

# Annual Report 2018

**Investment Company under Luxembourg Law (SICAV)**

**R.C.S. Luxembourg N° B 226 308**

**Audited annual report for the period from 16 July 2018 (date of incorporation)  
until 31 December 2018**

MOBIUS SICAV – Mobius Emerging Markets Fund



# Audited annual report for the period from 16 July 2018 (date of incorporation) until 31 December 2018

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## **Sales restrictions**

Shares of this Fund may not be offered, sold or distributed within the United States of America.

# Management and Administration

Annual Report as of 31 December 2018  
MOBIUS SICAV

## Registered Office

33A, avenue J. F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

## Board of Directors

*Joseph Bernhard Mark Möbius*, Chairman  
Managing Partner  
Mobius Capital Partners LLP  
130 Jermyn Street  
London, SW1Y 4UR  
United Kingdom

*Grzegorz Konieczny*, Member  
Managing Partner  
Mobius Capital Partners LLP  
130 Jermyn Street  
London, SW1Y 4UR  
United Kingdom

*Carlos Graf von Hardenberg*, Member  
Managing Partner  
Mobius Capital Partners LLP  
130 Jermyn Street  
London, SW1Y 4UR  
United Kingdom

*Hedda Pählson-Möller*, Member  
Chief Executive Officer  
Tiime  
19, rue du Nord  
L-2229 Luxembourg  
Grand Duchy of Luxembourg

## Management Company

UBS Fund Management (Luxembourg) S.A.  
33A, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

## Depository and Paying Agent

UBS Europe SE, Luxembourg Branch  
33A, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

## Administrator

Northern Trust Global Services SE  
Luxembourg Branch  
6, rue Lou Hemmer  
L-1748 Senningerberg  
Grand Duchy of Luxembourg

## Investment Manager and Global Distributor

Mobius Capital Partners LLP  
130 Jermyn Street  
London, SW1Y 4UR  
United Kingdom

## Auditor

PricewaterhouseCoopers, Société coopérative  
2, rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg  
Grand Duchy of Luxembourg

The sales prospectus, the KIID, the articles of association of the Fund, the annual and semi-annual reports as well as the portfolio movements of the Fund mentioned in this publication are available free of charge at the sales agencies and at the registered office of the Fund.

## Sale in Germany

Information Agent  
Funds-2-Germany  
Ballindamm 39  
D-20095 Hamburg  
Germany

The sales prospectus, the KIID, the articles of association of the Company, the annual and semi-annual reports as well as the portfolio movements of the Company mentioned in this publication are available free of charge from Funds-2-Germany, Ballindamm 39, D-20095 Hamburg, Germany.

# Features of the Fund

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MOBIUS SICAV

Mobius SICAV (hereafter called “the Fund”) is a public limited company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg as an investment company with variable share capital (société d’investissement à capital variable). The Fund is subject to Part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as amended or supplemented from time to time.

The Fund is a single legal entity incorporated as an umbrella fund comprised of separate subfunds. Shares in the Fund are shares in a specific subfund. The Fund may issue shares of different share classes in each subfund. Such share classes may each have specific characteristics. Certain share classes may be reserved to certain categories of investors. Investors should refer to the relevant Supplement of the Prospectus for further information on characteristics of share classes.

The Fund has been incorporated in Luxembourg on 16 July 2018. The Fund is registered with the Luxembourg Trade and Companies Register under number B 226 308. The latest version of the Articles of Association dated 16 July 2018 was published in the *Recueil électronique des sociétés et associations* (“RESA”), the central electronic platform of the Grand Duchy of Luxembourg, on 26 July 2018.

The Fund has appointed UBS Fund Management (Luxembourg) S.A. as its management company in accordance with the provisions of the 2010 Law pursuant to the Management Company Agreement.

UBS Fund Management (Luxembourg) S.A. has been incorporated in Luxembourg on 1 July 2010 in the legal form of a public limited company (société anonyme) for unlimited duration. It is registered with the R.C.S. Luxembourg under number 154 210. Its registered office is in 33A, avenue J. F. Kennedy, L-1855 Luxembourg.

The articles of incorporation of the Management Company have been published by reference on 16 August 2010 in the Mémorial C. The consolidated version of the articles of incorporation has been deposited for inspection with the Register of Trade and Companies (Registre du commerce et des sociétés) in Luxembourg. The corporate object of the Management Company is, inter alia, the management of Luxembourg undertakings for collective investment as well as the issue and redemption of shares of

these products. The share capital of the Management Company amounts to EUR 13 000 000 and is fully paid-in.

The financial year of the Fund will begin on 1 January of each year and end on 31 December of the same year.

Currently the Fund offers the following Classes of shares:

#### Classes Retail:

Shares are offered to individuals and legal entities. Classes Retail Shares are issued only in registered form.

#### Classes Institutional:

Shares are reserved for legal entities qualifying as Institutional Investors. Classes Institutional Shares are issued only in registered form.

#### Classes Private Founder:

Shares are reserved for legal entities qualifying as Institutional Investors and for high net worth individuals who subscribed for Shares until 1st November 2018. Classes Private Founder Shares are issued only in registered form.

The annual general meeting of shareholders will be held within six (6) months of the end of each financial year in Luxembourg in order to approve the financial statements of the Fund for the previous financial year. The annual general meeting of shareholders will be held at the registered office of the Fund, or at such alternative location in Luxembourg as may be specified in the convening notice of such meeting.

Only the information contained in the sales prospectus and in one of the documents referred to therein shall be deemed to be valid.

The annual and semi-annual reports are available free of charge to shareholders at the registered office of the Fund and the Depositary.

No subscription may be accepted on the basis of the financial reports. Subscriptions are accepted only on the basis of the current prospectus accompanied by the latest annual report and the latest semi-annual report if available.

The figures stated in this report are historical and not necessarily indicative of future performance.

# Investment Manager Report

Annual Report as of 31 December 2018  
MOBIUS SICAV

The MOBIUS SICAV – Mobius Emerging Markets Fund launched on 24 September 2018, with capital at inception (approximately \$25m) initially used to seed the USD (C) and EUR (C) Founders Share Classes. The Net Asset Value (NAV) of the USD (C) Founders Share Class fell by 1.45% up to 31 December, while the EUR (C) Founders Share Class rose 1.29%. The MSCI Emerging Markets Index and MSCI Frontier Markets Index were down -7.47% and -4.32% (respectively) over the same period (Q4 2018).

During the last quarter, the investment team have undertaken research trips to Brazil, China, Eastern Europe, Hong Kong, India, South Korea, Taiwan and Turkey, conducting approximately 300 calls and meetings with target company stakeholders. This resulted in 118 company summary one pager reviews and 38 recommendations to the Investment Committee.

## Audit report

To the Shareholders of  
**MOBIUS SICAV**

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### Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of MOBIUS SICAV (the “Fund”) as at 31 December 2018, and of the results of its operations and changes in its net assets for the period from 16 July 2018 (date of incorporation) to 31 December 2018 in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

#### *What we have audited*

The Fund’s financial statements comprise:

- the statement of net assets as at 31 December 2018;
- the statement of investments in securities and other net assets as at 31 December 2018;
- the statement of operations for the period from 16 July 2018 (date of incorporation) to 31 December 2018;
- the statement of changes in net assets for the period from 16 July 2018 (date of incorporation) to 31 December 2018; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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### Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements” section of our report.

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

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

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### Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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, 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.

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

The Board of Directors of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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**Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements**

The objectives of our audit 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 audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund;

- conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 4 April 2019

A handwritten signature in blue ink, appearing to read 'Patrick Ries', with a long horizontal stroke extending to the right.

Patrick Ries

# MOBIUS SICAV – Mobius Emerging Markets Fund

Annual Report as of 31 December 2018

## Most important figures

Date	ISIN	31.12.2018
Net assets in USD		32 875 202.31
<b>Class Inst C USD<sup>1</sup></b>	<b>LU1846740766</b>	
Shares outstanding		5 514.0250
Net asset value per share in USD <sup>2</sup>		100.04
<b>Class Private C EUR Founder<sup>3</sup></b>	<b>LU1851963725</b>	
Shares outstanding		122 799.0000
Net asset value per share in EUR <sup>2</sup>		101.29
<b>Class Private C USD Founder<sup>3</sup></b>	<b>LU1846740923</b>	
Shares outstanding		180 000.0000
Net asset value per share in USD <sup>2</sup>		98.55
<b>Class Retail D EUR<sup>4</sup></b>	<b>LU1846739917</b>	
Shares outstanding		1 949.0000
Net asset value per share in EUR <sup>2</sup>		97.70
<b>Class Retail D USD<sup>4</sup></b>	<b>LU1846739750</b>	
Shares outstanding		1 500.0000
Net asset value per share in USD <sup>2</sup>		99.06

<sup>1</sup> First NAV: 11.12.2018

<sup>2</sup> See note 1

<sup>3</sup> First NAV: 24.9.2018

<sup>4</sup> First NAV: 29.11.2018

## Structure of the Securities Portfolio

Geographical Breakdown as a % of net assets	
United States	21.29
South Korea	8.76
Poland	7.77
Brazil	7.64
China	5.76
Hong Kong	4.86
Indonesia	4.66
Switzerland	4.39
Taiwan	4.07
Turkey	3.96
Russian Federation (CIS)	3.84
<b>Total</b>	<b>77.00</b>

Economic Breakdown as a % of net assets	
Countries & central governments	21.29
Internet, software & IT services	12.22
Retail trade, department stores	11.62
Pharmaceuticals, cosmetics & medical products	8.84
Mechanical engineering & industrial equipment	4.64
Miscellaneous trading companies	4.50
Vehicles	3.61
Textiles, garments & leather goods	3.26
Lodging, catering & leisure	2.93
Miscellaneous consumer goods	2.84
Graphic design, publishing & media	1.25
<b>Total</b>	<b>77.00</b>

## Statement of Net Assets

	<b>USD</b>
<b>Assets</b>	<b>31.12.2018</b>
Investments in securities, cost	25 758 711.20
Investments in securities, unrealized appreciation (depreciation)	-445 785.55
<b>Total investments in securities (Note 1)</b>	<b>25 312 925.65</b>
Cash at banks, deposits on demand and deposit accounts	8 394 170.55
Receivable on securities sales (Note 1)	17 827.09
Receivable on subscriptions	73 169.01
Interest receivable on securities	36 165.08
Receivable on dividends	11 861.65
Other receivables	9 145.20
Formation expenses, net (Note 1)	108 117.52
<b>Total Assets</b>	<b>33 963 381.75</b>
<b>Liabilities</b>	
Bank overdraft	-365 609.98
Payable on securities purchases (Note 1)	-510 541.24
Payable on redemptions	-17 253.56
Provisions for investment manager fees (Note 2)	-22 288.78
Provisions for management company fees (Note 2)	-1 659.39
Provisions for formation expenses (Note 1)	-111 571.39
Provisions for depositary fees (Note 2)	-837.66
Provisions for distribution fees (Note 2)	-205.72
Provisions for taxe d'abonnement (Note 3)	-4 054.26
Provisions for regulatory fees (Note 2)	-6 859.15
Provisions for audit fees, legal and economic advice (Note 2)	-13 548.74
Provisions for other commissions and fees (Note 2)	-33 749.57
Total provisions	-194 774.66
<b>Total Liabilities</b>	<b>-1 088 179.44</b>
<b>Net assets at the end of the period</b>	<b>32 875 202.31</b>

## Statement of Operations

	<b>USD</b>
<b>Income</b>	<b>16.7.2018-31.12.2018</b>
Interest on liquid assets	40 530.04
Interest on securities	4 279.89
Dividends	11 861.65
<b>Total income</b>	<b>56 671.58</b>
<b>Expenses</b>	
Investment manager fees (Note 2)	-65 652.21
Management company fees (Note 2)	-4 911.17
Depositary fees (Note 2)	-2 577.73
Distribution fees (Note 2)	-218.89
Taxe d'abonnement (Note 3)	-5 062.08
Regulatory fees (Note 2)	-7 297.56
Audit fees, legal and economic advice (Note 2)	-13 818.28
Amortization of formation expenses (Note 1)	-6 195.69
Other commissions and fees (Note 2)	-44 752.43
Interest on cash and bank overdraft	-1 097.43
<b>Total expenses</b>	<b>-151 583.47</b>
<b>Net income (loss) on investments</b>	<b>-94 911.89</b>
<b>Realized gain (loss) (Note 1)</b>	
Realized gain (loss) on market-priced securities without options	-1 511.59
Realized gain (loss) on yield-evaluated securities and money market instruments	67 154.07
Realized gain (loss) on forward foreign exchange contracts	-2 529.06
Realized gain (loss) on foreign exchange	23 091.63
<b>Total realized gain (loss)</b>	<b>86 205.05</b>
<b>Net realized gain (loss) of the period</b>	<b>-8 706.84</b>
<b>Changes in unrealized appreciation (depreciation) (Note 1)</b>	
Unrealized appreciation (depreciation) on market-priced securities without options	-445 785.55
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>-445 785.55</b>
<b>Net increase (decrease) in net assets as a result of operations</b>	<b>-454 492.39</b>

## Statement of Changes in Net Assets

	USD
	<b>16.7.2018-31.12.2018</b>
Net assets at the beginning of the period	0.00
Subscriptions	33 346 904.20
Redemptions	-17 209.50
Total net subscriptions (redemptions)	33 329 694.70
Net income (loss) on investments	-94 911.89
Total realized gain (loss)	86 205.05
Total changes in unrealized appreciation (depreciation)	-445 785.55
Net increase (decrease) in net assets as a result of operations	-454 492.39
<b>Net assets at the end of the period</b>	<b>32 875 202.31</b>

## Changes in the Number of Shares outstanding

	16.7.2018-31.12.2018
<b>Class</b>	<b>Inst C USD</b>
Number of shares outstanding at the beginning of the period	0.0000
Number of shares issued	5 514.0250
Number of shares redeemed	0.0000
<b>Number of shares outstanding at the end of the period</b>	<b>5 514.0250</b>
<b>Class</b>	<b>Private C EUR Founder</b>
Number of shares outstanding at the beginning of the period	0.0000
Number of shares issued	122 949.0000
Number of shares redeemed	-150.0000
<b>Number of shares outstanding at the end of the period</b>	<b>122 799.0000</b>
<b>Class</b>	<b>Private C USD Founder</b>
Number of shares outstanding at the beginning of the period	0.0000
Number of shares issued	180 000.0000
Number of shares redeemed	0.0000
<b>Number of shares outstanding at the end of the period</b>	<b>180 000.0000</b>
<b>Class</b>	<b>Retail D EUR</b>
Number of shares outstanding at the beginning of the period	0.0000
Number of shares issued	1 949.0000
Number of shares redeemed	0.0000
<b>Number of shares outstanding at the end of the period</b>	<b>1 949.0000</b>
<b>Class</b>	<b>Retail D USD</b>
Number of shares outstanding at the beginning of the period	0.0000
Number of shares issued	1 500.0000
Number of shares redeemed	0.0000
<b>Number of shares outstanding at the end of the period</b>	<b>1 500.0000</b>

## Statement of Investments in Securities and other Net Assets as of 31 December 2018

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Forward Exchange Contracts (Note 1)	as a % of net assets
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### Transferable securities and money market instruments listed on an official stock exchange

#### Bearer shares

Brazil				
BRL	IOCHPE-MAXION COM NPV	248 500.00	1 526 616.78	4.64
BRL	LOJAS AMERICANAS S COM NPV	254 400.00	986 552.80	3.00
<b>Total Brazil</b>			<b>2 513 169.58</b>	<b>7.64</b>
China				
HKD	GOODBABY INTERNATIONAL HOLDINGS LTD HKD0.01	2 966 000.00	931 924.11	2.83
USD	YUM CHINA HLDGS IN COM USD0.01	28 689.00	961 942.17	2.93
<b>Total China</b>			<b>1 893 866.28</b>	<b>5.76</b>
Hong Kong				
HKD	BRILLIANCE CHINA USD0.01	1 594 000.00	1 186 946.55	3.61
HKD	IMAX CHINA HLDG IN USD0.0001	154 700.00	410 986.86	1.25
<b>Total Hong Kong</b>			<b>1 597 933.41</b>	<b>4.86</b>
Indonesia				
IDR	MATAHARI DEPARTMEN IDR5000	3 935 600.00	1 532 639.13	4.66
<b>Total Indonesia</b>			<b>1 532 639.13</b>	<b>4.66</b>
Poland				
PLN	CCC SA PLN0.1	20 848.00	1 072 714.02	3.27
PLN	EUROCASH SA PLN1	315 910.00	1 480 006.92	4.50
<b>Total Poland</b>			<b>2 552 720.94</b>	<b>7.77</b>
South Korea				
KRW	CAFE24 CORP KRW500	14 393.00	1 416 339.37	4.31
KRW	HUGEL INC KRW500	4 284.00	1 464 730.30	4.45
<b>Total South Korea</b>			<b>2 881 069.67</b>	<b>8.76</b>
Turkey				
TRY	MAVI GIYIM SANAYI TRY1	214 803.00	1 300 955.40	3.96
<b>Total Turkey</b>			<b>1 300 955.40</b>	<b>3.96</b>
<b>Total Bearer shares</b>			<b>14 272 354.41</b>	<b>43.41</b>

#### Registered shares

Switzerland				
SEK	ORIFLAME HOLDING L CHF1.5	64 565.00	1 442 650.90	4.39
<b>Total Switzerland</b>			<b>1 442 650.90</b>	<b>4.39</b>
<b>Total Registered shares</b>			<b>1 442 650.90</b>	<b>4.39</b>

#### Depository receipts

Russian Federation (CIS)				
USD	MAILRU GROUP LTD-GDR REGS	53 817.00	1 262 546.82	3.84
<b>Total Russian Federation (CIS)</b>			<b>1 262 546.82</b>	<b>3.84</b>
<b>Total Depository receipts</b>			<b>1 262 546.82</b>	<b>3.84</b>

<b>Total Transferable securities and money market instruments listed on an official stock exchange</b>			<b>16 977 552.13</b>	<b>51.64</b>
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### Transferable securities and money market instruments traded on another regulated market

#### Bearer shares

Taiwan				
TWD	E MEMORY TECHNOLOGY TWD10	157 000.00	1 338 256.82	4.07
<b>Total Taiwan</b>			<b>1 338 256.82</b>	<b>4.07</b>
<b>Total Bearer shares</b>			<b>1 338 256.82</b>	<b>4.07</b>

Description	Quantity/ Nominal	Valuation in USD Unrealized gain (loss) on Futures/ Forward Exchange Contracts (Note 1)	as a % of net assets
<b>Treasury notes, fixed rate</b>			
<b>USD</b>			
USD AMERICA, UNITED STATES OF 1.12500% 16-15.01.19	7 000 000.00	6 997 116.70	21.29
<b>Total USD</b>		<b>6 997 116.70</b>	<b>21.29</b>
<b>Total Treasury notes, fixed rate</b>		<b>6 997 116.70</b>	<b>21.29</b>
<b>Total Transferable securities and money market instruments traded on another regulated market</b>		<b>8 335 373.52</b>	<b>25.36</b>
<b>Total investments in securities</b>		<b>25 312 925.65</b>	<b>77.00</b>
<b>Cash at banks, deposits on demand and deposit accounts and other liquid assets</b>		<b>8 394 170.55</b>	<b>25.53</b>
<b>Bank overdraft and other short-term liabilities</b>		<b>-365 609.98</b>	<b>-1.11</b>
<b>Other assets and liabilities</b>		<b>-466 283.91</b>	<b>-1.42</b>
<b>Total net assets</b>		<b>32 875 202.31</b>	<b>100.00</b>

# Notes to the Financial Statements

Annual Report as of 31 December 2018  
MOBIUS SICAV

## Note 1 – Summary of significant accounting policies

The financial statements have been prepared in accordance with the generally accepted accounting principles for investment funds in Luxembourg. The significant accounting policies are summarised as follows:

### *a) Calculation of the net asset value*

The net asset value per share shall be determined by the Administrator as of each Valuation Day (as specified for each subfund in the relevant Supplement of the Prospectus) and at least twice a month. It is calculated by dividing the net asset value of the share class of a subfund by the total number of shares of such share class in issue as of that Valuation Day. The net asset value per share is expressed in the reference currency of the share class and may be rounded up or down to two (2) decimal places.

The net asset value of a share class is equal to the value of the assets allocated to such share class within a subfund less the value of the liabilities allocated to such share class, both being calculated as of each Valuation Day.

The net asset value of a subfund is equal to the value of the assets allocated to such subfund less the value of the liabilities allocated to such subfund, both calculated as of each Valuation Day in the reference currency of the subfund.

### *b) Valuation principles*

- 1) The value of any cash on hand or on deposit, bills or notes payable, accounts receivable, prepaid expenses, cash dividends and interest accrued but not yet received shall be equal to the entire nominal or face amount thereof, unless the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the Board of Directors may consider appropriate in such case to reflect the true value thereof.
- 2) Transferable Securities and Money Market Instruments which are quoted, listed or traded on an exchange or regulated market are valued, unless otherwise provided under paragraphs 3) and 6) below, at the last available market price or quotation, prior to the time of valuation, on the exchange or regulated market where the securities or instruments are primarily quoted, listed or traded. Where securities or instruments are quoted, listed or traded on more than one exchange or regulated market, the Board of Directors will determine on which exchange or regulated market the securities or instruments are primarily quoted, listed or traded and the market prices or quotations on such exchange or regulated market are used for the purpose of their valuation. Transferable Securities and Money Market Instruments for which market prices or quotations are not available or representative, or which are not quoted, listed or traded on an exchange or regulated market, are valued at their probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.
- 3) Notwithstanding paragraph 2) above, where permitted under applicable laws and regulations, Money Market Instruments may be valued using an amortisation method whereby instruments are valued at their acquisition cost as adjusted for amortisation of premium or accrual of discount on a constant basis until maturity, regardless of the impact of fluctuating interest rates on the market value of the instruments. The amortisation method will only be used if it is not expected to result in a material discrepancy between the market value of the instruments and their value calculated according to the amortisation method.
- 4) Financial derivative instruments which are quoted, listed or traded on an exchange or regulated market are valued at the last available settlement price or, if such settlement price is not available, at the last available bid price, prior to the time of valuation, on the exchange or regulated market where the instruments are primarily quoted, listed or traded. Where instruments are quoted, listed or traded on more than one exchange or regulated market, the Board of Directors will determine on which exchange or regulated market the instruments are primarily quoted, listed or traded and the closing or settlement prices or quotations on such exchange or regulated market are used for the purpose of their valuation. Financial derivative instruments for which closing or settlement prices or quotations are not available or representative are valued at their probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.
- 5) Financial derivative instruments which are traded "over-the-counter" (OTC) are valued daily at their fair market value, on the basis of valuations provided by the counterparty which are approved or verified on a regular basis independently from the counterparty. Alternatively, OTC financial derivative instruments

may be valued on the basis of independent pricing services or valuation models approved by the Board of Directors which follow international best practice and valuation principles. Any such valuation will be reconciled to the counterparty valuation on a regular basis independently from the counterparty, and significant differences will be promptly investigated and explained.

- 6) Notwithstanding paragraph 2) above, shares or units in target investment funds (including UCITS and UCI) are valued at their latest available official net asset value, as reported or provided by or on behalf of the investment fund or at their latest available unofficial or estimated net asset value if more recent than the latest available official net asset value, provided that the Board of Directors is satisfied of the reliability of such unofficial net asset value. The Net Asset Value calculated on the basis of unofficial net asset values of the target investment fund may differ from the Net Asset Value which would have been calculated, on the same Valuation Day, on the basis of the official net asset value of the target investment fund. Alternatively, shares or units in target investment funds which are quoted, listed or traded on an exchange or regulated market may be valued in accordance with the provisions of paragraph 2) above.
- 7) The value of any other asset not specifically referenced above will be the probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.

*c) Net realized gain/(loss) on sales of securities*

The realized gains or losses on the sales of securities are calculated on the basis of the average cost of the securities sold.

*d) Valuation of forward foreign exchange contracts*

The unrealized gain/(loss) of outstanding forward foreign exchange contracts is valued on the basis of the forward exchange rates prevailing at valuation date.

*e) Valuation of financial futures contracts*

Financial futures contracts are valued based on the latest available published price applicable on the valuation date. Realized gains and losses and the changes in unrealized gains and losses are recorded in the statement of operations. The realized gains and losses are calculated in accordance with the FIFO method, i.e. the first contracts acquired are regarded as the first to be sold.

*f) Conversion of foreign currencies*

Bank accounts, other net assets and the valuation of the investments in securities held denominated in currencies other than the reference currency of the different subfunds are converted at the mid closing spot rates on the valuation date. Income and expenses denominated in currencies other than the currency of the different subfunds are converted at the mid closing spot rates at payment date. Gain or loss on foreign exchange is included in the statement of operations.

The cost of securities denominated in currencies other than the reference currency of the different subfunds is converted at the mid closing spot rate prevailing on the day of acquisition.

*g) Receivable on securities sales,  
Payable on securities purchases*

The account "Receivable on securities sales" can also include receivables from foreign currency transactions. The account "Payable on securities purchases" can also include payables from foreign currency transactions.

*h) Income recognition*

Dividends, net of withholding taxes, are recognized as income on the date upon which the relevant securities are first listed as "ex-dividend". Interest income is accrued on a daily basis.

*i) Formation expenses*

The fees and expenses incurred in connection with the formation of the Fund and the initial subfund is amortized over a 5 years period.

## **Note 2 – Fees and Expenses**

### **Management Company Fee**

The Management Company is entitled to receive out of the assets of the Fund Management Company Fees of EUR 20 000 p.a. (on umbrella level). In addition, the Management Company is entitled to a Management Company Fee equal to a percentage of the Net Asset Value of each subfund or share class with a minimum fee per share class or the whole Fund. The Management Company Fee equal to the percentage of the Net Asset Value is calculated by reference to the Net Asset Value of each subfund calculated on each Valuation Day and be payable on a monthly basis in arrears. Annual fees are charged on a pro-rata basis and event based fees are charged on a case by case basis.

The overall charge of the Management Company is up to 0.25% p.a.. The Management Company is also entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties. These fees are paid directly out of the respective subfund's assets to the Management Company. The Management Company Fee covers the fees in relation with the Risk Management, the central administration and registrar and transfer agency and the supervision of the delegated functions.

In consideration of ancillary services rendered to the Fund, further fees may be paid directly out of the Fund's assets. For the avoidance of doubt, the Management Company Fee does not cover Investment management, marketing and distribution services performed respectively by the Investment Manager and the Distributor(s). The Fund pays separate fees to the Management Company for the services of Investment Manager as well as Distributor(s).

#### Investment Manager Fee

The Investment Manager is entitled to receive from the Management Company a customary fee equal to a percentage of the Net Asset Value of each subfund or share class, as set out in the Supplement of the sales prospectus for each subfund or share class. The Investment Manager fee is calculated by reference to the Net Asset Value of each subfund or share class and accrues on each Valuation Day and is payable monthly in arrears out of the assets of each subfund to the Management Company. The Management Company pays such fee to the Investment Manager. The Investment Manager may from time to time, at its sole discretion, decide to waive all or part of its fee.

<b>MOBIUS SICAV – Mobius Emerging Markets Fund</b>	<b>Maximum Investment Management Fee</b>
Inst C USD	1.00% p.a.
Private C EUR Founder	0.80% p.a. <sup>1</sup>
Private C USD Founder	0.80% p.a. <sup>1</sup>
Retail D EUR	1.20% p.a.
Retail D USD	1.20% p.a.

<sup>1</sup> For the first 18 months after launch of the share class, the Investment Management Fee will be below 0.80%. After expiry of such period, an Investment Management Fee of 1.20% p.a. shall apply.

#### Performance Fee

The Investment Manager may be entitled to receive from the Management Company a Performance Fee with respect to certain subfunds or share classes. The payment and size of the Performance Fee depends on the performance of the subfund or share class over a specified time period. The Performance Fee is calculated and accrued at each Valuation Day on the basis of the Net Asset Value (provisions for the Performance Fee are accrued or reversed depending on the development of the Net Asset Value) after deducting all fees and expenses, including the Management Fee and the Investment Manager Fee (but not the Performance Fee) and adjusting for subscriptions and redemptions during the performance period so these will not affect the calculation of the Performance Fee. In case of redemption, the accrued Performance Fee attributable to the redeemed shares will be crystallized and paid to the Investment Manager. The Performance Fee is paid out of the assets of the Fund to the Management Company and allocated to the relevant subfunds and share classes (as described in section 8.2 (Valuation procedure) in the sales prospectus). The Management Company will pay such fee to the Investment Manager.

Over the reference period, the Performance Fee shall be accrued daily whereby the amount accrued shall be paid to the Investment Manager within fifteen Business Days following the closure of the reference period. The reference period is represented by each calendar year. In the inception year of the subfund the reference period starts on the last day of the inception month and ends on the last day of the inception year.

The Performance Fee will be equal to a specific percentage set out in the relevant Supplement of the increase in the Net Asset Value per Share of the relevant subfund. The increase will be calculated by comparing the Net Asset Value per Share (after deducting all fees and expenses, including the Management Fee, the Investment Manager Fee (except Performance Fees) and adjusting for subscriptions and redemptions during the performance period) of the end of the reference period to the high water mark. The high water mark is equal to the highest Net Asset Value per Share (after Performance Fee) reached at the end of the previous reference periods within a three years' period, adjusted according to the amounts received for investments and the amounts payable for redemptions of the

relevant subfund and share class. The high-water-mark principle ensures that in case of loss, no Performance Fee will be paid until the loss has been recovered. Each three years the high water mark is reset to the last Net Asset Value per Share of the relevant subfund and share class at the end of the third year. Furthermore, as the case may be, a hurdle rate may be applied in relation to specific share classes as further set out in the relevant Supplement, so that the Performance Fee will only be charged if the increase of the Net Asset Value at the end of the reference period is above the respective hurdle rate.

<b>MOBIUS SICAV – Mobius Emerging Markets Fund</b>	<b>Maximum Performance Fee</b>
Inst C USD	15.00% (with hurdle rate of 5.00%)
Private C EUR Founder	15.00% (with hurdle rate of 5.00%)
Private C USD Founder	15.00% (with hurdle rate of 5.00%)
Retail D EUR	15.00% (with hurdle rate of 5.00%)
Retail D USD	15.00% (with hurdle rate of 5.00%)

#### Fees of the Depositary and the Paying Agent

The Depositary and Paying Agent are entitled to receive out of the assets of each subfund a fee equal to a percentage of the Net Asset Value of each subfund or share class subject to a minimum fee per subfund or share class. The Depositary fee is calculated on the Net Asset Value of each subfund, subject to a maximum rate of 0.15% p.a. and subject to a minimum of EUR 20 000 p.a. per subfund. The Depositary fee is charged to the subfunds on a pro rata basis on each Valuation Day and paid on a monthly basis in arrears to the Depositary out of the subfund's assets. Further fees may be payable to the Depositary in consideration of ancillary services rendered to the subfunds and relating to the core services of the Depositary. These fees are paid directly out of the relevant subfund's assets to the Depositary. The Depositary will also be entitled to transaction fees charged on the basis of the investments made by each subfund consistent with market practice in Luxembourg. Fees paid to the Depositary may vary depending on the nature of the investments of each subfund and the countries and/or markets in which the investments are made. The Depositary will also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties upon approval by the Management Company.

#### Fees of the Distributors

To the extent permitted under applicable laws and regulations, the Global Distributor is entitled to

receive from the Management Company a fee in consideration of the marketing and distribution of certain subfunds or share classes equal to a percentage of the Net Asset Value of each such subfund or share class, as further specified in the Supplement of each subfund. The Global Distributor fee will accrue on each Valuation Day and is payable monthly in arrears out of the assets of each subfund to the Management Company. The Management Company will pay such fee to the Global Distributor.

The Global Distributor may enter into contractual arrangements with various sub-distributors, intermediaries, brokers/dealers and/or professional investors for the distribution of Shares outside the United States of America. Payments of fees or commissions to various sub-distributors, brokers/dealers or other intermediaries may be made out of the Global Distributor fee, when such payments are expected to enhance the quality of the distribution or other services provided to the investors, including but not limited to the improvement of the communication of ongoing information to investors, the transaction processing or other shareholder and/or administrative services.

<b>MOBIUS SICAV – Mobius Emerging Markets Fund</b>	<b>Maximum Distribution Fee</b>
Inst C USD	n.a
Private C EUR Founder	0.75% p.a.
Private C USD Founder	0.75% p.a.
Retail D EUR	0.75% p.a.
Retail D USD	0.75% p.a.

#### Directors' fees and expenses

The members of the Board of Directors are entitled to receive a fee in consideration for their function. However, members of the Board of Directors who are also directors, officers or employees of manager/promoter or its affiliates will be requested to waive their fees. The Fund will also reimburse the members of the Board of Directors for appropriate insurance coverage and expenses and other costs incurred by the members of the Board of Directors in the performance of their duties, including reasonable out-of-pocket expenses, traveling costs incurred to attend meetings of the Board of Directors, and any costs of legal proceedings unless such costs are caused by intentional or grossly negligent conduct by the member of the Board of Directors in question. The Fund may also pay fees and expenses to members of any committee established by the Board of Directors.

The Fund bears all ordinary operating costs and expenses incurred in the operation of the Fund or any

subfund or share class (“Operating and Administrative Expenses”) including but not limited to costs and expenses incurred in connection with:

- preparing, producing, printing, depositing, publishing and/or distributing any documents relating to the Fund, a subfund or share class that are required by applicable laws and regulations (such as the Articles of Association, this Prospectus, key investor information documents, financial reports and notices to investors) or any other documents and materials made available to investors (such as explanatory memoranda, statements, reports, fact-sheets and similar documents);
- other fees in relation to the establishment and launch of the Fund;
- organising and holding general meetings of shareholders and preparing, printing, publishing and/or distributing notices and other communications to shareholders as well as other corporate secretarial services;
- professional advisory services (such as legal, tax, accounting, compliance, auditing and other advisory services) taken by the Fund or the Management Company on behalf of the Fund;
- investment research provided to any of the service providers of the Fund in relation to the management of the assets of the Fund; information concerning the amount of research costs applicable to the relevant subfund in which they are invested are available for shareholders at the registered office of the Fund;
- the authorisation of the Fund, the subfunds and share classes, regulatory compliance obligations and reporting requirements of the Fund (such as administrative fees, filing fees, insurance costs and other types of fees and expenses incurred in the course of regulatory compliance), and all types of insurance obtained on behalf of the Fund and/or the members of the Board of Directors;
- initial and ongoing obligations relating to the registration and/or listing of the Fund, a subfund or share class and the distribution of Shares in Luxembourg and abroad (such as fees charged by and expenses payable to financial regulators, distributors, correspondent banks, representatives, listing agents, paying agents, fund platforms, and other agents and/or service providers appointed in this context, as well as advisory, legal, and translation costs);
- due diligence fees and fees for the update of procedures charged by the Management Company to the Fund;

- the determination and publication of tax factors for the EU/EEA Member States and/or any other countries where distribution licences and/or private placements exist, according to the actual expenditure incurred at market rates;
- memberships or services provided by international organisations or industry bodies such as the Association of the Luxembourg Fund Industry (ALFI);
- taxes, charges and duties payable to governments and local authorities (including the Luxembourg annual subscription tax (taxe d’abonnement) and any other taxes payable on assets, income or expenses) and any value added tax (VAT) or similar tax associated with any fees and expenses paid by the Fund; and
- the reorganisation or liquidation of the Fund, a subfund or share class.

### Note 3 – Taxe d’abonnement

According to the law and practice currently in force, the Fund is not liable to any Luxembourg tax on withholding, income, capital gains or wealth taxes. The Fund is, however, liable in Luxembourg to a tax of 0.05% per annum (“Taxe d’Abonnement”) of its net asset value, such tax being payable quarterly on the basis of the value of the net assets of the Fund at the end of the relevant calendar quarter or 0.01% per annum for the Classes of shares dedicated to institutional investor as defined from time to time by the Luxembourg laws and regulations.

### Note 4 – Transaction costs

Transaction costs include brokerage fees, stamp duty, local taxes and other foreign charges if incurred during the fiscal year. Transaction fees are included in the cost of securities purchased and sold.

For the period ended on 31 December 2018, the Fund incurred transaction costs relating to purchase or sale of investments in securities and similar transactions as follows:

MOBIUS SICAV	Transaction costs
– Mobius Emerging Markets Fund	29 940.30 USD

Not all transaction costs are separately identifiable. For fixed income investments, forward currency contracts and other derivative contracts, transaction

costs will be included in the purchase and sale price of the investment. Whilst not separately identifiable these transaction costs will be captured within the performance of each subfund.

#### **Note 5 – Official language**

The English version of these financial statements is the authoritative version and only this version was audited by the auditor. However, in the case of Fund shares sold to investors from other countries in which Fund shares can be bought and sold, the Fund and the Depositary may recognize approved translations (i.e. approved by the Fund and the Depositary) into the languages concerned as binding upon themselves.

## 1) Global Exposure

### Risk management

Risk management in accordance with the commitment approach is applied pursuant to the applicable laws and regulatory provisions.

### Leverage

Leverage is defined pursuant to the applicable ESMA directives as the total of the notional values of the derivatives used by the respective subfund. According to this definition, leverage may result in artificially increased leverage amounts, as some derivatives that can be used for hedging purposes may be included in the calculation. Consequently, this information does not necessarily reflect the precise actual leverage risk that the investor is exposed to.

Subfund	Global risk calculation method
MOBIUS SICAV – Mobius Emerging Markets Fund	Commitment approach

## 2) Remuneration Policy and quantitative disclosure

The Board of Directors of UBS Fund Management (Luxembourg) S.A. has updated the remuneration policy (the "Policy") on 7 December 2018, whose objectives are on one hand; to ensure that the remuneration framework is in line with the applicable laws and regulations, and more specifically with provisions defined under (i) the Articles 111bis and 111ter of the Luxembourg Law of 17 December 2010 on Undertakings for Collective Investment in Transferable Securities as amended from time to time (the UCITS Law) transposing the UCITS Directive 2014/91/EU (the UCITS V Directive), (ii) the Alternative Investment Fund Managers (AIFM) Directive 2011/61/EU, transposed into the Luxembourg AIFM Law dated from 12 July 2013, as amended from time to time, (iii) the ESMA's guidelines on sound remuneration policies under the UCITS Directive - ESMA/2016/575 published on 14 October 2016 and ESMA's guidelines on sound remuneration policies under the AIFMD - ESMA/2016/579 published on 14 October 2016 amending the ESMA's guidelines on sound remuneration policies under the UCITS Directive and AIFMD published on 31 March 2016 - ESMA/2016/411 (the ESMA Guidelines) and (iv) the CSSF Circular 10/437 on Guidelines concerning the remuneration policies in the financial sector issued on 1 February 2010; (v) the Directive 2014/65/EU on markets in financial instruments (MiFID II);

(vi) the Commission Delegated Regulation 2017/565/EC of 25 April 2016 supplementing Directive 2014/65/EU (MiFID II Level 2); (vii) the CSSF Circular 14/585, transposing the ESMA Guidelines 2013/606 on remuneration policies and practices (MiFID ESMA Guidelines); and on the other hand, to comply with the UBS AG Remuneration policy framework. The Policy is meant not to encourage excessive risk taking, to contain measures to avoid conflicts of interest, to be consistent with, and promote, sound and effective risk management and to be consistent with the UBS Group business strategy, objectives and values.

Further information in relation to UBS AG Remuneration Policy is available in the UBS Group AG Annual Report and in the Compensation report. More details about the remuneration policy of the Management Company, which describes, but not limited to, how remuneration and benefits are determined, are available at [http://www.ubs.com/lu/en/asset\\_management/investor\\_information.html](http://www.ubs.com/lu/en/asset_management/investor_information.html)

### Application of the requirements and remuneration disclosure

In accordance with the Article 151 of the UCITS Law, the Management Company is required to disclose at least annually certain information concerning its remuneration policy and the practices for its identified staff.

The Management Company complies with the aforementioned regulatory provisions in a way and to the extent that is appropriate to its size, internal organization and the nature, scope and complexity of its activities.

Considering the total size of funds under management, both UCITs and AIFs although a significant portion is not complex or risky investment, UBS Fund Management (Luxembourg) S.A. judges that the proportionality principle may not be applicable at the level of the company but at the level of the Identified staff.

By application of the proportionality principle for the Identified staff, the following requirements on pay-out processes for Identified staff are not applied:

- The payment of variable remuneration in instruments related mainly to the funds in relation to which they perform their activities;
- Deferral requirements;
- Retention periods;
- Incorporation of ex-post risk factors (i.e. malus or clawback arrangements).

The deferral requirements remain however applicable when the employee's total annual compensation is exceeding the threshold defined under the UBS Group Compensation Framework; the variable compensation will be treated in line with the plan rules defined under the UBS Group Compensation Framework.

There is no remuneration paid to identified staff of delegates from the Management Company.

### **Remuneration disclosure**

For the fiscal year ending 31 December 2018, the aggregate total remuneration paid by UBS Fund Management (Luxembourg) S.A. to all its staff amounted to EUR 468, of which EUR 32 represented the variable remuneration. The Management Company employed an average of 34.7 staff (full time equivalent) during this period.

The aggregate total remuneration paid by the Management Company to its Identified Staff amounted to EUR 90.

Please further note that due to the roles of Management Company staff, this remuneration was calculated in proportion of the net assets of the Fund out of the net assets of all the funds under the governance of UBS Fund Management (Luxembourg) S.A. (including both AIF and UCITS funds).

### **3) Transparency of securities financing transactions and their reuse**

No securities financing transactions or total return swaps within the meaning of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 ("SFTR") were used by the Fund. As a result, no disclosures within the meaning of Article 13 of said Regulation need to be made to investors in the annual report.