

# ***YUKI STRATEGIES UMBRELLA FUND***

**Annual Report and Audited Financial Statements for the  
financial period from 18 September 2020 (date of  
constitution) to 31 December 2021**

## **YUKI STRATEGIES UMBRELLA FUND**

### **Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021**

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# YUKI STRATEGIES UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

### 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 Strategies Umbrella Fund (the "Fund") was constituted on 18 September 2020 as an open-ended umbrella Unit Trust. The Fund has been authorised by the Central Bank of Ireland (the "Central Bank") as a Qualifying Investor Alternative Investment Fund (the "QIAIF"), pursuant to and complying with the provisions of the Unit Trusts Act, 1990 and the Central Bank's AIF Rulebook. At 31 December 2021, the Fund currently has one active Sub-Fund (the "Sub-Fund"):

Yuki Select Strategies Fund: launched 6 October 2020.

The Sub-Fund is registered as an QIAIF with effect from 18 September 2020.

### Investment Objective and Policies

#### *Yuki Select Strategies Fund*

The investment objective of the Sub-Fund is to provide long-term capital appreciation for Unitholders. Yuki Management & Research Co., Limited (the "Investment Manager") will mainly seek to achieve the investment objective by investing in a portfolio of open ended regulated collective investment schemes and strategies, primarily in the Yuki Funds.

In addition, the Investment Manager may also invest in other regulated collective investment schemes established in Ireland and Luxembourg which the Investment Manager believes will have the requisite liquidity and return characteristics the investment manager finds attractive that meet the investment objective of the Sub-Fund.

The Sub-Fund will not follow a benchmark and will be actively managed.

### Prices

Units will be issued at the Net Asset Value ("NAV") per Unit (plus duties and charges, where relevant) on the relevant dealing day. In addition, a preliminary sales charge of 3% of the NAV of the total Units being subscribed for may, at the discretion of the Alternative Investment Fund Manager, Carne Global Fund Managers (Ireland) Limited, (the "AIFM"), following consultation with the Investment Manager and AIFM, be added to the NAV of the Units being subscribed for, with the resultant figure rounded mathematically to the nearest unit of the base currency.

Units will be redeemed at the applicable NAV per Unit (less duties and charges, where relevant) on the dealing day on which the redemption is effected. In addition a redemption charge (payable to the relevant Sub-Fund) of 5% of the NAV of the total Units being redeemed may at the AIFM's sole discretion be payable, which shall be deducted from the NAV of the Units being redeemed and the resultant figure rounded mathematically to the nearest unit of base currency.

However, it is not the current intention of the AIFM to impose a repurchase charge. In the event that the AIFM decides to do so, it will notify relevant Unitholders in advance.

### Dealing

The dealing day for the Sub-Fund is any day other than a Saturday or Sunday when banks in Ireland, Japan and the United Kingdom are open for business, or such other day or days as the Manager may from time to time determine.

Applications for Units must be received by BNY Mellon Fund Services (Ireland) Designated Activity Company's (the "Administrator") or its delegate no later than 5 a.m. (GMT Summer Time) on the relevant dealing day or such other time as the Directors of the AIFM may determine and notify to Unitholders in advance provided always that the dealing deadline is no later than the valuation point on that dealing day.

## **YUKI STRATEGIES UMBRELLA FUND**

### **Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021**

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

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

Requests for the redemption of Units should be submitted to the Administrator or its delegate no later than 5 a.m. (GMT Summer Time) on the relevant dealing day or such other time as the Directors of the AIFM may determine and notify to Unitholders in advance provided always that the dealing deadline is no later than the valuation point on that dealing day and may be made by post, by fax or by electronic mail. No redemption proceeds will be paid until such time as all original subscription documentation has been received by the Administrator.

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

Units are offered at the Net Asset Value per Unit. The minimum initial investment, minimum holding and minimum subsequent investment per Unitholder in the Sub-Fund is EUR100,000 or the equivalent in number of Units.

The AIFM reserves the right to waive or reduce the minimum transaction size for initial subscription, the minimum holding amount, the minimum transaction size for subsequent subscriptions and the minimum transaction size for redemptions.

##### **Distributions**

Distributions, if any, will be declared and paid at the sole discretion of the AIFM.

In the case of all accumulating classes of the Sub-Fund, the net income and realised and unrealised gains net of realised and unrealised losses available for distribution will be accumulated and reflected in the Net Asset Value per Unit which shall rise accordingly.

There were no distributions declared for the financial period ended 31 December 2021.

##### **Accounting Date**

In accordance with the Prospectus, the Annual Report and Audited Financial Statements shall be prepared to the accounting date of 31 December in each financial year. The financial statements have been prepared based on the last NAV of the financial period which has been calculated on 30 December 2021 with a price at that date as 31 December 2021 is a holiday in Japan, hence considered as Fund holiday.

##### **Diversity**

The Board of Directors of the AIFM 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 AIFM 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.

##### **Significant events during the financial period**

The significant events during the financial period are disclosed in Note 20 to the financial statements.

##### **Accounting Records**

The accounting records of the Sub-Fund were maintained by the Administrator and are kept at One Dockland Central, Guild Street, IFSC, Dublin 1, Ireland for the financial period ended 31 December 2021.

## **YUKI STRATEGIES UMBRELLA FUND**

**Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021**

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

#### **Leverage**

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

#### **Significant events after the financial period end**

The significant events after the financial period ended are disclosed in Note 21 to the financial statements.

**YUKI STRATEGIES UMBRELLA FUND**

**Annual Report and Audited Financial Statements for the financial period from 18  
September 2020 (date of constitution) to 31 December 2021**

**Investment Manager's Report**

**YUKI STRATEGIES UMBRELLA FUND**

**Annual Report and Audited Financial Statements for the financial period from 18  
September 2020 (date of constitution) to 31 December 2021**

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

**YUKI STRATEGIES UMBRELLA FUND**

**Annual Report and Audited Financial Statements for the financial period from 18  
September 2020 (date of constitution) to 31 December 2021**

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



**YUKI STRATEGIES UMBRELLA FUND**

**Annual Report and Audited Financial Statements for the financial period from 18  
September 2020 (date of constitution) to 31 December 2021**

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

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

**2022**

# YUKI STRATEGIES UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

### Report from the Depositary to the Unitholders

For the period from 18 September 2020 to 31 December 2021 (the “Period”)

The Bank of New York Mellon SA/NV, Dublin Branch (the “Depositary”, “us”, “we”, or “our”), in its capacity as Depositary to Yuki Strategies Umbrella Fund (the “AIF”), has enquired into the conduct in respect of the AIF of Carne Global Fund Managers (Ireland) Limited acting in its capacity as both the authorised alternative investment fund manager (the “AIFM”) and management company (the “Manager”) for the Period.

This report, including the opinion, has been prepared solely for the unitholders in the AIF in accordance with the Central Bank’s AIF Rulebook (the “AIF Rulebook”) 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: (i) the AIF’s constitutional documents; (ii) the investment fund legislation, as defined in the AIF Rulebook, and (iii) the European Union (Alternative Investment Fund Managers) Regulations 2013 (S.I. No. 257 of 2013), Directive 2011/61/EU, Commission Regulation No. 231 of 2013, and the AIF Rulebook. One of those duties is to enquire into the conduct of the AIFM and the Manager in each annual accounting period and report thereon to the unitholders.

Our report must state whether, in our opinion, the AIF has been managed in the Period in accordance with specified requirements of the investment fund legislation and the AIF Rulebook, as appropriate, and it is the overall responsibility of the AIFM and the Manager to comply with these provisions. If the AIFM or the Manager has not so complied, we, as Depositary, must state why we consider this to be the case and detail the actions which we have undertaken to rectify matters.

#### 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 the AIF’s constitutional documents and the investment fund legislation, and to ensure that, in all material respects, the AIF has been managed:

(a) in accordance with the limitations imposed on the investment and borrowing powers of the authorised AIF by the constitutional document and by the Central Bank under the powers granted to the Central Bank by the investment fund legislation; and

(b) otherwise in accordance with the provisions of the constitutional document and the investment fund legislation.

#### Opinion

In our opinion, the AIF has been managed during the Period, in all material respects:

(a) in accordance with the limitations imposed on the investment and borrowing powers of the AIF by the constitutional document and by the Central Bank under the powers granted to the Central Bank by the investment fund legislation; and

(b) otherwise in accordance with the provisions of the constitutional document and the investment fund legislation.

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

**Date: 22 April 2022**

## **YUKI STRATEGIES UMBRELLA FUND**

### **Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021**

#### **Statement of Responsibilities of the AIFM**

The AIFM is responsible for preparing the Annual Report and Audited Financial Statements in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”) and the Central Bank’s Alternative Investment Fund (“AIF”) Rulebook. In preparing these financial statements, the AIFM 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 Sub-Funds will continue in operation.

The AIFM is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Sub-Funds and to enable it to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards and comply with the provisions of the Trust Deed and the Unit Trusts Act, 1990 and the AIF Rulebook. The AIFM is also responsible with respect to its duties under the Unit Trusts Act, 1990 and the AIFMD Regulations to take reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Connected Parties Transactions**

The Central Bank’s AIF Rulebook in Chapter 1, Part 1, section 1.xii on “Dealings by management company, general partner, depositary, AIFM, investment manager or by delegates or group companies of these” states that any transaction carried out with the Sub-Fund by the Connected Parties must be carried out as if negotiated at arm’s length and the transactions must be in the best interests of the Unitholders

The Directors of the AIFM are satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out above are applied to all transactions with Connected Parties; and the Directors of the AIFM are satisfied that transactions with Connected Parties entered into during the period complied with the obligations set out in this paragraph of the AIF Rulebook.

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**Carne Global Fund Managers (Ireland) Limited**  
**Date: 22 April 2022**

***Independent auditors' report to the unitholders of Yuki Select Strategies Fund***

## YUKI STRATEGIES UMBRELLA FUND

**Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021**

### Yuki Select Strategies Fund

#### Schedule of Investments as at 31 December 2021

Nominal	Security Name	Fair Value JP¥	% Net Assets
<b>Collective Investment Schemes - 100.63%</b>			
<b>Ireland - 100.63%</b>			
	Yuki Asia Umbrella Fund - Yuki Japan Rebounding Growth		
19,732	Fund	778,608,726	45.67
3,516	Yuki Global ICAV - Yuki Global Select Fund	937,107,066	54.96
<b>Financial Assets at Fair Value Through Profit or Loss</b>		<b>1,715,715,792</b>	<b>100.63</b>
Cash and Cash Equivalents		10,100,910	0.59
Net other liabilities		(20,772,676)	(1.22)
<b>Net Assets</b>		<b>1,705,044,026</b>	<b>100.00</b>

**Net Asset Value:**

**31 December 2021**

**Yen Unit Class**

Net Asset Value

JP¥1,705,044,026

Number of Units

128,610

Net Asset Value per Unit

JP¥13,257

## YUKI STRATEGIES UMBRELLA FUND

**Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021**

### Statement of Comprehensive Income

	Notes	Yuki Select Strategies Fund* As at 31 December 2021 JP¥
Net gain on financial assets at fair value through profit or loss	5	403,515,800
Gross income	6	24,553,766
Total Investment income		428,069,566
Operating expenses	7	(67,223,882)
Fee reimbursement from Investment Manager	11	2,682,036
Net income for the financial period		363,527,720
<i>Finance costs</i>		
Interest expense		(62,584)
Operating profit before tax		363,465,136
<b>Profit for the Financial Period after tax</b>		<b>363,465,136</b>
<b>Net Increase in Equity Attributable to Redeemable Participating Unitholders Resulting from Operations</b>		<b>363,465,136</b>

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

\* Yuki Select Strategies Fund launched on 6 October 2020.

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

## YUKI STRATEGIES UMBRELLA FUND

### Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

#### Statement of Financial Position

		<b>Yuki Select Strategies Fund* As at 31 December 2021 JP¥</b>
	<b>Notes</b>	
<b>Current Assets</b>		
Financial assets at fair value through profit or loss: - Collective Investment Schemes		1,715,715,792
Receivables	8	24,511,257
Cash and cash equivalents	9	10,100,910
Fee reimbursement receivable	11	1,002,950
<b>Total Current Assets</b>		<b>1,751,330,909</b>
<b>Current Liabilities</b>		
Payables	10	(46,286,883)
<b>Equity Attributable to Redeemable Participating Unitholders</b>		<b>1,705,044,026</b>

\* Yuki Select Strategies Fund launched on 6 October 2020.

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

Signed by the Directors of the Manager on behalf of the Fund:

\_\_\_\_\_  
Director  
Date: 22 April 2022

\_\_\_\_\_  
Director

## YUKI STRATEGIES UMBRELLA FUND

Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

### Statement of Changes in Equity

	Notes	Yuki Select Strategies Fund* Financial period ended 31 December 2021 JP¥
<b>Equity Attributable to Redeemable Participating Unitholders at beginning of the Financial Period</b>		<u>—</u>
<b>Movement due to subscriptions and redemptions of Redeemable Participating Units</b>		
Amounts received on subscriptions of Redeemable Participating Units	2	1,909,999,994
Amounts paid on redemptions of Redeemable Participating Units	2	<u>(568,421,104)</u>
		1,341,578,890
Net increase in equity attributable to Redeemable Participating Unitholders resulting from operations		363,465,136
<b>Equity Attributable to Redeemable Participating Unitholders at end of the Financial Period</b>		<u><b>1,705,044,026</b></u>

\* Yuki Select Strategies Fund launched on 6 October 2020.

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



## YUKI STRATEGIES UMBRELLA FUND

### Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

#### Statement of Cash Flows

	Yuki Select Strategies Fund* Financial period ended 31 December 2021 JP¥
<b>Cash flows from operating activities</b>	
<b>Net increase in equity attributable to Redeemable Participating Unitholders</b>	363,465,136
Adjusted for:	
Net increase in financial assets at fair value through profit or loss	(1,715,715,792)
Increase in receivables	(24,511,257)
Increase in payables	46,286,883
Increase in fee reimbursement receivable	(1,002,950)
<b>Net cash used in operating activities</b>	<b>(1,694,943,116)</b>
<b>Cash Flows from Financing Activities</b>	
Issue of redeemable participating units	1,909,999,994
Redemption of redeemable participating units	(568,421,104)
<b>Net Cash from Financing Activities</b>	<b>1,341,578,890</b>
<b>Movement in Cash and Cash Equivalents during the Financial Period</b>	<b>10,100,910</b>
Cash and Cash Equivalents at the beginning of the Financial Period	—
<b>Cash and Cash Equivalents at the end of the Financial Period</b>	<b>10,100,910</b>
<b>Supplementary information</b>	
Bank interest income received	42,509
Bank interest expense paid	(62,584)

\* Yuki Select Strategies Fund launched on 6 October 2020.

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

# YUKI STRATEGIES UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

### 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.

##### **Basis of preparation**

These financial statements for the financial period ended 31 December 2021 have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") and its interpretations as adopted by the European Union ("EU") and the Unit Trusts Act, 1990 and the Central Bank's Alternative Investment Fund ("AIF") Rulebook.

##### **New accounting standards, amendments and interpretations in issue and effective for the financial year beginning on or after 1 January 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 Fund's assessment, the amendment does not have a material impact on the Fund's financial statements.

There are no standards, amendments to standards or interpretations that are effective for annual period beginning on or after 1 January 2021 that have a material effect on the Fund's financial statements.

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

###### **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.

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.

# YUKI STRATEGIES UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

### 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)

A number of new standards and amendments to standards are yet to be effective for annual period beginning after 1 January 2021 and earlier application is permitted; however, the Fund has not early adopted any of the forthcoming new or amended standards in preparing these annual report and audited financial statements as they are not expected to have a significant impact on the Fund.

There are no other standards, interpretations and amendments 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 financial liabilities held at fair value through profit and loss.

##### Critical judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the reporting date. Estimates also affect the reported amounts of income and expenses for the reporting period for the Statement of Comprehensive Income. Actual results could differ from estimates. As at the financial period end, the Board of Directors of the AIFM were not aware of any existing or contingent liability of the Sub-Fund.

Estimates underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future accounting periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed within this note under "fair value estimation".

##### Income

Dividend income relating to collective investment schemes or 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.

Rebates on holdings in other investment funds managed by the Investment Manager are recognised on an accrual basis and are disclosed within 'Gross income' in the Statement of Comprehensive Income.

Other income recognised relate to bank interest income.

##### Expenses

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

##### Bank interest income and expense

Bank interest income and expenses are recognised in the Statement of Comprehensive Income on an effective yield basis.

# YUKI STRATEGIES UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

### Notes to the Financial Statements (continued)

#### 1. Significant Accounting Policies (continued)

##### **Gains/(losses) on financial assets and financial liabilities at fair value through profit or loss**

All realised and unrealised gains and losses on securities are recognised as net gain on financial assets and financial liabilities at fair value through profit or loss in the Statement of Comprehensive Income.

Unrealised gains and losses consist of movement in the fair value of financial instruments between the opening and closing financial period. Realised gains and losses on sales of investments at fair value through profit or loss are calculated based on the average book cost of the investment in local currency. Realised gains and losses represent the difference between an instrument's initial carrying amount and disposal amount or cash payments.

##### **Cash and cash equivalents and bank overdrafts**

Cash and cash equivalents include deposits held on call with banks and other short-term highly liquid investments (if any) having a maturity of 3 months or less. Bank overdrafts, if any, are short term financing options which are repayable on demand

##### **Financial assets and financial liabilities at fair value through profit or loss**

###### *Classification*

The Sub-Fund classifies its investment portfolio based on both the Sub-Fund's 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 Sub-Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Sub-Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. As such, the Sub-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 Sub-Fund's policy requires Yuki Management & Research Co., Limited (the "Investment Manager") and the Board of Directors of Carne Global Fund Managers (Ireland) Limited (the "AIFM") to evaluate the information about these financial assets and financial liabilities on a fair value basis together with other related financial information.

###### *Recognition, derecognition and measurement*

Purchases and sales of investments are recognised on trade date, the date on which the Sub-Fund commits to purchase or sell the asset. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Investments are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership and a realised gain or loss is recognised. Realised gain and losses are presented in the Statement of Comprehensive Income under net gain/(loss) on financial assets at fair value through profit or loss.

Subsequent to initial recognition, all financial assets and financial liabilities 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.

# YUKI STRATEGIES UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

### Notes to the Financial Statements (continued)

#### 1. Significant Accounting Policies (continued)

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

###### *Fair value estimation*

Units or shares in open-ended collective investment schemes will be valued at the latest available net asset value as at the close of business on the relevant market that most immediately precedes the valuation point; units or shares in closed-ended collective investment schemes will, if listed or traded on a stock exchange or regulated market, be valued at the official close of business price on the principal exchange or market for such investment as at the valuation point or, if unavailable at the probable realisation value, as estimated with care and in good faith and as may be recommended by a competent professional appointed by the AIFM or the Investment Manager and approved for the purpose by The Bank of New York SA/NV, Dublin Branch (the "Depositary").

Assets listed or traded on a stock exchange or regulated for which market quotations are readily available shall be valued at the latest available official close of business price provided that the value of any Investment listed on a stock exchange or regulated market but acquired or traded at a premium or at a discount outside or off the relevant stock exchange or on a regulated market may be valued taking into account the level of premium or discount as at the date of valuation of the Investment as determined by the AIFM approved for such purpose by the Depositary.

If for specific assets, the latest available official close of business prices do not, in the opinion of the AIFM, reflect their fair value, or are not available, the value shall be estimated with care and in good faith by the AIFM, approved for such purpose by the Depositary, in consultation with the Investment Manager with a view to establishing the probable realisation value for such assets as at the close of business on the relevant business day.

In the event that any of the Investments are not listed or traded on any stock exchange or regulated market, such securities shall be valued at their probable realisation value as at the close of business on the relevant market that most immediately precedes the valuation point estimated with care and in good faith by the AIFM (the AIFM being approved by the Depositary as a competent person for such purpose) in consultation with the Investment Manager. Such probable realisation value will be determined by using the original purchase price. No instruments have been valued in this manner as at 31 December 2021.

##### **Redeemable Participating Units**

Redeemable participating units are redeemable at the Unitholder's option and are classified as equity in accordance with IAS 32. Where the Sub-Fund repurchases its redeemable participating units, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Sub-Fund's Unitholders until the redeemable participating units are cancelled, reissued or disposed of. Where such redeemable participating units are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, and is included in equity attributable to the Sub-Fund's Unitholders.

##### **Distribution Policy**

The amount to be distributed to the Redeemable Participating Unitholders may include, in the determination of the AIFM in consultation with the Investment Advisory Council, all of the income of the Sub-Fund for the relevant financial year which is available for distribution after deducting all operating and other revenue expenditure of the Sub-Fund and accumulated income together with such net realised and unrealised capital gains forming part of the capital of the Sub-Fund as the AIFM may determine subject to cash flow availability and subject to such adjustments as may be appropriate. No distributions were declared or paid during the financial period ended 31 December 2021.

# YUKI STRATEGIES UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

### Notes to the Financial Statements (continued)

#### 1. Significant Accounting Policies (continued)

##### **Impairment Policy**

At each reporting date, the 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 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. 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.

##### **Foreign currency**

###### *Functional and presentation currency*

The Board of Directors of the AIFM consider the Japanese Yen (“JP¥”) as the functional currency as it most faithfully represents the economic effect of the underlying transactions, events and conditions. The Japanese Yen is also the currency in which the Sub-Fund measures its performance and reports its results, as well as the currency in which it receives subscriptions from its investors. The presentation currency is the same as the functional currency.

###### *Transactions in foreign currencies*

Transactions in foreign currencies are translated into the functional currency of the Sub-Fund at the foreign currency exchange rate at the date of the transaction.

##### **Establishment expenses**

The costs of establishing the Fund and initial Sub-Fund is expected to amount to €75,000 and this cost will be amortised over the first five accounting periods of the Fund. In accordance with IFRS, establishment expenses are expensed in the year in which they arise.

Refer to Note 19 to the Financial Statements for additional details.

##### **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.

##### **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Sub-Fund has a legal right to offset the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the events of default, insolvency or bankruptcy of the Company or the counterparty. There are no master netting agreements in place for the Sub-Fund.

##### **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. When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value through profit or loss plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Transaction costs on the purchase and sale of collective schemes are included in the “Net gain on financial assets and financial liabilities at fair value through profit or loss” in the Statement of Comprehensive Income. There were no transaction costs for the financial period ended 31 December 2021.

# YUKI STRATEGIES UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

### Notes to the Financial Statements (continued)

#### 2. Number of Units in Issue and Equity Attributable to Redeemable Participating Unitholders

Each Unit will represent an individual beneficial interest in a Sub-Fund. The return on an investment in the Sub-Fund will depend solely upon the investment performance of the assets in the Sub-Fund and the increase or decrease (as the case may be) in the Net Assets Value (the "NAV") of the Units. The amount payable to a Unitholder in respect of each Unit upon liquidation of any Sub-Fund will equal the NAV per Unit.

Equity attributable to redeemable participating unitholders represent a liability in the Statement of Financial Position, carried at the redemption amount that would be payable at the Statement of Financial Position date if the Unitholder exercised the right to redeem the Units in any of the Sub-Funds.

#### Financial period ended 31 December 2021

	<b>Yuki Select Strategies Fund*</b>
<b>Yen Unit Class</b>	<b>JP¥</b>
Opening Balance	—
Subscriptions	179,553
Redemptions	(50,943)
Closing Balance	<u>128,610</u>

\* Yuki Select Strategies Fund launched on 6 October 2020.

Total subscriptions and redemptions during the financial period amounted to JP¥ 1,909,999,994 and JP¥ 568,421,104 respectively, for Yuki Select Strategies Fund.

#### 3. Fees

##### AIFM Fee

The AIFM shall be paid an annual fee out of the assets of the Sub-Fund, calculated and accrued on each Dealing Day and payable monthly in arrears, of an amount up to 0.3% of the Net Asset Value of the Sub-Fund (plus VAT, if any), subject to a minimum annual fee of \$80,000 per annum for the Sub-Fund (plus VAT, if any).

The Manager is also entitled to receive out of the assets of the Sub-Fund reasonable and properly vouched out of pocket expenses.

##### Trustee Fee

The Trustee shall be 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.

The Trustee is entitled to receive an annual fee based on the following rates:

- 0.02% of the Net Asset Value of the Sub-Fund on the portion of the Net Asset Value up to \$250 million; plus
- 0.0175% of the Net Asset Value of the Sub-Fund on the portion of the Net Asset Value in excess of \$250 million and up to \$500 million;
- 0.015% of the Net Asset Value of the Sub-Fund on the portion of the Net Asset Value in excess of \$500 million and up to \$1 billion;
- 0.01% of the Net Asset Value of the Sub-Fund on the portion of the Net Asset Value in excess of \$1 billion.

The Trustee's annual fee is subject to a minimum fee per annum in respect of the Sub-Fund of \$30,000, which shall accrue daily and be payable monthly in arrears.

## YUKI STRATEGIES UMBRELLA FUND

### Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

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

##### 3. Fees (continued)

###### Trustee Fee (continued)

The annual fee payable to the Trustee 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 Trustee will be entitled to be reimbursed by the Sub-Fund for all reasonable out-of-pocket expenses properly incurred in the performance of its duties.

###### Investment Manager Fee and International Placing Agent

The Investment Manager and the International Placing Agent shall receive a combined annual fee not to exceed 1.65% of the Net Asset Value of the Sub-Fund, accrued daily and payable monthly in arrears.

The Investment Manager will waive and not receive any fees for investments made in Yuki Funds.

In order to assist the Sub-Fund in maintaining its on-going expenses, the Investment Manager will assume and bear any expense in the event that the total expense ratio of each Share Class of the Sub-Fund exceeds 3.00% of the Net Asset Value of the Share Class during any month. Such Net Asset Value will be calculated by the Administrator at each valuation point and a receivable will be included in the Net Asset Value in respect of any excess expenses incurred by the Sub-Fund above the 3% expense cap. The refunds back to the Sub-Fund in respect of excess expenses above the 3% total expense ratio level will be processed in full on a monthly basis by the Investment Manager. Unitholders will be notified at least 30 days in advance of any determination by the Investment Manager to either alter or withdraw this fee support.

The maximum management fees (excluding performance fees) in relation to investment management/advisory services that may be charged by the underlying funds in which the Sub-Fund will invest is 2% of the Net Asset Value of the Fund.

The actual amount of such fees charged to the Sub-Fund in respect of the ETFs and other collective investment schemes will necessarily vary based on the asset allocation as the investments have a range of fees.

The International Placing Agent shall pay out of its own fee received, the fees of any sub-placing agent.

###### Administration Fee

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.

The Administrator is entitled to receive an annual fee based on the following rates:

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

The Administrator's annual fee is subject to a minimum fee per annum in respect of the Sub-Fund of \$60,000 which shall accrue daily and be payable monthly in arrears.

The Administrator shall be entitled to receive Unit Class fees of \$2,500 per Sub-Fund per annum when the number of Unit Classes exceeds three in the Sub-Fund.



## **YUKI STRATEGIES UMBRELLA FUND**

### **Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021**

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

##### **3. Fees (continued)**

###### **Administration Fee (continued)**

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 shall be entitled to receive reasonable out-of-pocket expenses payable out of the assets of the Sub-Fund.

###### **Subscription Fee**

A subscription fee of up to 3% of the Net Asset Value per Unit may be added to the Net Asset Value per Unit with the resultant figure rounded up to the nearest Unit of the Base Currency. The subscription fee shall be payable to and divided amongst the International Placing Agent and any appointed sub-placing agent.

##### **4. Taxation**

Under current law and practice, the Sub-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 financial period beginning with the acquisition of such Units.

No Irish tax will arise on the Sub-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 appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Act, 1997, as amended, are held by the Sub-Fund or the Sub-Fund has been authorised by the Irish Revenue to make gross payments in the absence of appropriate declarations; and

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

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

## YUKI STRATEGIES UMBRELLA FUND

### Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

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

##### 5. Net Gain/(Loss) on Financial Assets at Fair Value Through Profit or Loss

Financial period ended 31 December 2021

	Yuki Select Strategies Fund* JP¥
Realised gain on financial assets at fair value through profit or loss	46,228,507
<b>Total realised gain</b>	<b>46,228,507</b>
Movement in unrealised gain on financial assets at fair value through profit or loss	357,287,293
<b>Total movement in unrealised gain</b>	<b>357,287,293</b>
<b>Net gain on financial assets at fair value through profit or loss</b>	<b>403,515,800</b>

\* Yuki Select Strategies Fund launched on 6 October 2020.

##### 6. Gross Income

Financial period ended 31 December 2021

	Yuki Select Strategies Fund* JP¥
Rebates on Investments	24,511,257
Bank interest income	42,509
	<b>24,553,766</b>

\* Yuki Select Strategies Fund launched on 6 October 2020.

##### 7. Operating Expenses

Financial period ended 31 December 2021

	Yuki Select Strategies Fund* JP¥
AIFM fee	(2,075,397)
Investment Manager fee	(17,946,275)
Placing Agent fee	(8,973,137)
Trustee fee	(48,531)
Depositary fees	(13,923,368)
Audit fees	(4,281,837)
Professional fees	(3,931,500)
Listing fees	(57,015)
Administration fees	(7,931,786)
Other expenses**	(8,055,036)
<b>Total operating expenses</b>	<b>(67,223,882)</b>

\* Yuki Select Strategies Fund launched on 6 October 2020.

\*\* Other expenses includes establishment costs of JP¥ 7,896,472.

## YUKI STRATEGIES UMBRELLA FUND

### Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

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

##### 8. Receivables

As at 31 December 2021

	<b>Yuki Select Strategies Fund*</b>
	<b>JP¥</b>
Other debtors	24,511,257
	<u>24,511,257</u>

\* Yuki Select Strategies Fund launched on 6 October 2020.

##### 9. Cash and Cash Equivalents

As at 31 December 2021

	<b>Yuki Select Strategies Fund*</b>
	<b>JP¥</b>
Cash and cash equivalents	10,100,910

\* Yuki Select Strategies Fund launched on 6 October 2020.

All cash balances are held with The Bank of New York Mellon SA/NV, Dublin Branch.

The S&P long-term credit rating of The Bank of New York Mellon SA/NV, Dublin Branch was AA- at 31 December 2021.

##### 10. Creditors - Amounts Falling Due within One Financial Year

As at 31 December 2021

	<b>Yuki Select Strategies Fund*</b>
	<b>JP¥</b>
Accrued expenses	(46,286,883)
	<u>(46,286,883)</u>

\* Yuki Select Strategies Fund launched on 6 October 2020.

# YUKI STRATEGIES UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

### Notes to the Financial Statements (continued)

#### 11. Related and Connected Parties Transactions

Carne Global Fund Managers (Ireland) Limited as Manager and AIFM of the Fund is considered a related party. As AIFM, it is entitled to earn management fees for services rendered to the Fund. However, the AIFM has waived its fees for a year from the launch date of the Sub-Fund to 6 October 2021. Accruals for management fees will commence effective 7 October 2021. The Manager earned fees of JP¥ 2,075,397 during the financial period, of which JP¥ 2,075,397 was payable at the financial period end.

#### Investment Manager

A summary of the fees earned during the financial period and accrued at the financial period end by Yuki Management & Research Co., Limited as Investment Manager of the Sub-Fund are as follows for 31 December 2021:

	<b>Yuki Select Strategies Fund* JP¥</b>
<b>Fees earned during the financial period ended 31 December 2021</b>	
Investment Management fees	17,946,275
<b>Fees accrued as at 31 December 2021</b>	
Investment Management fees	17,946,275

\* Yuki Select Strategies Fund launched on 6 October 2020.

Yuki - Co, LLC as International Placing Agent, earned fees of JP¥ 8,973,137 during the financial period for providing this service, of which JP¥ 8,973,137 was payable at the financial period end.

In accordance with Prospectus and terms of the Investment Management Agreement, the Investment Manager has agreed to waive and not receive any fees for investments made in Yuki related funds managed by them. A rebate fee rate of 1.45% and 1.60% of the net asset value were applied on investments in Yuki Asia Umbrella Fund - Yuki Japan Rebounding Growth Fund and Yuki Global ICAV - Yuki Global Select Fund, respectively. The rebates were applied to investment management fees and a portion of the placing agent fees. During the financial period ended 31 December 2021, rebates on investments of JP¥ 24,511,257 were due to the Sub-Fund of which JP¥ 24,511,257 was receivable at the financial period end.

In order to assist the Sub-Fund in maintaining its on-going expenses, the Investment Manager will assume and bear any expense in the event that the total expense ratio of each Unit Class of the Sub-Fund exceeds 3.00% of the Net Asset Value of the Unit Class. During the financial period 31 December 2021, fee reimbursements of JP¥ 2,682,036 were due from the Investment Manager and JP¥ 1,002,950 was receivable at the financial period end.

YMS Management Services Limited, a related party of the Investment Manager, held 9,409 units in the Yen Unit Class as at the financial period end.

Senoo Kosan Co Limited and Kotowa LLC, which are not otherwise related parties, held 70.65% and 22.04% respectively of the units in the Sub-Fund as at 31 December 2021 and was therefore considered significant Unitholders.

## **YUKI STRATEGIES UMBRELLA FUND**

### **Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021**

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

##### **12. Capital management**

The capital of the Sub-Fund is represented by the net assets. The amount of net assets can change significantly on a daily basis, as the Sub-Fund are subject to daily subscriptions and redemptions at the discretion of the Unitholders.

The ownership of the Sub-Fund is concentrated, with a small number of investors holding significant Units. As a result, a redemption request by a significant Unitholder may have a significant impact on the liquidity of the Sub-Funds and their ability to continue as a going concern.

The Sub-Fund objective when managing capital is to safeguard its ability to continue as a going concern in order to achieve its overall objective of long-term capital growth and to maintain a strong capital base to support the development of its investment activities.

The Investment Manager monitors capital on the basis of the value of net assets.

##### **13. Statement of Portfolio changes**

Copies of the statement of portfolio changes are available, free of charge, on request from the Administrator.

##### **14. Soft commission and Directed Brokerage Service Arrangements**

There were no soft commission or directed brokerage service arrangements in existence during the financial period ended 31 December 2021.

##### **15. Financial Instruments**

###### **General Risk Management Process**

The Investment Manager, manages the Sub-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 AIFM.

The Investment Manager is organised by function with distinct separation of responsibility between Sub-Funds 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,
- Japanese Corporate Lawyer who is entrusted by unitholders with overseeing and auditing the business executions and conducts of directors who are often executive officers. In addition to the Board of Directors, a statutory auditor legally constitutes an essential part of corporate governance,
- 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 each Sub-Fund are managed by the relevant Sub-Fund management teams with support of trading teams, investment administration teams and compliance teams. In this process, Sub-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 each 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.

# YUKI STRATEGIES UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

### Notes to the Financial Statements (continued)

#### 15. Financial Instruments (continued)

##### General Risk Management Process (continued)

As defined by the standard, 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 Sub-Fund uses the commitment approach to measure its global exposure.

##### (a) Market Risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and market prices. Market risk comprises three types of risk: market price risk, currency risk and interest rate risk.

##### (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 Select Strategies Fund

While the Sub-Fund does not follow a benchmark, for the purpose of performance analysis and comparison during the financial period ended 31 December 2021, TOPIX index rose by X.XX% whilst the Sub-Fund rose by xx%.

If the TOPIX index had increased by 10% on 31 December 2021, 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¥XXX,XXX,XXX. Conversely, if the TOPIX index had decreased by 10%, this would have resulted in a decrease of Net Assets by approximately the same amount.

##### 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 the TOPIX index 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 of the Sub-Fund. The Sub-Fund is not subject to significant currency risk.

##### (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 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.

## YUKI STRATEGIES UMBRELLA FUND

### Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

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

##### 15. Financial Instruments (continued)

###### (b) Credit Risk (continued)

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 held by the Depositary to be lost or delayed. The maximum exposure to this risk at 31 December 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 Sub-Fund will segregate the assets of the Fund. Thus in the event of insolvency or bankruptcy of the Depositary, the Sub-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 Sub-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 long-term credit rating of The Bank of New York Mellon SA/NV, Dublin Branch as at 31 December 2021 was AA-.

The Sub-Fund's financial assets subject to the expected credit loss ("ECL") model within IFRS 9 are receivables and cash. Loss allowances for 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. The expected credit loss on cash and cash equivalents is determined to be immaterial. No assets are considered impaired and no amounts have been written off in the period.

###### (c) Liquidity Risk

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

The ability to sell 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.

Under certain market conditions, such as during volatile markets or when trading in a financial instrument or market is otherwise impaired, the liquidity of a Sub-Fund's portfolio positions may be reduced. During such times, the Sub-Fund may be unable to dispose of certain financial instruments, which would adversely affect the Sub-Fund's ability to rebalance its portfolio or to meet redemption requests.

In addition, such circumstances may force the Sub-Fund to dispose of financial instruments at reduced prices, thereby adversely affecting the Sub-Fund's performance. If other market participants are seeking to dispose of similar financial instruments at the same time, the Sub-Fund may be unable to sell or exit such financial instruments or prevent losses relating to such financial instruments.

However, if significant redemptions of Units in a Sub-Fund are requested, it may not be possible to liquidate a Sub-Fund's investments at the time such redemptions are requested or a Sub-Fund may be able to do so only at prices which the Sub-Fund believes does not reflect the true value of such investments, resulting in an adverse effect on the return to investors.

It may also cause a temporary imbalance in the Sub-Fund's portfolio or disrupt the implementation of the investment strategy of the Sub-Fund which may adversely affect the remaining Unitholders. Where significant redemptions of Units are requested, a Sub-Fund may limit the number of Units that are redeemed on any Dealing Day or suspend dealings in the relevant Sub-Fund.

## YUKI STRATEGIES UMBRELLA FUND

### Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

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

##### 15. Financial Instruments (continued)

###### (c) Liquidity Risk (continued)

The Directors are entitled to limit the number of Units of 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.

In certain circumstances the rights of unitholders to redeem units may be suspended as set out in more detail in the section of the Prospectus titled "Suspension of Dealing/Valuation of Assets".

Units may not be bought, redeemed or converted during any period when the calculation of the Net Asset Value of the Sub-Fund is suspended or where the issue, redemption or conversion of Units is otherwise suspended in the manner described in the Prospectus under the heading "Suspension of Dealing/Valuation of Assets". Applicants for units and unitholders requesting redemption and/or conversion of Units will be notified of such suspension and, unless withdrawn, applications for Units will be considered and requests for redemption and/or conversion will be processed as at the next Dealing Day following the ending of such suspension.

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

###### (d) Fair Value Estimation

IFRS 13 "Financial Instruments Disclosure", requires the Sub-Funds to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets classified within Level 1 include exchange traded collective investment schemes while financial assets classified within Level 2 include collective investment schemes not traded on a stock exchange. As at 31 December 2021, all financial assets at fair value through profit or loss are classified as Level 2. The Sub-Fund did not hold any investments classified within Level 1 or Level 3 at 31 December 2021.

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 Sub-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. These include cash and cash equivalents and all other receivables and payables.

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.

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



# YUKI STRATEGIES UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

### Notes to the Financial Statements (continued)

#### 15. Financial Instruments (continued)

##### (d) Fair Value Estimation (continued)

The puttable value of redeemable participating units is calculated based on the net difference between total assets and all other liabilities of the Sub-Fund in accordance with the Sub-Fund offering memorandum. A demand feature is attached to these units, as they are redeemable at the holders' option and can be put back to the Sub-Fund at any dealing date for cash equal to a proportionate share of the Sub-Fund net asset value attributable to the unit class. The fair value is based on the amount payable on demand. As such, Level 2 is deemed to be the most appropriate categorisation for net assets attributable to holders of redeemable participating units.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the financial period and are deemed to have occurred when the pricing source or methodology used to price an investment has changed which triggers a change in level as defined under IFRS 13.

There were no transfers between levels of the fair value hierarchy during the financial period ended 31 December 2021.

#### 16. Efficient Portfolio Management

The Sub-Fund may employ techniques and instruments for the purposes of efficient portfolio management and to provide protection against exchange rate risks in accordance with the conditions and limits set down by the Central Bank as outlined in the AIF Rulebook. Furthermore, new techniques and instruments may be developed which may be suitable for use by the Sub-Fund in the future and the Sub-Fund may employ such techniques and instruments subject to disclosure in the relevant Sub-Fund's Supplement and the prior approval of, and any restrictions imposed by, the Central Bank.

No financial derivative instruments were used by the Sub-Fund for the purposes of efficient portfolio management during the financial period.

#### 17. Exchange rates

As all assets held at the financial period end are denominated in Japanese Yen, no exchange rates have been used for translation purposes. In respect of certain payables at the financial period end, the following exchange rates apply:

	<b>As at 31 December 2021</b>
Euro	130.395148
US Dollar	115.135003

## YUKI STRATEGIES UMBRELLA FUND

### Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

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

##### 18. Reconciliation of Net Assets per Dealing Prices to Net Assets per Financial Statements

	Yuki Select Strategies Fund* As at 31 March 2021 JP¥
Reconciliation of Net Assets	
Net assets per published dealing prices	1,710,225,515
Adjustment to write off establishment expenses	(5,181,489)
Net assets per financial statements	<u>1,705,044,026</u>
Dealing Net Asset Value Per Yen Unit Class	<u>13,298</u>

\* Yuki Select Strategies Fund launched on 6 October 2020.

##### 19. Significant Events during the Financial Period

The outbreak of Coronavirus (COVID-19), declared by the World Health Organisation as a global pandemic on the 11 March 2020 has impacted many aspects of daily life and the global economy. Travel movements and operational restrictions were implemented by many countries. While many economies globally have reduced restrictions and reopened the pace of recovery has varied from country to country and continues to be at risk of reversal. The impact of the Omicron variant, although assumed to be less severe than previous strains, is still being felt across many countries and impacting the economic recovery. However, a high level of vaccinations and prior infections have proven effective to date against severe disease even as their efficacy against Omicron infection has fallen. As a result, there continues to be potential unforeseen economic consequences from this virus and market reaction to such consequences could be rapid and unpredictable. Also, many service providers have started to return staff to the office the Directors together with the Manager will continue to monitor business continuity and resilience processes with the objective of mitigating any ongoing impact of COVID-19.

Yuki Select Strategies Fund launched on 6 October 2020.

Effective 11 December 2020, an addendum to the Prospectus dated 18 September 2020 was issued to reflect the change to the accounting date of the Fund with the first annual report to be made to 31 December 2021 and the first interim report to be made to 30 June 2021.

Mr. Dennis Murray resigned as a Director of the Manager on 31 May 2021 while Ms. Elizabeth Beazley was appointed as a Director of the Manager on 4 June 2021. Christophe Douche was appointed as a Director of the Manager on 28 September 2021.

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

##### 20. Significant Events after the Financial Period End

There were no significant events affecting the Fund or Sub-Fund since the financial period end.

##### 21. Approval of the Annual Report and Audited Financial Statements

The Annual Report and Audited Financial Statements were approved by the Board on 22 April 2022.

# YUKI STRATEGIES UMBRELLA FUND

## Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

### Other Information

#### **Manager and Alternative Investment Fund Manager ("AIFM")**

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

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

Michael Bishop (British)\*  
Neil Clifford (Irish)  
Teddy Otto (German)  
Dennis Murray (Irish) (Resigned 31 May 2021)  
Sarah Murphy (Irish)  
Kevin Nolan (Irish)  
Elizabeth Beazley (Irish) (Appointed 4 June 2021)  
Christophe Douche (French) (Appointed 28 September 2021)

\*Independent non-executive Director

#### **Investment Manager**

Yuki Management & Research Co., Limited  
Tanaka Yaesu Building  
7F, 1-5-15 Yaesu  
Chuo-ku  
Tokyo  
Japan 103-0028

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

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

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

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

#### **Trustee and Depositary**

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

#### **Independent Auditors**

PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
North Wall Quay  
Dublin 1  
Ireland

## **YUKI STRATEGIES UMBRELLA FUND**

### **Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021**

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

##### **Investment Advisory Council**

Mr. Magoyuki Oshitani

Mr. Magotaka Oshitani

Mr. Jeff Collett

##### **International Placing Agent**

Yuki - Co, LLC

2173 Walker Lane

Salt Lake City

Utah 84117

United States of America

## YUKI STRATEGIES UMBRELLA FUND

### Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

#### Appendix 1 – AIFMD Remuneration Disclosure (unaudited)

The European Union Directive 2011/61/EU as implemented in Ireland by S.I. No. 257/2013 European Union (Alternative Investment Fund Managers) Regulations 2013, requires alternative investment fund managers (“AIFMs”) 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 Fund.

To that effect, Carne Global Fund Managers (Ireland) Limited (“the Manager”), has implemented a remuneration policy that applies to all alternative investment funds (“AIFs”) for which the Manager acts as AIFM (the “Remuneration Policy”) and covers all staff whose professional activities have a material impact on the risk profile of the Manager or the AIFs it manages (“Identified Staff of the Manager”). The Remuneration Policy also applies to all UCITS funds for which the Manager acts as 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 Fund.

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 Fund. The Remuneration Policy is designed to discourage risk taking that is inconsistent with the risk profile of the Fund 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 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”).

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 Fund.

## **YUKI STRATEGIES UMBRELLA FUND**

### **Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021**

#### **Appendix 1 – AIFMD Remuneration Disclosure (unaudited) (continued)**

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 Fund relative to the number of sub-funds / assets under management, the portion of this figure attributable to the Fund is €1,706.

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 STRATEGIES UMBRELLA FUND

### Annual Report and Audited Financial Statements for the financial period from 18 September 2020 (date of constitution) to 31 December 2021

#### Appendix 2 – AIF Rulebook Disclosure (unaudited)

Under the requirements of the AIF rulebook the Fund is required to disclose certain information in relation to its underlying investments. This information is detailed within the below table:

Investment	Jurisdiction	Regulatory status	Fund Manager	Fee details
Yuki Asia Umbrella Fund - Yuki Japan Rebounding Growth Fund	Ireland	Central Bank of Ireland	Carne Global Fund Managers (Ireland) Limited	0.015% of the net asset value
Yuki Global ICAV - Yuki Global Select Fund	Ireland	Central Bank of Ireland	Carne Global Fund Managers (Ireland) Limited	0.3% of the net asset value

As part of this requirement please find attached the financial statement of Yuki Global ICAV - Yuki Global Select Fund.