half of this year with the easing of lockdowns and expansion of infrastructure investment. But, the Coronavirus infection has not ended, and if the lockdown is strengthened again, there is a possibility that the annual growth rate will remain low this year. Also, it is necessary to pay attention to the tension with the U.S. over Taiwan.

###### **India**

The real GDP growth rate for the April-June quarter accelerated to +13.5% year-on-year, thanks in part to the fact that the Corona crisis is coming to an end. The seasonally adjusted quarter-on-quarter annual growth rate is also bottoming out, with double-digit growth. In addition to the robustness of external demand, the emergence of pent-up domestic demand with the easing of restrictions on movement boosts the virtuous cycle of such things as household consumption. Going forward, it is becoming difficult to bottom out an economy driven by external demand with such unknowns as growing uncertainty surrounding the global economy. Further, high prices along with high interest rates, hawkish pressure smoldering on the Rupee to depreciate from the U.S. Federal Reserve Board ("US FRB") and others in the financial market, compounded by the deterioration of the financial situation in the past few years, India does not have much room for policy response.

###### **South Korea**

South Korea's economy is expected to expand toward the second half of this year on the back of robust exports, but inflation and interest rate hikes are likely to curb personal consumption and capital investment.

##### **Association of Southeast Asian Nations ("ASEAN") Economies**

Taiwan is expected to continue its steady economic growth led by exports, but there are concerns about inflation and relations with China.

Hong Kong's economy carried the weight of the spread of infections during the first half of this year, but the movement to normalize activity is expected to support the economy in the second half.

Singapore's economy is expected to expand steadily for the time being, led by consumer spending and capital investment.

## YUKI ASIA UMBRELLA FUND

### Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

#### Investment Manager's Report (continued)

##### Asian Economic Outlook

(Year on Year ("YOY"): %)

GDP Growth Rate	2021	2022(estimate)	2023 (estimate)
China	+8.1	+3.3	+4.6
India	+8.7	+7.4	+6.1
ASEAN	+3.4	+5.3	+5.1

Source: "World Economic Outlook Update" published by the IMF in July 2022"

##### World Economic Outlook

(YOY: %)

GDP Growth Rate	2021	2022(estimate)	2023 (estimate)
Japan	+1.7	+1.7	+1.7
United States	+5.7	+2.3	+1.0
Europe	+5.4	+2.6	+1.2
World	+6.1	+3.2	+2.9

Source: "World Economic Outlook Update" published by the IMF in July 2022"

##### Stock Market

From the end of January 2022 through July 2022 the TOPIX rose +2.34% and the Nikkei rose +2.96%. For small- and mid-cap stocks, the Nikkei Mothers Index fell by -5.23%.

In early February the market rose as concerns began to dissipate from heightened levels of the previous month. The concerns related to fears of an accelerated rate hike in the U.S., soaring raw material and fuel prices and restrictions on activities as the Omicron strain spread. The market became unstable from the middle of the month due to concerns over geopolitical risk surrounding Russia's invasion of Ukraine. March began with a decline, but then rose as the U.S. stock market rose and oil prices, which had been elevated, declined. Though the market was on decline from April through mid May thanks to deteriorating conditions in Ukraine, wariness of U.S. Federal monetary tightening and a prolonged lockdown in China due to Covid, it began to rise thereafter especially for companies with March fiscal year ends that announced good earnings results. The market was also supported by a receding sense of caution about the acceleration of U.S. inflation and the prospect of lockdowns in China being lifted. In June, when the U.S. Consumer Price Index rose more than expected, central banks in the U.S. and around the world announced rate hikes one after the other leading global developed markets to contract sharply. The Japanese market also fell on the back of this. In July, the market rose as, in addition to a convincing victory by the Liberal Democratic Party in the House of Councilors election and the maintenance by the Bank of Japan of large-scale monetary easing measures, stock prices in the U.S. rose.

## YUKI ASIA UMBRELLA FUND

### Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

#### Investment Manager's Report (continued)

##### Yuki Japan Rebounding Growth Fund (the "Fund")

##### Investment Performance

The Fund targets growth companies from among all listed companies that build on consumption by "Baby Boomer Juniors". In the context of its portfolio management, the Fund uses an aggressive bottom-up approach toward investment based on individual company research. In specific terms, the Fund undertook the following disciplined process:

- 1) Estimation of EPS for the next three years based on company interviews and analysis,
- 2) Valuations of share price, and
- 3) Investment in companies with strong potential for mid-to-long-term capital appreciation

	Yuki Japan Rebounding Growth Fund	TOPIX
1 August 2021 – 31 July 2022	-6.3%	+2.1%

Our outlook as of 31 July 2022, for the fiscal year ending March 2023 for the 2,025 companies that actually announced their forecasts for the year are net sales of ¥806 trillion, ordinary income of ¥65.7 trillion, net income of ¥46.1 trillion, and of ¥15.5 trillion. Compared to fiscal year 2021 results, net sales are up +6.9%, ordinary income down -0.8%, net income down -0.4%, and dividend +2.1%.

The companies included in the fund (excluding research companies) have a change rate of sales of +6.7%, ordinary income +32.9%, net income +18.4%, dividends +4.1%. Regarding profitability, the ordinary income ratio is 12.7% and the net profit ratio is 7.3%, both of which are higher than TOPIX. Additionally, the payout ratio of portfolio companies is 26.4%.

The core of the portfolio consists of the following types of companies:

- ① Companies that have established business models that will enable them to achieve a high level of earnings growth over the medium to long term;
- ② Companies with sustainable earnings growth over the medium to long term that contribute to the actualization of IoT and 5G hardware and software areas, which are part of the fourth industrial revolution;
- ③ Companies that contribute to customer productivity improvement by providing services using IoT and 5G;
- ④ Companies that respond to environmental regulations through EV and electrical equipment, which are next-generation themes of the automobile industry where supply and demand are tight; and
- ⑤ Companies that are resistant to current inflation and maintain high profitability.

Through analysis of 3-year estimates and due diligence, the following companies contributed to the Fund's performance.

# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Investment Manager's Report (continued)

#### Yuki Japan Rebounding Growth Fund (the "Fund") (continued)

#### Investment Performance (continued)

Maruwa Co. Ltd (5344) boasts a high global market share in ceramic substrates for in-vehicle and communication-related products. Sales of next-generation boards used for electric vehicles have been increasing due to high orders since last year. Maruwa had increased capacity from the previous fiscal year but is already at full production capacity and is expanding capital investment to increase sales from the next fiscal year onward. The market is expected to grow in the future as demand continues to grow in various fields other than electric vehicles, such as semiconductor manufacturing equipment, communication base stations, smartphones, and data centers, and Maruwa's sales are expected to grow. The company will continue to use raw materials that it has systematically procured, and this fiscal year will continue to increase volumes due to increased production capacity, raise unit prices with its increased product mix, and reduce labor costs through productivity improvements that it has been working on since last year, resulting in an also expanding operating income. Since we can expect double-digit Earnings Per Share ("EPS") growth from the next fiscal year onward, we continue to hold this stock in our portfolio.

Nextage Co. Ltd. (3186) is continuing its growth in the used car sales business. While the domestic used car sales market is declining due to seasonal and temporary factors such as decreased exports to Russia, Nextage continues to grow sales as repeat customers exchange their models for newer ones and the company uses its own used car sourcing strengths to grow its profitability. Improvements in internal operations have succeeded in increasing the contract ratio for both sales and purchases, and in the next three years, not only will sales increase due to the expansion of store openings, but EPS growth can also be expected over the medium to long term due to improved profit margins at existing stores. In addition, efforts to reduce the turnover rate of new employees, which had been an issue, are beginning to show results, and as lower training costs will lead to further profit growth we have increased the weight of the position.

Dexterials Corp (4980) boasts a high global market share as a manufacturer of anti-reflective materials for display surfaces such as smartphones, tablets, and notebooks. As the sole supplier to a major industry-leading U.S. manufacturer, the company's sales and profit growth are accelerating. Other customers are also expanding their adoption of the company's materials because they are the key to differentiation in high value-added models. The industry is seeing a slowdown in sales of smartphones, tablets, notebook PCs, etc. But sales of high-end models are relatively strong and profit margins are continuing. We continue to hold the stock as EPS growth in the medium to long term. Its adoption rate in automobiles is increasing, where the application per vehicle of the companies materials is high.

#### **Future Strategy**

The stock market ended positive in July. The rising trend of the U.S. 10-year bond yields stabilized, and our analysis indicates that July was a month in which the market focused on companies with good earnings and companies trading at high price to earnings ratio ("PERs"). For the time being, we expect the Japanese market to move in an uncertain direction until the U.S. stock market stabilizes following the stabilization of U.S. interest rates. The PER of companies with good earnings that are trading at fair value has dropped to the 13x level, and we expect that when the market turns positive the stock price of these companies will see significant appreciation. Regardless of sector, our analysis is that companies with unique business models and high market share will be able to sustain sales growth from the next fiscal year onward and will be able to absorb the cost increase by passing on price increases even in inflationary conditions such as rising raw material prices, so EPS growth will also be sustainable.

Our investment policy is to focus on fundamentals, building a portfolio focused on companies undergoing a high rate of change with a superior market advantage.

## **YUKI ASIA UMBRELLA FUND**

### **Annual Report and Audited Financial Statements for the financial year ended 31 July 2022**

#### **Investment Manager's Report (continued)**

##### **Future Strategy (continued)**

We will adjust our position weightings based on target prices using our 3-year earnings estimates, and thoroughly analyze and evaluate company earnings to focus our investments on companies that we expect will improve profits over the medium to long term and have high EPS growth momentum based on unit sales growth.

**Yuki Management & Research Co., Limited**  
**Investment Manager**

**October 2022**

## REPORT FROM THE DEPOSITARY TO THE UNITHOLDERS

For the period from 1 August 2021 to 31 July 2022 (the “Period”)

The Bank of New York Mellon SA/NV, Dublin Branch (the “**Depositary**”, “**us**”, “**we**”, or “**our**”) has enquired into the conduct of Carne Global Fund Managers (Ireland) Limited (the “**Manager**”) in respect of Yuki Asia Umbrella Fund (the “**Trust**”) for the Period, in our capacity as Depositary to the Trust.

This report including the opinion has been prepared for and solely for the unitholders in the Trust, in accordance with Regulation 34 of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No 352 of 2011), as amended (the “**Regulations**”), and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

### Responsibilities of the Depositary

Our duties and responsibilities are outlined in Regulation 34 of the Regulations. One of those duties is to enquire into the conduct of the Manager in the management of the Trust in each annual accounting period and report thereon to the unitholders.

Our report shall state whether, in our opinion, the management has managed the Trust in that period in accordance with the provisions of the Trust's trust deed and the Regulations. It is the overall responsibility of the Manager to comply with these provisions. If the management of the Trust has not done so, we as Depositary must state in what respects it has not done so and the steps which we have taken in respect thereof.

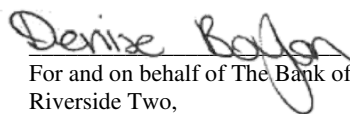
### Basis of Depositary Opinion

The Depositary conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in Regulation 34 of the Regulations and to ensure that, in all material respects, the management has managed the Trust (i) in accordance with the limitations imposed on the investment and borrowing powers of the Manager and Depositary by the trust deed and the appropriate regulations and (ii) otherwise in accordance with the provisions of the trust deed and the appropriate regulations.

### Opinion

In our opinion, the management has managed the Trust during the Period, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Manager and Depositary by the trust deed and the Regulations; and
- (ii) otherwise in accordance with the provisions of the trust deed and the Regulations.



For and on behalf of The Bank of New York Mellon SA/NV, Dublin Branch,  
Riverside Two,  
Sir John Rogerson's Quay,  
Grand Canal Dock,  
Dublin 2.

Dated: 22 November 2022

## YUKI ASIA UMBRELLA FUND

### Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

#### Statement of Responsibilities of the Manager

The Manager is responsible for preparing the Annual Report and Audited Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), Irish Statute comprising the Unit Trusts Act, 1990, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) (the "UCITS Regulations") and the Central Bank (Supervision and Enforcement) Act 2013 (section 48 (1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (the "Central Bank UCITS Regulations"). In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are prudent and reasonable;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation.


The Manager is responsible for keeping adequate accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund and to enable it to ensure that the financial statements are prepared in accordance with IFRS and comply with the provisions of the Trust Deed, the Unit Trusts Act, 1990, the UCITS Regulations and the Central Bank UCITS Regulations.

The Manager is also responsible with respect to its duties under the Unit Trusts Act, 1990 and the UCITS Regulations, to take reasonable steps for the prevention and detection of fraud and other irregularities.

#### *Connected persons transactions*

Regulation 43(1) of the Central Bank UCITS Regulations "Restrictions of transactions with connected persons" states that "A responsible person shall ensure that any transaction between a UCITS and a connected person is conducted a) at arm's length; and b) in the best interest of the unitholders of the UCITS".

As required under the Central Bank UCITS Regulation 81(4), the Board of Directors of the Manager, as responsible persons are satisfied that there are arrangements in place, evidenced by written procedures, to ensure that obligations set out in Regulation 43(1) are applied to all transactions with a connected person; and all transactions with a connected person that were entered into during the financial year to which the report relates, complied with the obligations that are prescribed by Regulation 43(1).

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**Carne Global Fund Managers (Ireland) Limited**

**Date: 22 November 2022**

## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF YUKI ASIA UMBRELLA FUND

### Report on the audit of the financial statements

#### Opinion on the financial statements of Yuki Asia Umbrella Fund (the 'Fund')

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In our opinion the Fund's financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Fund as at 31 July 2022 and of the results for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework, and, in particular, with the requirements of the Unit Trust Act 1990.

The financial statements we have audited comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Net Assets Attributable to Redeemable Participating Unitholders;
- the Statement of Cash Flows; and
- the related notes 1 to 20, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework").

The applicable regulations that have been applied in their preparation is the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 and Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations, 2019 ("the applicable Regulations").

#### Basis for opinion

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We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to public interest entities, 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.

#### Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: <ul style="list-style-type: none"><li>• <i>Valuation of investments</i></li><li>• <i>Existence of investments</i></li></ul>
Materiality	The materiality that we used in the current year was 1% of Average Net Assets of the Sub-Fund of the Fund.
Scoping	Our audit is a risk based approach taking into account the structure of the Fund, types of investments, the involvement of the third parties service providers, the



	<p>accounting processes and controls in place and the industry in which the Fund operates.</p> <p>The Fund is established as an open ended umbrella Unit Trust under the Unit Trusts Act 1990. We have conducted our audit based on the books and records maintained by the administrator BNY Mellon Fund Services (Ireland) Limited, Guild House, Guild Street, IFSC, Dublin 1, Ireland.</p>
Significant changes in our approach	This is our second year auditing of the Fund, there is no change from the prior year.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Manager's assessment of the Fund's ability to continue to adopt the going concern basis of accounting included:

- As part of our risk assessment procedures, we obtained an understanding of the relevant controls in place regarding going concern.
- Challenged the reasonableness of the key assumptions applied by the Manager in their assessment.
- Held discussions with management on the Manager's going concern assessment, the future plans for the Fund and the feasibility of those plans.
- Reviewed all board meeting minutes during the period up to the date of approval of the financial statements, for evidence of any discussions and/or decisions that could impact the Fund's ability to continue as a going concern.
- Reviewed the capital activity and Net Asset Value movements subsequent to the financial year end.
- Assessed the adequacy of the relevant going concern disclosures made in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Financial Assets and Liabilities at Fair Value Through Profit or Loss	
Key audit matter description	<p>For the financial year ended, the financial assets and liabilities at fair value through profit or loss of the entity is ¥5,529m representing 95% of total net assets ¥5,815m. The valuation of financial assets and liabilities at fair value through profit or loss are considered a key audit matter as financial assets and liabilities at fair value through profit or loss represents a significant balance on the Balance Sheet.</p> <p>There is a risk that financial assets and liabilities at fair value through profit or loss are valued incorrectly, inappropriate valuation methodologies are applied and the use of inappropriate assumptions could result in the valuation being materially misstated.</p> <p>Refer also to note 1 in the financial statements.</p>

<b>How the scope of our audit responded to the key audit matter</b>	<p>We have performed the following procedures to address the key audit matter:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding and assessed the design of the key controls that have been implemented over the valuation process for investments.</li> <li>• We considered the valuation basis used in light of the valuation policy as stipulated in the Prospectus and the requirements of IFRS.</li> <li>• We independently valued all exchange-traded securities using our own market feeds.</li> <li>• We reviewed the fair value levelling disclosures in the financial statements to ensure they were appropriate.</li> </ul>
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Existence of Financial Assets and Liabilities at Fair Value Through Profit or Loss	
<b>Key audit matter description</b>	<p>For the financial year ended, the financial assets and liabilities at fair value through profit or loss of the entity is Y5,529m representing 95% of total net assets Y5,815m. The valuation of financial assets and liabilities at fair value through profit or loss are considered a key audit matter as financial assets and liabilities at fair value through profit or loss represents a significant balance on the Balance Sheet.</p> <p>The existence of financial assets and liabilities at fair value through profit or loss is crucial to ensuring the financial statements are free from material misstatement.</p> <p>Refer also to note 1 in the financial statements.</p>
<b>How the scope of our audit responded to the key audit matter</b>	<p>We have performed the following procedures to address the key audit matter:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding and assessed the design of the key controls that have been implemented over the investment reconciliation process from administrator to depositary and/or counterparties.</li> <li>• We obtained independent confirmations from the depositary and other counterparties at the financial year end and agreed the amounts held to the investment portfolio.</li> </ul>

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

## Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Fund to be 1% of average net assets for the Sub-Fund. We have considered the average net assets to be the critical component for determining materiality because the main objective of the Fund is to provide investors with a total return. We have considered quantitative and qualitative factors such as understanding the Fund and its environment, complexity of the Fund and the reliability of the control environment.

We agreed with the Manager that we would report any audit differences in excess of 5% of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Manager on disclosure matters that we identified when assessing the overall presentation of the financial statements.

## An overview of the scope of our audit

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Our audit is a risk based approach taking into account the structure of the Fund, types of investments, the involvement of the third parties service providers, the accounting processes and controls in place and the industry in which the Fund operates. The Fund has been authorised in Ireland by the Central Bank of Ireland (the “Central Bank”), pursuant to and complying with the provisions of the Unit Trusts Act, 1990 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) (the “UCITS Regulations”) and the Central Bank (Supervision and Enforcement) Act 2013 (section 48 (1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (the “Central Bank UCITS Regulations”). The Fund is organised as an umbrella fund with segregated liability between Sub Funds. We have conducted our audit based on the books and records maintained by the administrator BNY Mellon at One Dockland Central, Guild Street, IFSC, Dublin 1, Ireland.

## Other information

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The other information comprises the information included in the Annual Report and Audited Financial Statements, other than the financial statements and our auditor’s report thereon. The Manager is responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard

## Responsibilities of the Manager

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The Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the relevant financial reporting framework and for such internal control as the Manager 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 Manager is responsible for assessing the Fund’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

## Auditor’s responsibilities for the audit of the financial statements

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Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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.

A further description of our responsibilities for the audit of the financial statements is located on IAASA’s website at: [http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf).

This description forms part of our auditor’s report.

## Report on other legal and regulatory requirements

### Opinion on other matters prescribed by the applicable Regulations

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Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Fund were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

### Corporate Governance Statement

We report, in relation to information given in the Corporate Governance Statement on pages 2 to 4 that:

- In our opinion, based on the work undertaken during the course of the audit, the information given in the Corporate Governance Statement pursuant to subsections 2(c) of section 1373 of the Companies Act 2014 is consistent with the Fund's statutory financial statements in respect of the financial year concerned and such information has been prepared in accordance with the Companies Act 2014.  
Based on our knowledge and understanding of the Fund and its environment obtained in the course of the audit, we have not identified any material misstatements in this information.
- In our opinion, based on the work undertaken during the course of the audit, the Corporate Governance Statement contains the information required by Regulation 6(2) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended); and
- In our opinion, based on the work undertaken during the course of the audit, the information required pursuant to section 1373(2)(a),(b),(e) and (f) of the Companies Act 2014 is contained in the Corporate Governance Statement.

### Matters on which we are required to report by exception

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Based on the knowledge and understanding of the Fund and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

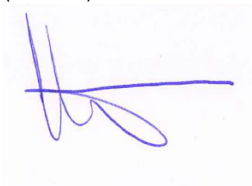
### Other matters which we are required to address

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We were appointed to audit the financial statements for the for the financial year end 31 July 2022 and subsequent financial periods. This is the firm's second year auditing the fund.

The non-audit services prohibited by IAASA's Ethical Standard were not provided and we remained independent of the Fund in conducting the audit.

Our audit opinion is consistent with the additional report to the Manager we are required to provide in accordance with ISA (Ireland) 260.



Christian MacManus  
For and on behalf of Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 28 November 2022

# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Yuki Japan Rebounding Growth Fund Schedule of Investments as at 31 July 2022

Nominal	Security Name	Fair Value JP¥	% Net Assets
<b>Transferable Securities - 95.83% (31 July 2021: 97.09%)</b>			
<b>Aerospace/Defense - Nil (31 July 2021: 0.89%)</b>			
<b>Auto Manufacturers - 4.47% (31 July 2021: 6.55%)</b>			
127,900	Mazda Motor Corp	142,736,400	2.45
37,500	Subaru Corp	86,887,500	1.49
14,300	Toyota Motor Corp	30,559,100	0.53
<b>Auto Parts &amp; Equipment - 1.32% (31 July 2021: 9.21%)</b>			
6,400	Denso Corp	46,297,600	0.80
21,500	Musashi Seimitsu Industry Co Ltd	30,551,500	0.52
<b>Beverages - 0.99% (31 July 2021: 0.50%)</b>			
26,300	Kirin Holdings Co Ltd	57,478,650	0.99
<b>Building Materials - 0.12% (31 July 2021: 1.66%)</b>			
300	Daikin Industries Ltd	6,975,000	0.12
<b>Chemicals - 0.71% (31 July 2021: 3.82%)</b>			
38,700	Tokai Carbon Co Ltd	41,292,900	0.71
<b>Coal - 1.07% (31 July 2021: Nil)</b>			
19,400	Mitsui Matsushima Holdings Co Ltd	62,371,000	1.07
<b>Commercial Services - 2.06% (31 July 2021: 4.88%)</b>			
3,300	AZOOM Co Ltd	24,519,000	0.42
1,900	GMO Payment Gateway Inc	20,862,000	0.36
7,500	LITALICO Inc	18,780,000	0.32
30,500	Nisso Corp	18,269,500	0.32
33,900	S-Pool Inc	37,154,400	0.64
<b>Computers - 12.93% (31 July 2021: 7.08%)</b>			
700	BayCurrent Consulting Inc	28,910,000	0.50
7,100	Change Inc	14,171,600	0.24
8,600	Ferrotec Holdings Corp	21,207,600	0.37
6,100	Fujitsu Ltd	112,941,500	1.94
8,100	Mitsubishi Research Institute Inc	35,559,000	0.61
11,800	NEC Corp	57,761,000	0.99
53,100	NET One Systems Co Ltd	163,548,000	2.81
3,500	Obic Co Ltd	74,060,000	1.27
17,500	Pole To Win Holdings Inc	18,007,500	0.31
72,000	SCSK Corp	167,904,000	2.89
127,300	Systema Corp	57,794,200	1.00
<b>Cosmetics/Personal Care - Nil (31 July 2021: 1.02%)</b>			
<b>Distribution/Wholesale - 1.00% (31 July 2021: Nil)</b>			
14,800	Mitsubishi Corp	58,430,400	1.00
<b>Electrical Components &amp; Equipments - 0.47% (31 July 2021: Nil)</b>			
3,700	Kohoku Kogyo Co Ltd	27,232,000	0.47

# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Yuki Japan Rebounding Growth Fund Schedule of Investments as at 31 July 2022 (continued)

Nominal	Security Name	Fair Value JP¥	% Net Assets
<b>Transferable Securities - 95.83% (31 July 2021: 97.09%) (continued)</b>			
<b>Electronics - 11.68% (31 July 2021: 16.65%)</b>			
75,000	Alps Alpine Co Ltd	103,275,000	1.78
76,900	Anritsu Corp	124,731,800	2.14
1,600	Dexerials Corp	5,704,000	0.10
100	Hoya Corp	1,327,000	0.02
3,900	Ibiden Co Ltd	15,190,500	0.26
10,500	Jeol Ltd	62,895,000	1.08
10,800	Maruwa Co Ltd/Aichi	183,492,000	3.16
38,700	Shimadzu Corp	182,470,500	3.14
<b>Engineering &amp; Construction - 5.65% (31 July 2021: 0.56%)</b>			
79,400	Obayashi Corp	77,494,400	1.33
193,500	Penta-Ocean Construction Co Ltd	141,061,500	2.43
18,700	SHO-BOND Holdings Co Ltd	109,956,000	1.89
<b>Entertainment - 0.33% (31 July 2021: 0.44%)</b>			
16,000	Vector Inc	19,296,000	0.33
<b>Environmental Control - Nil (31 July 2021: 0.59%)</b>			
<b>Food - 1.75% (31 July 2021: 1.34%)</b>			
4,200	Kobe Bussan Co Ltd	15,897,000	0.27
24,900	Prima Meat Packers Ltd	56,373,600	0.97
4,600	Yaoko Co Ltd	29,762,000	0.51
<b>Hand/Machine Tools - 3.05% (31 July 2021: Nil)</b>			
100,100	DMG Mori Co Ltd	177,277,100	3.05
<b>Healthcare-Products - 7.15% (31 July 2021: 3.27%)</b>			
66,900	Olympus Corp	188,524,200	3.24
43,600	Terumo Corp	197,551,600	3.40
15,900	Topcon Corp	29,669,400	0.51
<b>Healthcare-Services - 0.64% (31 July 2021: 0.52%)</b>			
30,500	Charm Care Corp KK	37,332,000	0.64
<b>Home Builders - 0.56% (31 July 2021: Nil)</b>			
6,700	Ki-Star Real Estate Co Ltd	32,495,000	0.56
<b>Home Furnishings - 3.18% (31 July 2021: 0.56%)</b>			
15,800	Sony Group Corp	184,781,000	3.18
<b>Internet - 2.09% (31 July 2021: 1.03%)</b>			
8,600	BuySell Technologies Co Ltd	43,946,000	0.76
5,000	MonotaRO Co Ltd	11,825,000	0.20
10,200	SMS Co Ltd	32,385,000	0.56
11,600	ZOZO Inc	33,210,800	0.57

# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Yuki Japan Rebounding Growth Fund Schedule of Investments as at 31 July 2022 (continued)

Nominal	Security Name	Fair Value JP¥	% Net Assets
<b>Transferable Securities - 95.83% (31 July 2021: 97.09%) (continued)</b>			
<b>Iron/Steel - Nil (31 July 2021: 0.42%)</b>			
<b>Leisure Time - 1.68% (31 July 2021: Nil)</b>			
65,400	Round One Corp	97,446,000	1.68
<b>Machinery-Diversified - 3.32% (31 July 2021: 4.76%)</b>			
100	Keyence Corp	5,243,000	0.09
33,500	OKUMA Corp	174,535,000	3.00
200	SMC Corp	13,082,000	0.23
<b>Metal Fabricate/Hardware - 0.26% (31 July 2021: 0.89%)</b>			
1,700	Mitsui High-Tec Inc	15,045,000	0.26
<b>Mining - 0.49% (31 July 2021: Nil)</b>			
12,800	Toho Titanium Co Ltd	28,416,000	0.49
<b>Miscellaneous Manufacturing - 3.19% (31 July 2021: 2.23%)</b>			
37,600	Amano Corp	95,880,000	1.65
24,400	JSR Corp	89,426,000	1.54
<b>Office/Business Equipment - Nil (31 July 2021: 1.10%)</b>			
<b>Oil&amp;Gas - 2.05% (31 July 2021: Nil)</b>			
79,200	Inpex Corp	119,433,600	2.05
<b>Pharmaceuticals - 3.43% (31 July 2021: Nil)</b>			
53,300	Ono Pharmaceutical Co Ltd	199,235,400	3.43
<b>Real Estate - 1.86% (31 July 2021: Nil)</b>			
22,500	Mitsui Fudosan Co Ltd	66,746,250	1.15
21,300	Tokyo Tatemono Co Ltd	41,620,200	0.71
<b>Retail - 7.88% (31 July 2021: 6.10%)</b>			
14,300	Balibarbi Co Ltd	14,114,100	0.24
200	Fast Retailing Co Ltd	16,040,000	0.28
10,600	Komehyo Holdings Co Ltd	28,980,400	0.50
80,500	Marui Group Co Ltd	194,649,000	3.35
51,100	Nextage Co Ltd	149,723,000	2.57
31,100	United Arrows Ltd	54,611,600	0.94
<b>Semiconductors - 7.57% (31 July 2021: 11.45%)</b>			
1,700	KEIWA Inc	6,154,000	0.11
600	Lasertec Corp (Units)	11,601,000	0.20
43,000	Renesas Electronics Corp	54,610,000	0.94
3,400	Rorze Corp	28,764,000	0.49
17,400	Sanken Electric Co Ltd	88,566,000	1.52
2,500	Shinko Electric Industries Co Ltd	8,487,500	0.15
48,800	SUMCO Corp	90,182,400	1.55
42,700	Tera Probe Inc	55,211,100	0.95
2,100	Tokyo Electron Ltd	96,621,000	1.66

# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Yuki Japan Rebounding Growth Fund Schedule of Investments as at 31 July 2022 (continued)

Nominal Security Name					Fair Value JP¥	% Net Assets
Transferable Securities - 95.83% (31 July 2021: 97.09%) (continued)						
Software - 0.86% (31 July 2021: 5.54%)						
13,600	Capcom Co Ltd				50,184,000	0.86
Toys/Games/Hobbies - Nil (31 July 2021: 2.86%)						
Transportation - 2.02% (31 July 2021: 1.17%)						
16,000	Trancom Co Ltd				117,760,000	2.02
Transferable Securities					5,572,552,300	95.83
Financial Derivative Instruments ((0.75)%) (31 July 2021: ((0.10)%))						
Forward Foreign Currency Exchange Contracts* ((0.75)%) (31 July 2021: ((0.10)%))						
Settlement Date	Currency Bought	Amount Bought	Currency Sold	Amount Sold	Unrealised Gain/(Loss) JP¥	% Net Assets
15/08/2022	JPY	68,616,110	USD	(498,639)	2,249,254	0.04
Unrealised gain on forward foreign currency exchange contracts					2,249,254	0.04
15/08/2022	EUR	2,876,950	JPY	(398,633,724)	(6,108,102)	(0.11)
15/08/2022	USD	10,100,673	JPY	(1,383,976,451)	(39,616,101)	(0.68)
Unrealised loss on forward foreign currency exchange contracts					(45,724,203)	(0.79)
Net unrealised loss on forward foreign currency exchange contracts					(43,474,949)	(0.75)
					Fair Value JP¥	% Net Assets
Financial Assets and Financial Liabilities at fair value through profit or loss					5,529,077,351	95.08
Receivables (31 July 2021: 0.32%)					259,852,211	4.47
Cash and cash equivalents (31 July 2021: 3.44%)					319,642,823	5.50
Payables (31 July 2021: (0.75%))					(293,384,841)	(5.05)
Net Assets					5,815,187,544	100.00

\* The counterparty for the forward foreign exchange contracts is The Bank of New York Mellon.

Analysis of Total Assets (Unaudited)	% Total Assets
Transferable Securities admitted to an official stock exchange	90.55
Financial derivative instruments	0.04
Cash and cash equivalents	5.19
Other Assets	4.22
	<u>100.00</u>



# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Yuki Japan Rebounding Growth Fund Schedule of Investments as at 31 July 2022 (continued)

#### Net Asset Value

##### JPY Unit Class

	31 July 2022	31 July 2021	31 July 2020
Net Asset Value	JP¥4,126,790,198	JP¥4,862,621,894	JP¥4,993,569,870
Number of Units in issue	122,139	134,792	177,277
Net Asset Value per Unit	JP¥33,788	JP¥36,075	JP¥28,168

##### USD Hedged Unit Class

	31 July 2022	31 July 2021	31 July 2020
Net Asset Value	US\$9,546,582	US\$9,278,375	US\$28,641,788
Number of Units in issue	6,837	6,237	24,738
Net Asset Value per Unit	US\$1,396	US\$1,488	US\$1,158

##### Euro Hedged Unit Class

	31 July 2022	31 July 2021	31 July 2020
Net Asset Value	EUR2,858,394	EUR3,106,050	EUR3,735,284
Number of Units in issue	3,497	3,511	5,371
Net Asset Value per Unit	EUR817	EUR885	EUR695

##### JPY Institutional Unit Class 2

	31 July 2022	31 July 2021	31 July 2020
Net Asset Value	JP¥26,539,832	JP¥28,195,557	JP¥21,908,054
Number of Units in issue	2,807	2,807	2,807
Net Asset Value per Unit	JP¥9,455	JP¥10,045	JP¥7,805

# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Statement of Comprehensive Income

		Yuki Japan Rebounding Growth Fund Financial year ended 31 July 2022 JP¥	Yuki Japan Rebounding Growth Fund Financial year ended 31 July 2021 JP¥
	Notes		
Net (loss)/gain on financial assets and financial liabilities at fair value through profit or loss	4	(121,212,220)	1,868,463,559
Gross Income	5	121,280,239	82,657,166
Total Investment income		68,019	1,951,120,725
Operating expenses	6	(142,684,582)	(143,007,425)
Net (loss)/income for the financial year		(142,616,563)	1,808,113,300
Finance Costs			
Interest expense		(1,686,770)	(1,674,167)
Operating (loss)/profit before tax		(144,303,333)	1,806,439,133
Less: withholding tax	3	(18,555,673)	(12,576,254)
<b>(Loss)/profit for the financial year after withholding tax</b>		<b>(162,859,006)</b>	<b>1,793,862,879</b>
<b>Net (decrease)/increase in Net Assets Attributable to Redeemable Participating Unitholders resulting from operations</b>		<b>(162,859,006)</b>	<b>1,793,862,879</b>

All amounts arise solely from continuing operations. There are no recognised gains or losses other than those dealt with in the Statement of Comprehensive Income.

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

## YUKI ASIA UMBRELLA FUND

Annual Report and Audited Financial Statements for the financial year ended  
31 July 2022

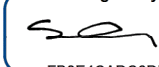
## Statement of Financial Position

	Notes	Yuki Japan Rebounding Growth Fund As at 31 July 2022 JP¥	Yuki Japan Rebounding Growth Fund As at 31 July 2021 JP¥
<b>Current assets</b>			
Financial Assets at fair value through profit or loss:			
Transferable Securities	1 (b) (iii)	5,572,552,300	6,129,357,200
Financial Derivative Instruments	1 (b) (vi)	2,249,254	741,601
Receivables	7	259,852,211	19,901,357
Cash and cash equivalents	8	319,642,823	217,315,914
<b>Total current assets</b>		<b>6,154,296,588</b>	<b>6,367,316,072</b>
<b>Current liabilities</b>			
Financial Liabilities at fair value through profit or loss:			
Financial derivative instruments	1 (b) (vi)	(45,724,203)	(7,294,143)
Payables	9	(293,384,841)	(47,046,503)
<b>Total liabilities (excluding net assets attributable to Redeemable Participating Unitholders)</b>		<b>(339,109,044)</b>	<b>(54,340,646)</b>
<b>Net assets attributable to Redeemable Participating Unitholders</b>		<b>5,815,187,544</b>	<b>6,312,975,426</b>

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

On behalf of the Board of Directors of the Manager

DocuSigned by:  
  
 16E72E74C92144Z...  
**Neil Clifford**

DocuSigned by:  
  
 FB8E4CADC6DD4BE...  
**Sarah Murphy**

22 November 2022

# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Statement of Changes in Net Assets Attributable to Redeemable Participating Unitholders

	Yuki Japan Rebounding Growth Fund Financial year ended 31 July 2022 JP¥	Yuki Japan Rebounding Growth Fund Financial year ended 31 July 2021 JP¥
<b>Net Assets Attributable to Redeemable Participating Unitholders at beginning of the financial year</b>	<b>6,312,975,426</b>	<b>8,477,124,980</b>
<b>Movement due to subscriptions and redemptions of Redeemable Participating Units</b>		
Amounts received on subscriptions of Redeemable Participating Units	1,355,616,164	2,346,826,351
Amounts paid on redemptions of Redeemable Participating Units	(1,690,545,040)	(6,304,838,784)
	(334,928,876)	(3,958,012,433)
Net (decrease)/increase in Net Assets Attributable to Redeemable Participating Unitholders resulting from operations	(162,859,006)	1,793,862,879
<b>Net Assets Attributable to Redeemable Participating Unitholders at end of the financial year</b>	<b>5,815,187,544</b>	<b>6,312,975,426</b>

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

# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Statement of Cash Flows

	Yuki Japan Rebounding Growth Fund Financial year ended 31 July 2022 JP¥	Yuki Japan Rebounding Growth Fund Financial year ended 31 July 2021 JP¥
<b>Cash flows from operating activities</b>		
<b>Net (decrease)/increase in Net Assets</b>		
<b>Attributable to Redeemable Participating</b>		
<b>Unitholders</b>	(162,859,006)	1,793,862,879
<i>Adjusted For:</i>		
Net decrease in Transferable Securities	556,804,900	2,231,141,350
Net decrease/(increase) in Financial Derivative		
Instruments	36,922,407	(57,860,979)
(Increase) in receivables	(239,950,854)	(16,031,704)
Increase/(Decrease) in payables	246,732,843	(8,621,953)
<b>Cash flows provided by operating activities</b>	<b>600,509,296</b>	<b>2,148,626,714</b>
<b>Cash flows from financing activities</b>		
Issue of redeemable participating units	1,355,616,165	2,347,478,783
Redemption of redeemable participating units	(1,690,939,546)	(6,642,031,994)
<b>Net cash used in financing activities</b>	<b>(335,323,381)</b>	<b>(4,294,553,211)</b>
<b>Movement in cash and cash equivalents</b>		
<b>during the financial year</b>	102,326,909	(352,063,618)
Cash and cash equivalents at the start of the		
financial year	217,315,914	569,379,532
<b>Cash and cash equivalents at the end of the</b>		
<b>financial year</b>	<b>319,642,823</b>	<b>217,315,914</b>
<b>Supplementary information</b>		
Dividends received	116,317,258	81,450,944
Bank Interest paid	(1,686,770)	(1,674,167)
Bank Interest received	—	58
Taxation paid	(18,555,673)	(12,576,254)

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

# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Notes to the Financial Statements

#### 1. Significant accounting policies

The principal accounting policies and estimation techniques applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

##### **Basis of Preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), Irish Statute, comprising the Unit Trusts Act, 1990, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) (the "UCITS Regulations") and the Central Bank (Supervision and Enforcement) Act 2013 (section 48 (1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (the "Central Bank UCITS Regulations"). The financial statements are prepared on a going concern basis.

##### **New accounting standards, amendments and interpretations in issue and effective for the financial periods beginning on or after 1 August 2021**

At the date of approval of these financial statements, the following standards, amendments and interpretations to existing standards were adopted by the Fund effective from 1 August 2021:

##### *Amendment to IFRS 7, IFRS 9 and IAS 39 (Phase 2)*

The amendments address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). The amended requirements in IFRS 7, IFRS 9 and IAS 39 relates to:

- Changes in the basis for determining contractual cash flows of financial assets and financial liabilities
- Hedge accounting, and
- Disclosures

The Phase 2 amendments apply only to changes required by the interest rate benchmark reform to financial instruments and hedging relationships.

The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

The amendment is effective for annual reporting periods beginning on or after 1 January 2021. Based on the assessment, the adoption of these amendments and updates did not have a material impact on the Company.

There were no other standards which have had any impact on the Company's accounting policies.

##### **Standards, interpretations and amendments to existing standards in issue but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below, except for those standards which, in the opinion of the Board, will clearly not impact the Fund. The Fund intends to adopt these standards, if applicable, when they become effective.

##### *Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)*

IAS 37 Provisions Contingent Liabilities and Contingent Assets did not specify which costs to include in estimating the cost of fulfilling a contract for the purpose of assessing whether that contract is onerous.

## YUKI ASIA UMBRELLA FUND

### Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

#### Notes to the Financial Statements (continued)

##### 1. Significant accounting policies (continued)

##### Standards, interpretations and amendments to existing standards in issue but not yet effective (continued)

###### *Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37) (continued)*

Research conducted by the IFRS Interpretations Committee indicated that differing views on which costs to include could lead to material differences in the financial statements of entities that enter into some types of contracts.

In this project, the IASB developed amendments to IAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The IASB issued the amendments in May 2020. The amendments are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022 with earlier application permitted. The Fund is currently evaluating the impact, if any, that this amendment will have on its financial statements.

###### *Annual Improvements to IFRS Standards 2018–2020*

The four proposed amendments included in the annual improvements' consultation document are:

- *IFRS 1 First-time Adoption of International Financial Reporting Standards*  
Simplify the application of IFRS 1 by a subsidiary that becomes a first-time adopter of IFRS Standards after its parent company has already adopted them. The proposed amendment relates to the measurement of cumulative translation differences.
- *IFRS 9 Financial Instruments*  
Clarify the fees a company includes in assessing the terms of a new or modified financial liability to determine whether to derecognise a financial liability.
- *Illustrative Examples accompanying IFRS 16 Leases*  
Remove the potential for confusion regarding lease incentives by amending an Illustrative Example accompanying IFRS 16.
- *IAS 41 Agriculture*  
Align the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. The Fund is currently evaluating the impact, if any, that this amendment will have on its financial statements.

###### *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*

The amendments clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Notes to the Financial Statements (continued)

#### 1. Significant accounting policies (continued)

##### Standards, interpretations and amendments to existing standards in issue but not yet effective (continued)

###### *Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (continued)*

The amendments:

- specify that an entity's right to defer settlement must exist at the end of the reporting period;
- clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- clarify how lending conditions affect classification; and
- clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

In its Primary Financial Statements project, the IASB is developing proposals to improve the way information is communicated in financial statements. The IASB proposes to issue requirements in a new IFRS Standard that would replace IAS 1.

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted. The Fund is currently evaluating the impact, if any, that this amendment will have on its financial statements.

There are no other standards, amendments and interpretations to existing standards that are not yet effective that would be expected to have a significant impact on the Fund.

#### **Basis of accounting**

The financial statements are prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities (including financial derivative instruments) held at fair value through the profit or loss.

#### **Use of estimates and judgements**

The preparation of financial statements in conformity with IFRS requires the Manager to make use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period.

Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity or areas where estimates and assumptions are significant to the financial statements are discussed within Note 14 (d) to the financial statements. The estimates and underlying assumptions are reviewed on an on-going basis.

#### **(a) Foreign Currency Translation**

The functional and presentation currency of the Fund is JPY ("JP¥") as the Board of Directors of the Manager have determined that this reflects the Fund primary economic environment. Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction.



# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Notes to the Financial Statements (continued)

#### 1. Significant accounting policies (continued)

##### (a) Foreign Currency Translation (continued)

Monetary assets and liabilities denominated in foreign currencies are translated at the foreign currency closing exchange rate ruling at the reporting date.

Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the Statement of Comprehensive Income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated at the foreign currency exchange rates ruling at the dates that the values were determined. Foreign currency exchange differences relating to investments at fair value through profit or loss are included in gains and losses on investments. All other foreign currency exchange differences relating to monetary items, including cash are presented in the Statement of Comprehensive Income.

##### (b) Financial assets and financial liabilities at fair value through profit or loss

###### (i) Classification

The Fund classifies its investment portfolio based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. As such, the Fund classifies its entire investment portfolio as financial assets or financial liabilities at fair value through profit or loss.

Financial assets that are not classified at fair value through profit or loss include cash and cash equivalents and receivables. Financial liabilities that are not at fair value through profit or loss include bank overdraft (if any) and payables. These other financial assets and financial liabilities are held at amortised cost. The Fund's policy requires Yuki Management & Research Co., Limited (the "Investment Manager") and the Board of Directors of the Manager to evaluate the information about these financial assets and financial liabilities on a fair value basis together with other related financial information.

###### (ii) Measurement

Financial instruments are measured initially at fair value.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss are presented in the Statement of Comprehensive Income within "net gain/(loss) on financial assets at fair value through profit or loss".

Financial liabilities arising from the redeemable participating units issued by the Fund are carried at the redemption amount representing the investors' right to a residual interest in the Sub-Fund's assets.

###### (iii) Fair value measurement principles

Equity instruments listed on a recognised stock exchange or traded on any other organised active market are valued at fair value. Assets listed or traded on a stock exchange or over-the-counter market for which market quotations are readily available shall be valued at the latest official close of business price on the principal exchange or market for such investment as at the valuation point on the relevant dealing day or, if not available, at the last quoted traded price as at the valuation point on the relevant dealing day on the principal exchange or market for such investment.

If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Notes to the Financial Statements (continued)

#### 1. Significant accounting policies (continued)

##### (b) Financial assets and financial liabilities at fair value through profit or loss (continued)

###### (iii) Fair value measurement principles (continued)

If for specific assets the latest official close of business price or last quoted traded prices do not, in the opinion of the Administrator, reflect their fair value or are not available, the value shall be calculated with care and in good faith by the Administrator, (being approved by the Depositary as a competent person for such purpose) in consultation with the Investment Manager with a view to establishing the probable realisation value for such assets as at the valuation point on the relevant Dealing Day.

###### (iv) Recognition and Derecognition

The Sub-Fund recognises financial assets and financial liabilities when all significant rights and access to the benefits from the assets and the exposure to the risks inherent in those benefits are transferred to the Sub-Fund. The Sub-Fund derecognises financial assets and financial liabilities when all such benefits and risks are transferred from the Sub-Fund.

###### (v) Impairment

At each reporting date, the Sub-Fund shall measure the loss allowance on receivables balances at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Sub-Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

###### (vi) Forward foreign currency exchange contracts

Forward foreign currency exchange contracts are measured at fair value based on the closing prices of the forward foreign currency exchange contracts' contract rates on the relevant foreign exchange market on a daily basis.

Realised and change in unrealised gains and/or losses are reported in the Statement of Comprehensive Income.

###### (c) Income

Dividend income relating to exchange-traded equity investments is recognised in the Statement of Comprehensive Income on the ex-dividend date.

Dividend income received by the Sub-Fund may be subject to withholding tax imposed in the country of origin. Dividend income is recorded gross of such taxes with a corresponding withholding tax on dividends charge included in the Statement of Comprehensive Income.

In some cases, the Sub-Fund may receive or choose to receive dividends in the form of additional equity shares rather than cash. In such cases, the Sub-Fund recognises the dividend income for the amount of the cash dividend alternative with the corresponding debit treated as an additional investment.

Other income recognised relate to bank interest income.

###### (d) Expenses

All expenses, including Management fees and Depositary fees, are recognised in the Statement of Comprehensive Income on an accrual basis.

# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Notes to the Financial Statements (continued)

#### 1. Significant accounting policies (continued)

##### (e) Gains and Losses on Financial Assets and Financial Liabilities at fair value through profit or loss

Realised gains and losses on financial assets and financial liabilities are calculated based on the average cost. The movement in unrealised gains and losses on financial assets and financial liabilities arising during the financial year are taken to the Statement of Comprehensive Income and are included in "net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss".

##### (f) Transaction Costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Transaction costs on purchases and sales of equities are included in net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss in the Statement of Comprehensive Income. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Purchases and sales transaction costs include identifiable brokerage charges, commissions, transaction related taxes and other market charges.

Transaction costs incurred in the purchase and sale of financial assets at fair value during the financial year amounted to JP¥28,732,035 (31 July 2021: JP¥23,633,218). Depositary related transaction costs include transaction costs paid to the Depositary and sub-custodians (if any). Depositary related transactions costs are included in operating expenses in the Statement of Comprehensive Income and are included within Depositary fees in Note 6.

##### (g) Interest expense

Interest expense is recognised on an effective interest basis. Interest is accrued on a daily basis. Interest paid is interest charged on cash balances held by the Sub-Fund during the financial year.

##### (h) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position when the Fund has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis or simultaneously.

##### (i) Redeemable Participating Units

Redeemable participating units are redeemable at the Unitholder's option and are classified as financial liabilities in accordance with IAS 32, "Puttable financial instruments".

The redeemable participating units can be put back to the Sub-Fund at any time for cash equal to a proportionate unit of the relevant Sub-Fund's Net Asset Value.

The redeemable participating units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the unit back to the relevant Sub-Fund.

##### (j) Cash and cash equivalents

Cash and cash equivalents include cash in bank and other short-term highly liquid investments (if any) having a maturity of 3 months or less. Bank overdrafts, if any, are classified as liabilities.

# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Notes to the Financial Statements (continued)

#### 2. Fees

##### Management fees

Carne Global Fund Managers (Ireland) Limited (the "Manager") is entitled to receive an annual fee of 0.015% of the Net Asset Value ("NAV") of the Sub-Fund, plus reimbursement of expenses incurred and VAT, if any. The fee payable to the Manager is subject to a minimum monthly fee of €2,500 (plus VAT, if any). The management fee shall accrue daily and shall be payable monthly in arrears.

The Manager has delegated its investment management functions to the Investment Manager who manages the investment, realisation and re-investment of the assets of the Fund on a fully discretionary basis.

##### Administrator fees

The Manager has appointed BNY Mellon Fund Services (Ireland) Designated Activity Company to act as Administrator, Registrar and Transfer Agent. The Administrator will have the responsibility for the administration of the Fund's affairs including the calculation of the Net Asset Value per Unit and preparation of the accounts of the Fund, subject to overall supervision of Manager.

The Administrator is entitled to an annual fee based on the rates set out below (plus VAT, if any) payable out of the assets of the Sub-Fund, as follows:

- 0.05% of the NAV of the Sub-Fund on the portion of the NAV up to US\$250 million; plus
- 0.04% of the NAV of the Sub-Fund on the portion of the NAV in excess of US\$250 million and up to US\$500 million;
- 0.03% of the NAV of the Sub-Fund on the portion of the NAV in excess of US\$500 million and up to US\$1 billion;
- 0.015% of the NAV of the Sub-Fund on the portion of the NAV in excess of US\$1 billion.

The Administrator's annual fee will be subject to a minimum fee per annum in respect of the Sub-Fund of US\$60,000 which shall accrue daily and be payable monthly in arrears. The Administrator is entitled to receive Unit Class fees of US\$2,500 per Sub-Fund per annum when the number of Unit Classes exceeds three in the Sub-Fund. The annual fee payable to the Administrator shall be attributable to all Unit Classes and shall represent a deduction from the Net Asset Value of the Sub-Fund and, accordingly, each Class. The Administrator is entitled to receive reasonable out-of-pocket expenses payable out of the assets of the Sub-Fund.

BNY Mellon Fund Services (Ireland) Designated Activity Company also provides transfer agency, foreign account tax compliance act ("FATCA") services and common reporting standard ("CRS") services to the Fund. Fees related to these services are included within Administration fees in Note 6.

##### Depositary fees

The Depositary is entitled to receive an annual fee based on the rates set out below (plus VAT, if any) payable out of the assets of the Sub-Fund, as follows:

- 0.0200% of the NAV of the Sub-Fund on the portion of the NAV up to US\$250 million; plus
- 0.0175% of the NAV of the Sub-Fund on the portion of the NAV in excess of US\$250 million and up to US\$500 million;
- 0.0150% of the NAV of the Sub-Fund on the portion of the NAV in excess of US\$500 million and up to US\$1 billion;
- 0.0100% of the NAV of the Sub-Fund on the portion of the NAV in excess of US\$1 billion.

The Depositary fee is accrued daily and payable monthly in arrears, and is subject to a minimum annual fee of US\$30,000, which shall accrue daily and be payable monthly in arrears.

The annual fee payable to the Depositary shall be attributable to all Unit Classes and shall represent a deduction from the Net Asset Value of the Sub-Fund and, accordingly, each Class.

# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Notes to the Financial Statements (continued)

#### 2. Fees (continued)

##### Depository fees (continued)

The Depository is entitled to be reimbursed by Sub-Fund for all reasonable out-of-pocket expenses properly incurred in the performance of its duties.

In addition, the Depository is also entitled to receive fees for global custody related services it performs on behalf of the Fund. This fee is largely transaction based and is subject to a minimum of US\$6,250 per month, which shall accrue daily and be payable monthly in arrears.

##### Investment Management fees and Placing Agent fees

The Investment Manager and Placing Agent shall receive a combined annual fee not to exceed 1.5% of the NAV of the Sub-Fund accrued daily and payable monthly in arrears. The Placing Agent shall pay out of its own fee the fees of any sub-placing agent.

#### 3. Taxation

Under current Irish law and practice, the Fund qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended. On that basis, it is not chargeable to Irish tax on its income or gains.

However, Irish tax may arise on the happening of a "chargeable event". A chargeable event includes any distribution payments to Unitholders, any encashment, redemption, cancellation or transfer of Units and the holding of Units at the end of each eight year period beginning with the acquisition of such Units.

No Irish tax will arise on the Fund in respect of chargeable events in respect of:

(a) a Unitholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes at the time of the chargeable event, provided the appropriate valid declarations, in accordance with the provisions of the Taxes Consolidation Act, 1997, as amended, are held by the Fund or the Fund has been authorised by the Irish Revenue to make gross payments in the absence of appropriate declarations; and

(b) certain exempted Irish resident Unitholders who have provided the Fund with the necessary signed statutory declarations.

Dividends, interest and capital gains, (if any), received on investments made by the Fund may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Fund or its Unitholders.

#### 4. Net (loss)/gain on financial assets and financial liabilities at fair value through profit or loss

	Year ended 31 July 2022 JP¥	Year ended 31 July 2021 JP¥
Net gain/(loss) on financial assets and financial liabilities at FVTPL during the financial year comprise:		
Net realised gain on transferable securities	248,259,610	2,039,512,810
Net realised gain on forward foreign currency contracts	309,556,547	59,748,216
Net realised gain on foreign currencies	4,228,985	11,719,883
Net movement in unrealised loss on transferable securities	(646,334,955)	(300,170,051)
Net movement in unrealised (loss)/gain on forward foreign currency contracts	(36,922,407)	57,860,979
Net movement in unrealised loss on foreign currencies	—	(208,278)
<b>Net (loss)/gain on financial assets and liabilities at fair value through profit or loss</b>	<b>(121,212,220)</b>	<b>1,868,463,559</b>

# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Notes to the Financial Statements (continued)

#### 5. Gross Income

	Year ended 31 July 2022 JP¥	Year ended 31 July 2021 JP¥
Dividend income	121,280,239	82,657,108
Interest income	—	58
<b>Total Gross Income</b>	<b>121,280,239</b>	<b>82,657,166</b>

#### 6. Operating Expenses

	Year ended 31 July 2022 JP¥	Year ended 31 July 2021 JP¥
Management fees	(4,412,556)	(3,077,085)
Administration fees	(6,707,185)	(10,358,573)
Investment Manager fees	(64,811,132)	(72,336,618)
Placing Agent fees	(32,475,441)	(36,300,118)
Depository fees	(13,361,515)	(14,729,655)
Audit fees	(2,220,143)	(3,019,061)
Professional fees	(12,949,936)	2,599,960
Listing fees	(970,077)	(3,422,517)
Other expenses	(4,776,597)	(2,363,758)
<b>Total operating expenses</b>	<b>(142,684,582)</b>	<b>(143,007,425)</b>

Statutory audit fees amounted to €15,400 for the financial year ended 31 July 2022 (31 July 2021: €14,000). These amounts are exclusive of VAT. There were no fees incurred in respect of taxation advisory, other assurance or non-audit services provided by the statutory auditors during the financial years ended 31 July 2022 or 31 July 2021.

#### 7. Receivables

	As at 31 July 2022 JP¥	As at 31 July 2021 JP¥
Accrued dividend income	10,038,798	5,075,817
Receivable for investments sold	249,216,963	14,138,931
Receivable for fund units issued	—	—
Other receivables	596,450	686,609
<b>Total Receivables</b>	<b>259,852,211</b>	<b>19,901,357</b>

#### 8. Cash and cash equivalents

	As at 31 July 2022 JP¥	As at 31 July 2021 JP¥
Cash and bank balances	319,642,823	217,315,914

All cash balances are held with The Bank of New York Mellon SA/NV, Dublin Branch as at 31 July 2022 and 31 July 2021.

The Standard & Poor's ("S&P") long-term credit rating of The Bank of New York Mellon SA/NV, Dublin Branch was AA- at 31 July 2022 (31 July 2021: AA-).

# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Notes to the Financial Statements (continued)

#### 9. Payables

	Year ended 31 July 2022 JP¥	Year ended 31 July 2021 JP¥
Accrued expenses	(47,175,966)	(46,651,998)
Payable for investments purchased	(246,208,875)	–
Payable for fund units redeemed	–	(394,505)
<b>Total Payables</b>	<b>(293,384,841)</b>	<b>(47,046,503)</b>

#### 10. Purchases and Sales of Investments

	Year ended 31 July 2022 JP¥	Year ended 31 July 2021 JP¥
Total purchases	12,980,673,561	8,755,068,072
Total sales	13,139,403,115	12,725,552,182

#### 11. Related Parties Transactions

Carne Global Fund Managers (Ireland) Limited as Manager of the Fund, earned fees of JP¥4,412,556 during the financial year (31 July 2021: JP¥3,077,085). At the financial year end, fees of JP¥657,198 (31 July 2021: JP¥ Nil) were due to Carne Global Fund Managers (Ireland) Limited.

Carne Global Financial Services Limited, the parent Company of the Manager, earned fees during the financial year in respect of other fund governance services provided to the Sub-Fund, the fees amounted to JP¥4,822,937 (31 July 2021: JP¥3,075,312) of which JP¥849,479 (31 July 2021: JP¥1,056,923) was payable at the financial year end.

Yuki Management & Research Co. Limited, as Investment Manager, earned fees of JP¥64,811,132 during the financial year (31 July 2021: JP¥72,336,618). At the financial year end, fees of JP¥9,453,548 (31 July 2021: JP¥10,842,461) were due to Yuki Management & Research Co., Limited.

Yuki – Co LLC, as International Placing Agent, earned fees of JP¥32,475,441 during the financial year (31 July 2021: JP¥36,300,118) for providing this service. At the financial year end, fees of JP¥12,606,034 (31 July 2021: JP¥5,433,036) were due to Yuki – Co LLC.

Yuki Investments Co. Ltd, as the Promoter, is also considered a related party to the Fund.

As of 31 July 2022, Yuki Asset Taiwan Co. Ltd. and Yuki Asset Management Co. Ltd. which are both members of the Yuki Group, held 3,910 (31 July 2021: 3,190 of the Euro Hedged Unit Class) and 2,684 (31 July 2021: 2,684 of the Euro Hedged Unit Class) units respectively, of the JPY Unit Class. In addition, at 31 July 2022, Yuki Strategies Umbrella Fund, which shares the same Manager and Investment Manager as the Fund, held 19,091 units of the JPY Unit Class (31 July 2021: 19,938).

Clearstream Banking SA, Attrax SA, Quintet Luxembourg Customers Account, Fundsettle EOC Nominees Limited and International Fund Services (31 July 2021: Fundsettle EOC Nominees Limited and Clearstream Banking SA) who are not otherwise related parties, are significant Unitholders based on each Unit Class in the Sub-Fund as of 31 July 2022.

The Board of Directors of the Manager are also considered to be related parties.

# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Notes to the Financial Statements (continued)

#### 12. Units in issue

##### Yuki Japan Rebounding Growth Fund

	<b>JPY Unit Class</b>	<b>JPY Unit Class</b>
	<b>Year ended</b>	<b>Year ended</b>
	<b>31 July</b>	<b>31 July</b>
	<b>2022</b>	<b>2021</b>
Opening Balance	134,792	177,277
Subscriptions	14,594	58,083
Redemptions	(27,247)	(100,568)
Closing Balance	<u>122,139</u>	<u>134,792</u>

	<b>USD Hedged Unit</b>	<b>USD Hedged Unit</b>
	<b>Class</b>	<b>Class</b>
	<b>Year ended</b>	<b>Year ended</b>
	<b>31 July</b>	<b>31 July</b>
	<b>2022</b>	<b>2021</b>
Opening Balance	6,237	24,738
Subscriptions	4,618	2,222
Redemptions	(4,018)	(20,723)
Closing Balance	<u>6,837</u>	<u>6,237</u>

	<b>Euro Hedged Unit</b>	<b>Euro Hedged Unit</b>
	<b>Class</b>	<b>Class</b>
	<b>Year ended</b>	<b>Year ended</b>
	<b>31 July</b>	<b>31 July</b>
	<b>2022</b>	<b>2021</b>
Opening Balance	3,511	5,371
Subscriptions	–	152
Redemptions	(14)	(2,012)
Closing Balance	<u>3,497</u>	<u>3,511</u>

	<b>JPY Institutional</b>	<b>JPY Institutional</b>
	<b>Unit Class 2</b>	<b>Unit Class 2</b>
	<b>Year ended</b>	<b>Year ended</b>
	<b>31 July</b>	<b>31 July</b>
	<b>2022</b>	<b>2021</b>
Opening Balance	2,807	2,807
Subscriptions	–	–
Redemptions	–	–
Closing Balance	<u>2,807</u>	<u>2,807</u>

#### 13. Soft commission and directed brokerage arrangements

There were no soft commission and directed brokerage arrangements in existence during the financial years 31 July 2022 and 31 July 2021.



# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Notes to the Financial Statements (continued)

#### 14. Financial instruments

##### General Risk Management Process

The Investment Manager, Yuki Management & Research Co., Limited, manages the Fund's risk management process under the supervision of the Investment Advisory Council and oversight of these functions is carried out by both the Depositary and by the Board of Directors of the Manager.

The Investment Manager is organised by function with distinct separation of responsibility between Sub-Fund Managers, traders and investment administration personnel. A number of techniques are employed by the Investment Manager to ensure good corporate governance:

- the management process is monitored by members of the Board,
- statutory auditors of the Investment Manager (Japanese Corporate Lawyer who is entrusted by Unitholders with overseeing and auditing the business executions and conducts of directors who are often executive officers),
- Investment Policy Committee,
- Compliance Committee and Compliance Officer.

The risk management process consists of a multi-layered and cross-functional review that provides a system of checks and balances as stipulated in a series of in-house rules (i.e. Risk Management Code, Investment Management Guideline and Manual, Trader Guideline and Manual, etc.).

Risks specific to the Sub-Fund are managed by the relevant fund management teams with support of trading teams, investment administration teams and compliance teams. In this process, fund management teams are to make investment judgements and to order executions strictly in accordance with internal investment management rules and procedures. The risk management of a Sub-Fund is inherently built into a Sub-Fund by means of portfolio construction and managed strictly in accordance with the internal guidelines and manuals.

Internal audits are conducted on a regular and timely basis to ensure that the risk management processes are operating effectively.

Risk can be separated into the following components: market risk, credit risk and liquidity risk. Each type of risk is discussed in turn and qualitative and quantitative analyses are provided where relevant to give the reader an understanding of the risk.

The Fund calculates global exposure using the commitment approach.

##### (a) Market Risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market variables or factors. Market risk comprises three types of risk: market price risk, currency risk, and interest rate risk.

The Sub-Fund's investments are susceptible to market risk arising from uncertainties about future prices of the instruments. The Sub-fund's market price risk is managed through diversification of the investment portfolio.

##### (i) Market Price Risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk and interest rate risk), whether those factors are caused by factors specific to individual financial instruments or its issuer, or other factors affecting similar financial instruments traded in the market.

##### Yuki Japan Rebounding Growth Fund

While the Sub-Fund does not follow a benchmark, for the purpose of performance analysis and comparison, the TOPIX index will be used.

# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Notes to the Financial Statements (continued)

#### 14. Financial instruments (continued)

##### (a) Market Risk (continued)

##### (i) Market Price Risk (continued)

Since the inception of the Sub-Fund in March 2011, the TOPIX index has risen by 124.03% (31 July 2021: 119.50%) whilst the Sub-Fund has appreciated by 237.88% (31 July 2021: 260.75%).

In the current financial year, the Investment Manager has calculated the Fund's beta as 0.7036 (31 July 2021: 0.5424) relative to the TOPIX benchmark. The market price risk calculation uses the Fund's beta for the full fiscal year as an indication as to how the Fund might perform relative to a 10% move in the TOPIX. If the TOPIX had increased by 10% on 31 July 2022 (31 July 2021: 10%), with all other variables remaining constant, based on the Sub-Fund's performance of the previous 12 months, the increase in Net Assets would be approximately JP¥444,180,951 (31 July 2021: JP¥342,415,787). Conversely, if the TOPIX had decreased by 10%, this would have resulted in a decrease of Net Assets by the same amount (31 July 2021: JP¥342,415,787).

If the prices of the Sub-Fund's portfolio increased by 10% as at the financial year end 31 July 2022 (31 July 2021: 10%), the increase in Net Assets of the Sub-Fund would be approximately JP¥596,450,514 (31 July 2021: JP¥631,297,543).

##### Limitations of Sensitivity Analysis

There are limitations in relation to the sensitivity analysis on market risk as sensitivity analyses are based on historical data and cannot take account of the fact that future market price movements, correlations between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns. The market price risk information is a relative estimate of risk rather than a precise and accurate number and future market conditions could vary significantly from those experienced in the past. The sensitivity analysis assumes that the relative performance of the Sub-Fund to TOPIX remains unchanged.

##### (ii) Currency Risk

Currency risk is defined as the risk that the fair value of a financial instrument will fluctuate because of changes in foreign exchange rates. This risk arises on financial instruments that are denominated in a currency other than the functional currency in which it is measured. All the monetary and non-monetary financial assets of the Sub-Fund are denominated in the functional currency i.e. Japanese Yen. Certain expenses and derivatives are paid/payable in currencies other than Japanese Yen.

As at 31 July 2022, had there been a 10% (31 July 2021: 10%) increase in foreign currency exchange rates against the Japanese Yen, with all other variables being held constant, these would have had the following impact on the net assets attributable to holders of redeemable participating shares as disclosed in the tables below. An equal and opposite effect would have resulted had foreign currency exchange rates decreased.

The table below sets out the Sub-Fund's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary and non-monetary assets and liabilities as at 31 July 2022:

Currency	Monetary Assets JP¥	Non-Monetary Assets JP¥	Forward foreign currency exchange contracts JP¥	Net Exposure JP¥	10% Sensitivity JP¥
EUR	–	–	392,525,622	392,525,622	39,252,562
USD	–	–	1,277,993,493	1,277,993,493	127,799,349

# YUKI ASIA UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

### Notes to the Financial Statements (continued)

#### 14. Financial instruments (continued)

##### (a) Market Risk (continued)

##### (ii) Currency Risk (continued)

The table below sets out the Sub-Funds' total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary and non-monetary assets and liabilities as at 31 July 2021:

Currency	Monetary Assets JP¥	Non-Monetary Assets JP¥	Forward foreign currency exchange contracts JP¥	Net Exposure JP¥	10% Sensitivity JP¥
EUR	–	–	410,609,496	410,609,496	41,060,950
USD	–	–	1,030,099,727	1,030,099,727	103,009,973

##### (iii) Interest Rate Risk

This is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Sub-Fund's financial assets are equity shares and other instruments which neither pay interest nor have a maturity date. Cash balances of the Sub-Fund are not subject to significant interest rate risk.

##### (b) Credit Risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk in the Sub-Fund is very low as it does not invest in exchange traded debt securities, futures or derivative instruments of any type except foreign currency exchange contracts.

All of the assets and cash of the Sub-Fund are held within the custodial network of the Depositary. Bankruptcy or insolvency of the Depositary or of its parent company may cause the Sub-Fund's rights with respect to its investments in equity securities held by the Depositary to be delayed. The maximum exposure to this risk at 31 July 2022 and 31 July 2021 is the total current assets disclosed in the Statement of Financial Position.

In accordance with the requirements of the Trust Deed and the UCITS Regulations, the Sub-Fund's securities are maintained within the Depositary's custodial network in segregated accounts. The Depositary will ensure that any agent it appoints to assist in safekeeping the assets of the Fund will segregate the assets of the Fund. Thus, in the event of insolvency or bankruptcy of the Depositary, the Fund's assets are segregated and protected and this further reduces counterparty risk. The Sub-Fund will, however, be exposed to the risk of the Depositary or certain depositories used by the Depositary, in relation to the Fund's cash held by the Depositary. In the event of insolvency or bankruptcy of the Depositary, the Sub-Fund will be treated as a general creditor of the Depositary in relation to cash holdings of the Sub-Fund.

The Standard & Poor's ("S&P") long-term credit rating of The Bank of New York Mellon SA/NV, Dublin Branch was AA- at 31 July 2022 (31 July 2021: AA-).

The Sub-Fund's financial assets subject to the expected credit loss ("ECL") model within IFRS 9 are other receivables and cash. Loss allowances for other receivables and cash are measured at an amount equal to lifetime ECL if there is significant increase in credit risk on an instrument. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. No assets are considered impaired and no amounts have been written off in the year.

## YUKI ASIA UMBRELLA FUND

### Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

#### Notes to the Financial Statements (continued)

##### 14. Financial instruments (continued)

###### (c) Liquidity Risk

This is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities.

The ability to sell equity shares quickly to meet redemption orders, at any time, is the principal liquidity risk that the Investment Manager manages. To meet the redemption liability, the Sub-Fund may be required to sell securities.

The Sub-Fund endeavours to acquire only such financial instruments for which a liquid market exists. However, not all securities invested in by the Sub-Fund will be listed or rated and consequently, liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. The Sub-Fund may also encounter difficulties in disposing off assets at their fair market price due to adverse market conditions leading to limited liquidity.

The Manager is entitled to limit the number of Units of the Sub-Fund repurchased on any Dealing Day to 10% of the total number of Units of the Sub-Fund in issue, if in its judgement a repurchase request exceeding 10% of the total number of Units of the Sub-Fund in issue may adversely affect the interest of a Sub-Fund or its Unitholders. In this event, the limitation will apply pro rata so that all Unitholders wishing to have their Units repurchased on that Dealing Day realise the same proportion of such Units and Units not repurchased, but which would otherwise have been repurchased, will be carried forward for repurchase on the next Dealing Day, provided that requests for repurchase which have been carried forward from an earlier Dealing Day shall (subject always to the foregoing limits) be complied with in priority to later requests.

The Manager or the Administrator may, with the consent of the Depositary/Trustee, temporarily suspend the calculation of the Net Asset Value of the Sub-Fund, the Net Asset Value per Unit or Class of Units of the Sub-Fund and the issue and repurchase of Units of the Sub-Fund to and from Unitholders subject to various conditions as stipulated in the Prospectus.

All of the financial liabilities at 31 July 2022 and 31 July 2021 are due within one to three months.

###### (d) Fair value estimation

IFRS 13, "Fair value measurement", requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted prices for identical or similar instruments in markets that are considered less than active including securities priced using quotations received from brokers, whenever available and considered reliable; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant

## YUKI ASIA UMBRELLA FUND

### Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

#### Notes to the Financial Statements (continued)

##### 14. Financial instruments (continued)

###### (d) Fair value estimation (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' requires significant judgement by the Fund.

For each class of assets and liabilities not measured at fair value in the Statement of Financial Position but for which fair value is disclosed, IFRS 13 requires the Fund to disclose the level within the fair value hierarchy which the fair value measurement would be categorised and a description of the valuation technique and inputs used in the technique. Assets and liabilities not carried at fair value are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

Cash and cash equivalents include deposits held with banks and other short-term investments in an active market and they are categorised as Level 1.

Receivables and payables represent contract amounts and obligations due to/due by the Fund. All receivable and payable balances are categorised as Level 2.

The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

All financial assets at fair value through profit or loss are classified as Level 1, with the exception of forward foreign currency exchange contracts which are classified as Level 2, for the financial years ended 31 July 2022 and 31 July 2021.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the financial year or when the pricing source or methodology used to price an investment has changed which triggers a change in level as defined under IFRS 13. During the financial years ended 31 July 2021 and 31 July 2022, there were no transfers between levels of the fair value hierarchy.

##### 15. Exchange rates

As all assets and liabilities held at the financial year end are denominated in Japanese Yen, no exchange rates have been used for translation purposes.

In respect of certain fees paid during the financial year and outstanding payables at the financial year end, the following exchange rates apply:

###### Year end exchange rate

	As at 31 July 2022	As at 31 July 2021
Euro	136.445156	130.455673
US Dollar	133.225013	109.604992

## YUKI ASIA UMBRELLA FUND

### Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

#### Notes to the Financial Statements (continued)

##### 15. Exchange rates (continued)

###### Average exchange rate

	Financial year ended 31 July 2022	Financial year ended 31 July 2021
Euro	132.648390	127.645810
US Dollar	118.838463	106.738566

##### 16. Efficient portfolio management

The Fund may, on behalf of the Sub-Fund and subject to the conditions and within the limits laid down by the Central Bank of Ireland, employ techniques and instruments relating to transferable securities for efficient portfolio management purposes. Transactions for the purposes of efficient portfolio management maybe undertaken with a view to achieving a reduction in risk, a reduction in costs or an increase in capital or income returns to a Sub-Fund and may not be speculative in nature.

These techniques and instruments may include investments in financial derivative instruments such as futures (which may be used to manage interest rate risk), options (which may be used to achieve cost efficiencies, for example where the acquisition of the option is more cost effective than purchasing of the underlying asset), swaps and forward currency exchange contracts (both of which may be used to manage currency risk against the base currency of a Sub-Fund and/or any functional currency of a Sub-Fund). Such techniques and instruments will be utilised in accordance with the requirements of the Central Bank of Ireland. New techniques and instruments may be developed which may be suitable for use by the Fund and the Fund (subject as aforesaid) may employ such techniques and instruments. A Sub-Fund may enter into stock lending, repurchase and/or reverse repurchase agreements for the purposes of efficient portfolio management in accordance with the provisions of the UCITS Regulations.

The Sub-Fund did not use financial derivative instruments with the exception of forward foreign currency exchange contracts during the financial year.

Details of forward foreign currency exchange contracts as at the financial year end are reflected within the Schedule of Investments. Gains and losses related to forward foreign currency exchange contracts are reflected in the Statement of Comprehensive Income.

###### Offsetting

There are no off-setting agreements in place for the Fund, therefore the Sub-Fund has not offset any derivative positions in the Statement of Financial Position and all are shown gross.

##### 17. Contingent liabilities

As at 31 July 2022 and 31 July 2021, the Fund did not have any contingent liabilities.

##### 18. Significant events during the financial year

The outbreak of Coronavirus (COVID-19), declared by the World Health Organisation as a global pandemic in 2020, has impacted many aspects of daily life and the global economy. Travel movements and operational restrictions were implemented by many countries throughout 2019-2021. However, in 2022, most economies globally have fully reopened and the pace of recovery has varied from country to country. Countries and their workforce have successfully adapted to living and working in this pandemic environment. As we move into the latter half of 2022, there continues to be potential unforeseen economic consequences from this virus and market reaction to such consequences could be rapid, unpredictable and vary significantly from country to country.

The Directors together with the Manager will continue to monitor business continuity and resilience processes with the objective of mitigating any potential for ongoing impact of COVID-19.

## **YUKI ASIA UMBRELLA FUND**

### **Annual Report and Audited Financial Statements for the financial year ended 31 July 2022**

#### **Notes to the Financial Statements (continued)**

##### **18. Significant events during the financial year (continued)**

Effective 28 April 2022, David McGowan resigned as a Director of the Manager.

Effective 28 September 2021, Mr. Christophe Douche was appointed as a Director of the Manager and the appointment was approved by the Central Bank of Ireland effective that date.

Effective 22 December 2021, a new Prospectus was approved by the Central Bank.

Events arising in Ukraine, as a result of military action being undertaken by Russia in Ukraine, may impact on securities directly or indirectly related to companies domiciled in Russia and/or listed on exchanges located in Russia ("Russian Securities"). As at 31 July 2022, the Schedule of Investments of the Fund has no exposure to Russian Securities. The Directors of the Manager are monitoring developments related to this military action, including current and potential future interventions of foreign governments and economic sanctions.

Interest rates in Japan remain low along with inflation when compared to other countries. The Investment Manager monitors these positions.

Other than the above, there were no other significant events affecting the Fund or Sub-Fund during the financial year.

##### **19. Significant events after the financial year end**

Effective 1 September 2022, Jacqueline O'Connor was appointed as a Director of the Manager.

Effective 30 September 2022, Michael Bishop resigned as a Director of the Manager.

There were no other significant events affecting the Fund or the Sub-Fund after the financial year end.

##### **20. Approval of the Annual Report and Audited Financial Statements**

The Annual Report and Audited Financial Statements were approved by the Board of Directors of the Manager on 22 November 2022.

## YUKI ASIA UMBRELLA FUND

### Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

#### Schedule of Significant Portfolio Changes (unaudited)

For the financial year ended 31 July 2022

Major Purchases	Cost JP¥
DMG Mori Co Ltd	311,733,626
Marui Group Co Ltd	291,702,086
Fujitsu Ltd	221,895,242
Maruwa Co Ltd/Aichi	213,682,790
Renesas Electronics Corp	204,097,172
Shimano Inc	197,423,687
Kadokawa Corp	194,377,979
Shimadzu Corp	182,754,808
Terumo Corp	181,655,013
OKUMA Corp	181,140,031
SUMCO Corp	179,454,268
JSR Corp	178,604,164
Olympus Corp	173,514,785
Jeol Ltd	169,497,243
Tokai Carbon Co Ltd	164,901,604
Ono Pharmaceutical Co Ltd	162,795,810
SCSK Corp	162,684,871
Sony Group Corp	161,490,392
NET One Systems Co Ltd	159,563,223
Subaru Corp	151,834,680
Kintetsu World Express Inc	142,495,970
Taiyo Yuden Co Ltd	142,108,144
Topcon Corp	136,740,348
Seiren Co Ltd	135,472,953
Central Japan Railway Co	133,370,546
Mazda Motor Corp	131,890,920
Daishinku Corp	131,677,683
Nippon Yusen KK	130,797,306
Denso Corp	130,355,530
Mitsui OSK Lines Ltd	130,272,805
Mitsui Fudosan Co Ltd	130,112,004

Material portfolio changes are defined as aggregate purchases of a security exceeding one percent of the total value of purchases for the financial year or aggregate sales of a security exceeding one percent of the total value of sales for the financial year. At a minimum, the 20 largest purchases and 20 largest sales must be disclosed.



## YUKI ASIA UMBRELLA FUND

### Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

#### Schedule of Significant Portfolio Changes (unaudited) (continued)

For the financial year ended 31 July 2022

Major Sales	Proceeds JP¥
Aisin Corp	309,535,636
Shinko Electric Industries Co Ltd	309,062,641
NGK Insulators Ltd	268,563,554
Ferrotec Holdings Corp	226,531,802
Toyota Motor Corp	216,571,773
MINEBEA MITSUMI Inc	200,744,997
Ebara Corp	199,454,201
Dexerials Corp	196,570,355
Kadokawa Corp	195,356,371
Asahi Kasei Corp	187,958,389
Sanyo Denki Co Ltd	185,561,159
Isuzu Motors Ltd	185,275,198
Tokyo Electron Ltd	180,610,112
Daishinku Corp	169,614,120
Nintendo Co Ltd	168,830,084
Shimano Inc	166,574,264
Kintetsu World Express Inc	158,444,918
Lasertec Corp (Units)	156,836,226
Ibiden Co Ltd	154,773,562
Capcom Co Ltd	154,253,815
Jeol Ltd	142,981,548
Nippon Yusen KK	142,840,704
Outsourcing Inc	139,223,386
NTT Data Corp	135,769,101
Mitsui OSK Lines Ltd	135,422,870
Fujitsu Ltd	135,247,149

Material portfolio changes are defined as aggregate purchases of a security exceeding one percent of the total value of purchases for the financial year or aggregate sales of a security exceeding one percent of the total value of sales for the financial year. At a minimum, the 20 largest purchases and 20 largest sales must be disclosed.

## **YUKI ASIA UMBRELLA FUND**

### **Annual Report and Audited Financial Statements for the financial year ended 31 July 2022**

#### **Other Information**

##### **Promoter**

Yuki Investments Co. Ltd  
Sun Dwell #301  
3-23-10 Nishi-ochiai  
Shinjuku-ku  
Tokyo 161-0031  
Japan

##### **Manager**

Carne Global Fund Managers (Ireland) Limited  
2<sup>nd</sup> Floor  
Block E, Iveagh Court  
Harcourt Road  
Dublin 2  
Ireland

##### **Directors of Carne Global Fund Managers (Ireland) Limited**

Teddy Otto (German)  
Michael Bishop (British)\* (resigned 30 September 2022)  
Sarah Murphy (Irish)  
Neil Clifford (Irish)  
David McGowan (Irish) (resigned 28 April 2022)  
Elizabeth Beazley (Irish)  
Christophe Douche (French) (Appointed 28 September 2021)  
Jacqueline O'Connor (British)\* (Appointed 1 September 2022)

\*Independent non-executive Director

##### **Company Secretary to the Manager**

Carne Global Financial Services Limited  
2<sup>nd</sup> Floor  
Block E, Iveagh Court  
Harcourt Road  
Dublin 2  
Ireland

##### **Investment Manager**

Yuki Management & Research Co., Limited  
Tanaka Yaesu Building  
1-5-15 Yaesu, Chuo-Ku  
Tokyo 103-0028  
Japan

##### **Administrator, Registrar and Transfer Agent**

BNY Mellon Fund Services (Ireland) Designated Activity Company  
One Dockland Central  
Guild Street  
IFSC  
Dublin 1  
Ireland

##### **Legal and Tax Advisers in Ireland**

Dillon Eustace  
33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

## **YUKI ASIA UMBRELLA FUND**

### **Annual Report and Audited Financial Statements for the financial year ended 31 July 2022**

#### **Other Information (continued)**

**Legal Advisers in Japan**

Mori Hamada Matsumoto  
Marunouchi Park Building  
2-6-1, Marunouchi  
Chiyoda-ku  
Tokyo 100-8222  
Japan

**Trustee and Depositary**

The Bank of New York Mellon SA/NV, Dublin Branch  
Riverside Two  
Sir John Rogerson's Quay  
Grand Canal Dock  
Dublin 2  
Ireland

**Independent Auditors**

Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House  
29 Earlsfort Terrace  
Dublin 2  
Ireland

**Investment Advisory Council**

Mr. Magoyuki Oshitani  
Mr. Magotaka Oshitani  
Mr. Jeff Collett

**Placing Agent**

Yuki – Co, LLC  
2173 Walker Lane  
Salt Lake City  
Utah 84117  
United States of America

**Placing Agent in Japan**

The Bank of New York Mellon Securities Company Japan Ltd.  
Marunouchi Trust Tower Main  
1-8-3 Marunouchi  
Chiyoda-ku  
Tokyo 100-0005  
Japan

**Listing Agent**

Dillon Eustace  
33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

## YUKI ASIA UMBRELLA FUND

### Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

#### Appendix - UCITS V Remuneration Disclosures (unaudited)

The European Union Directive 2014/91/EU as implemented in Ireland by S.I. No. 143/2016 - European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016, requires management companies to establish and apply remuneration policies and practices that promote sound and effective risk management, and do not encourage risk taking which is inconsistent with the risk profile of the UCITS.

To that effect, Carne Global Fund Managers (Ireland) Limited (“the **Manager**”), has implemented a remuneration policy that applies to all UCITS for which the Manager acts as manager (the “**Remuneration Policy**”) and covers all staff whose professional activities have a material impact on the risk profile of the Manager or the UCITS it manages (“**Identified Staff of the Manager**”). The Remuneration Policy also applies to all alternative investment funds for which the Manager acts as alternative investment fund manager. In accordance with the Remuneration Policy, all remuneration paid to Identified Staff of the Manager can be divided into:

- Fixed remuneration (payments or benefits without consideration of any performance criteria); and
- Variable remuneration (additional payments or benefits depending on performance or, in certain cases, other contractual criteria) which is not based on the performance of the UCITS.

The Manager has designated the following persons as Identified Staff of the Manager:

1. The Designated Persons;
2. Each of the Manager’s directors;
3. Compliance Officer;
4. Risk Officer;
5. Money Laundering Reporting Officer;
6. Chief Executive Officer;
7. Chief Operating Officer;
8. Head of Compliance with responsibility for Anti-Money Laundering and Counter Terrorist Financing; and
9. All members of the investment committee.

The Manager has a business model, policies, and procedures which by their nature do not promote excessive risk taking and take account of the nature, scale, and complexity of the Manager and the UCITS. The Remuneration Policy is designed to discourage risk taking that is inconsistent with the risk profile of the UCITS and the Manager is not incentivised or rewarded for taking excessive risk.

The Manager has determined not to constitute a separate remuneration committee and for remuneration matters to be determined through the Manager’s Compliance and AML Committee.

The Manager’s Compliance and AML Committee is responsible for the ongoing implementation of the Manager’s remuneration matters and will assess, oversee, and review the remuneration arrangements of the Manager as well as that of the delegates as relevant, in line with the provisions of the applicable remuneration requirements.

The Manager’s parent company is Carne Global Financial Services Limited (“**Carne**”). Carne operates through a shared services organisational model which provides that Carne employs the majority of staff and enters into inter-group agreements with other Carne Group entities within the group to ensure such entities are resourced appropriately. Additionally, the Manager has a number of directly employed staff. The one non-executive independent director is not an employee of the Manager. 4 of the Designated Persons are directly employed by the Manager. The remainder of the identified staff are employees of Carne, or employees of another entity within the Carne Group, and are remunerated directly based on their contribution to Carne Group as a whole. In return for the services of each of the Carne Identified Staff, the Manager pays an annual staff recharge to Carne (the “**Staff Recharge**”).

## **YUKI ASIA UMBRELLA FUND**

### **Annual Report and Audited Financial Statements for the financial year ended 31 July 2022**

#### **Appendix - UCITS V Remuneration Disclosures (unaudited) (continued)**

The non-executive independent director is paid a fixed remuneration and each other Identified Staff member's remuneration is linked to their overall individual contribution to the Carne Group, with reference to both financial and non-financial criteria and not directly linked to the performance of specific business units or targets reached or the performance of the UCITS.

The aggregate of the total Staff Recharge and the remuneration of the independent non-executive director is €1,762,906 paid to 21 individuals for the year ended 31 December 2021. The Manager has also determined that, on the basis of number of sub-funds / net asset value of the UCITS relative to the number of sub-funds / assets under management, the portion of this figure attributable to the UCITS is €1,986.

The Fund does not pay any fixed or variable remuneration to identified staff of the Investment Manager.

The Remuneration Policy and the Manager's remuneration practices and procedures were amended during the financial year. Also, the committee responsible for remuneration matters for the Manager has changed to the Compliance and AML Committee, a Committee of the Manager's Board.

## YUKI ASIA UMBRELLA FUND

### Annual Report and Audited Financial Statements for the financial year ended 31 July 2022

#### Appendix - Additional Information for Qualified Investors in Switzerland (unaudited)

The Fund, including its Sub-Fund, is compliant with Swiss law for distribution to qualified investors in Switzerland. The Swiss representative is Carnegie Fund Services S.A., 11, rue du General-Dufour, 1204 Geneva. The Swiss paying agent is Banque Cantonale de Geneve, 17, quai de l'Ile, 1204 Geneva, Switzerland. Investors in Switzerland can obtain the documents of the Fund, such as the Prospectus, the Trust Deed, the Key Investor Information Documents (KIIDs), and the financial reports free of charge from the Swiss representative. This document may only be issued, circulated or distributed so as not to constitute an offering to the general public in Switzerland. Recipients of the document in Switzerland should not pass it on to anyone without first consulting their legal or other appropriate professional adviser, or the Swiss representative. For the units of the Fund distributed to qualified investors in Switzerland, the place of jurisdiction is Geneva.

Each time performance data is published, it should be noted that the past performance is no indication of current or future performance, and that it does not take account of the commissions and costs incurred on the issue and redemption of units.

#### Total Expense Ratios ("TER") as at 31 July 2022

Unit Class	Yuki Japan Rebounding Growth Fund %
JPY Unit Class	2.20%
USD Hedged Unit Class	2.20%
Euro Hedged Unit Class	2.20%
JPY Institutional Unit Class 2	1.70%

#### Methodology

The TER is calculated on an ex-post basis (i.e. based on the actual costs charged), by reference to the fiscal year.

The TER is equal to the ratio of the total operating costs to the average Net Asset Value. Total operating costs are expenses deducted from the assets for the relevant fiscal year. The average Net Asset Value is calculated using the Net Asset Value as at each valuation point.

## **YUKI ASIA UMBRELLA FUND**

### **Annual Report and Audited Financial Statements for the financial year ended 31 July 2022**

#### **Appendix: EU Sustainability Regulation (unaudited)**

The Fund is categorized as an Article 6 fund under Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

The investments underlying this Fund do not take into account the EU criteria for environmentally sustainable economic activities within the meaning of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.