

ALPHA QUEST FUNDS SICAV p.l.c.

ANNUAL REPORT

**For the period from 28 November 2016 (date of incorporation) to
31 December 2017**

Company Registration Number: SV 430

ALPHA QUEST FUNDS SICAV p.l.c.

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Directors, Officers and other information

Directors	Dr. Frank Chetcuti Dimech Mr. Joseph Xuereb Mr. Adrian Galea (resigned on 30 September 2017) Mr. Michal Kosac (appointed on 11 September 2017)
Registered Office	Level 1 Blue Harbour Business Centre Ta' Xbiex Yacht Marina Ta' Xbiex XBX 1027 Malta
Company Registration Number	SV430
Administrator and Registrar	Amicorp Fund Services Malta Limited Level 1 Blue Harbour Business Centre Ta' Xbiex Yacht Marina Ta' Xbiex XBX 1027 Malta
Company Secretary	Amicorp Services Limited Level 1 Blue Harbour Business Centre Ta' Xbiex Yacht Marina Ta' Xbiex XBX 1027 Malta
Investment Committee	Mr. Joseph Xuereb Mr. Michal Kosac (appointed on 11 September 2017) Mr. Joseph Formosa Mr. Mark L. Zammit (resigned on 11 September 2017)
Custodian	Bank of Valletta p.l.c. BOV Centre Cannon Road Santa Venera SVR 9030 Malta
Statutory Auditors	KPMG Portico Building Marina Street Pieta PTA 9044 Malta

ALPHA QUEST FUNDS SICAV p.l.c.

Report of the Directors

The directors present their report and the audited financial statements of Alpha Quest Funds SICAV p.l.c. (the "Company"), covering the financial period ended on 31 December 2017.

Incorporation and principal activities

The Company was incorporated on 28 November 2016. The Company is licensed and regulated by the Malta Financial Services Authority ("MFSA") under the Investment Services Act (CAP. 370, Laws of Malta) as a Professional Investor Fund which targets Qualifying Investors as set out in the relevant Offering Supplement.

Review of business

The licensed sub-funds as at the end of the period were as follows:

- Alpha Quest Balanced Fund (PIF/430A); and
- Alpha Quest Opportunity Fund (PIF/430 B).

During the period under review, the Company's sub-funds attracted the following subscriptions:

Fund name	Currency	Subscriptions
Alpha Quest Balanced Fund	EUR	8,424,000
Alpha Quest Opportunity Fund	EUR	20,677,970

The Company continued to purchase Romanian restitution points and is currently one of the largest owners of these points on the Romanian market holding roughly 280 million points (having nominal value of RON 1 per point) as at 31 December 2017.

Results

The results for the period under review are shown in the statement of comprehensive income on page 13.

Dividends and reserves

An interim dividend amounting to EUR 1,797,467 has been declared and paid to the 'A' Class Shareholders during the period. No final dividend can be proposed as the retained earnings of the Company as at 31 December 2017 amounted to EUR Nil.

Currency

The financial statements are drawn up in Euro (€), which is the currency in which the Company's share capital is denominated in terms of section 187 of the Companies Act, 1995.

Risks

The activities of the Company expose it to a variety of risks. The successful management of risk is essential to enable the Fund to achieve its objectives. The ultimate responsibility for risk management rests with the Company's directors, who evaluate the Company's risk appetite and formulate policies for identifying and managing such risks. The principal risks and uncertainties facing the Company are included below.

The Company defines risk as the probability of a permanent loss of capital. The risk management effort targets the minimization of the probability of a permanent loss of invested capital within its investment objective. At the same time it is also understood that the risk cannot be completely eliminated. Risk is considered acceptable by the Board of Directors if its sources are understood and within appetite and tolerance levels set by the Board of Directors after consulting the Investment Committee. It is important to understand the sources of risk and carry risk only if there is adequate compensation in the form of return.

The Company carries the risk of losses due to non-compliance with legal requirements towards the Maltese regulator and other regulators in whose jurisdiction the Company may conduct its business or other potential institutions.

Report of the Directors (Continued)

Risks (Continued)

The internal compliance function of the Company is carried out by experienced personnel. The Company is subject to numerous laws and regulations covering a wide range of matters. Failure to comply could have financial or reputational implications and could materially affect the Company's ability to operate. The Company has embedded operating policies and procedures to ensure compliance with existing legislation.

The Company's investments in the points awarded under indemnification decisions issued by the Romanian Government need to be sourced from individual beneficiaries of such points and acquired through public deeds registered in Romania. There is no guarantee that the Company will manage to source such points, or a particular number of points. The Company may also be exposed to changes in the Romanian Government's interpretation of the points system and/or to changes in the applicable laws. Romania has undergone a long period of economic transition to a market economy, which has not been smooth. An extensive programme of economic reforms included the privatisation of several state-owned enterprises and the restructuring of Romania's energy, mining and industrial sector. Externally, a slowdown in global trade may have a high impact on Romania's growth, mainly due to its reliance on other EU economies as trading partners. Geopolitical tensions, combined with the increase in the US Federal Reserve's key-interest rate could lead to increased investor caution, capital outflows and depreciation of the local currency (RON).

The exposure of the above risks, the way these risks arise, and how the Company manages these risks are further disclosed in details in note 9 to these financial statements and in the Offering Documentation of the Company and respective Sub-Fund.

Directors

The Directors of the Company who served during the period were:

Dr. Frank Chetcuti Dimech

Mr. Joseph Xuereb

Mr. Adrian Galea (resigned on 30 September 2017)

Mr. Michal Kosac (appointed on 11 September 2017)

In accordance with the Company's Articles of Association, the directors will remain in office.

Compliance with Standard Licence Conditions

There were no breaches during the period under review and no regulatory sanctions were imposed on the Company.

Directors' Confirmation

We the undersigned are responsible for the preparation of the Annual Report of the Company for the financial period ended 31 December 2017 and confirm that to the best of our knowledge, it is complete and accurate in all material respects and conforms with the MFSA's requirements in terms of the Company's License Conditions and any disclosures of the Company's past performance are accurate and in conformity with the MFSA's applicable requirements.

Auditors

The auditors, KPMG, have expressed their willingness to continue in office and a resolution proposing their reappointment and authorizing the directors to fix their remuneration will be put before the members at the next general meeting.

Approved by the Board of Directors on 30 April 2018 and signed on its behalf by:



Mr. Michal Kosac
Director



Mr. Joseph Xuereb
Director

ALPHA QUEST FUNDS SICAV p.l.c.

Statement of Directors' responsibilities

The Directors are required by the Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act") to prepare the financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and the results for that year.

In preparing the financial statements, the Directors are responsible for:

- i. Selecting and applying of appropriate accounting policies;
- ii. Ensuring the financial statements have been drawn up in accordance with International Financial Reporting Standards adopted by the EU;
- iii. Making accounting estimates that are reasonable in the circumstances; and
- iv. Ensuring that financials statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Act. The Directors are also responsible for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance that the assets of the Company are being properly safeguarded and that fraud and other irregularities will be prevented and detected.



Mr. Michal Kosac
Director



Mr. Joseph Xuereb
Director

SPECIFIC DISCLOSURES

Information about the Issuer

The name of the company is Alpha Quest Funds SICAV p.l.c. (the “Company”)

The registered office of the Company is situated at Level 1, Blue Harbour Business Centre, Ta' Xbiex Seafront, Ta' Xbiex XBX 1027, Malta.

The Company was incorporated on 28 November 2016. The Company is organised as a multi-fund limited liability investment company with variable share capital under the laws of the Republic of Malta and licensed by the Malta Financial Services Authority (MFSA) with Licence Number SV 430 under the Investment Services Act (Chapter 370 of the Laws of Malta) as a Professional Investor Fund targeting Qualifying Investors.

The Company may establish a number of Sub-funds. Currently the Company has established two Sub-funds: the Alpha Quest Balanced Fund and the Alpha Quest Opportunity Fund. Pursuant to Legal Notice 241 of 2006, the assets and liabilities of each individual Fund comprised in the Company shall constitute a patrimony separate from that of each other Sub-fund of the Company so that the assets of one Sub-fund shall be available exclusively for the creditors and holders of Shares in that Sub-fund.

LEI code:	213800JHGGP7KI184U67
ISIN:	CZ0000000856
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The Company is not part of any group and, therefore, is not dependent upon any entities.

Principal activity and investments

The Company is an investment company with variable share capital, the sole object of which is the collective investment of its funds in securities and other movable or immovable property, or in any of them, with the aim of spreading investment risks and giving Members the benefits of the results of the management of its funds.

The investment objective of both the Sub-funds is to achieve capital appreciation primarily through investments in points representing entitlement to immovable property located in Romania with the purpose of redeeming the points so acquired into cash or re-selling the immovable property so acquired. Such investments are derived from indemnification decisions issued by the Romanian Government – National Authority for Property Restitution (“ANRP”) regarding the measures for the completion of the restitution process, in kind or in equivalent, of the properties unlawfully seized during the Romanian communist regime, as subsequently amended. The Romanian law provides for that where restitution in kind to the former owners is not possible, the restitution request is settled by granting compensation in the form of points (hereinafter “Points”), with each point having a value of one Romanian Leu (RON 1). Starting from 1 January 2017, persons obtaining such points may use them in order to acquire immovable property from a National Fund by public auction or, for a period of five (5) years, to redeem them into cash up to a maximum of 20% of the nominal value of Points per annum. There is no time-limit for utilizing Points to acquire immovable property by public auction. The Points will be acquired on the secondary market from existing owners through a notarial deed executed and registered in Romania. If Points are redeemed at public auctions, the Sub-fund will not enter into any co-ownership deal and will only acquire individual properties in their entirety. No Points will be acquired from any of the members of the Investment Committee and/ or any related parties to the Company.

The Sub-funds may also invest in government and corporate bonds in developed markets. The Sub-funds may also enter into agreements with third party banks that desire to issue fixed income products linked to the Sub-fund’s underlying assets and issue fixed income securities. The Sub-fund may from time to time invest unutilized cash in bonds and currency swaps. Such investments may be with various entities in various markets or industries and in different geographical locations, without limitation. Depending on market conditions, the Sub-fund may also from time to time invest in cash or money market instruments for liquidity purposes.

SPECIFIC DISCLOSURES (Continued)

The Sub-funds are also exposed to market, credit and liquidity risks. Further information are disclosed in the notes to the financial statements.

During the period, one of the sub-funds of the Company issued subordinated unsecured yield bond with maturity date on 22.12.2021 with a yield of 4.5% p.a. in the nominal value of CZK 100,000 per bond, ISIN CZ0000000856 (the "Bond"). Bonds represents debt obligations issued in the Czech Republic in accordance with Czech legal regulations. Bonds are traded at the Prague Stock Exchange, a.s. A volume of issued Bonds as at 31 December 2017 amounted to CZK 800 million

As at 31 December 2017, neither the Bond nor the Fund had a credit rating.

Functionaries and Officials as at 31 December 2017

Directors

The affairs of the Company are managed by a Board of Directors. The judicial and legal representation of the Company shall be vested in any two directors acting jointly. The Company's Board of Directors is composed of three Directors approved by the MFSA and appointed by the holders of Founder Shares upon incorporation of the Company. Each Director shall have one vote. The Board of Directors was at 31 December 2017 composed of the following:

Frank Chetcuti Dimech

Dr. Frank Chetcuti Dimech co-founded CDF Advocates in Malta in 1993. He practices financial services, company, taxation and international law. He holds a Doctorate of Laws and a Masters in Financial Services from the University of Malta and an International Investment Advice Certificate from the Securities and Investment Institute, London.

Joseph Xuereb

Mr. Joseph Xuereb ACIB, IFS Associate is a Maltese national and a Banker by profession. He joined the Central Bank of Malta in 1979 occupying various roles at the dealing and investment department. In 1995 he joined APS Bank as Senior Manager Treasury Unit where he was responsible for all currency dealing, all investment portfolios and asset liability management. In 2000 he was appointed Head of the Asset Management of the Bank, responsible for the Treasury Unit, the Investment Services Unit and the Portfolio Management Unit. He was also a member of investment committees outside the banking sector, including insurance and airline companies. He currently sits on the investment committees of other Maltese funds.

Michal Kosac

Mr. Michal Kosac is working as a partner at Astone finance, s.r.o., a financial boutique regulated by the Czech National Bank. His primary responsibility lies in creating investment strategies for the company's clients. Michal started his career at Merrill Lynch in New London and Boston where he worked as an analyst in a private wealth management team. He then continued his career at WOOD & Company sa in Prague where he was responsible for the initial set up of the WOOD & Company Funds SICAV plc (an MFSA regulated entity) as well as administering its sub-funds and later co-managing the WOOD & Company Central & Eastern European Equity Fund as well as the WOOD Textiles Fund. He is also a member of the Investment Committee of IJC Funds SICAV plc which is regulated by the MFSA. Michal received his degree with honors from Connecticut College, Connecticut, United States.

Investment Committee

The Board of Directors of the Company shall appoint an Investment Committee for each Fund. The Investment Committee consists of three members, who are individuals. The Investment Committee of a Fund shall meet at least four times a year with the majority of meetings to be held in Malta, and shall be responsible for the day-to-day management of the Sub-funds, including amongst others the following:

SPECIFIC DISCLOSURES (Continued)

- to monitor and review the investment policy and performance of a Sub-fund;
- to establish and review guidelines for investment by a Sub-fund;
- to issue rules for financial instrument selection and set the portfolio structure and asset allocation;
- to make recommendations to the Board of Directors.

The Investment Committee shall report to the Board of Directors on its activities and the performance of a Sub-fund at least four times a year.

Investment Committee was as at 31 December 2017 composed of the following:

Joseph Xuereb
Joseph Formosa
Michal Kosac

Annual general meeting

Apart from the appointment or removal of the Directors at the Company's annual general meeting in accordance with the Company's Articles, the Founder Shareholders may also at any time appoint or remove any Director or Directors at an extraordinary general meeting provided that the number of Directors always complies with the requirements prescribed in the Company's Memorandum. A Director need not be a Member.

The Administrator

Amicorp Fund Services Malta Limited has been appointed by the Company as Administrator to the Company and its Sub-funds, pursuant to an administration agreement ("The Administration Agreement"), to perform certain administrative functions in relation to the Company and the Sub-funds, including inter alia the calculation of the Net Asset Value, accounting services and transfer agency services. The Administrator may, subject to the written approval of the Company, sub-contract parts of its services to third parties.

The Custodian

Bank of Valletta p.l.c. ("BOV") has been appointed as a banker, broker and safe-keeper of the Fund. Bank of Valletta enjoys a large percentage of the Maltese banking market. The bank was incorporated in Malta as a limited liability company in 1974. It is licensed to carry on the business of banking as a credit institution in terms of the Banking Act 1994 and is a licensed custodian under the Investment Services Act. It is the parent company of the Bank of Valletta Group, which is actively involved in the provision of a comprehensive range of financial services in Malta. BOV is not the custodian for investments by the sub-funds in restitution points.

Conflicts of Interest

The officers of the Company have disclosed the following:

1. Mr Joseph Xuereb is a Director of the Company, a member of the Investment Committee and also the holder of 100% of the Founder Shares of the Company;
2. Dr Frank Chetcuti Dimech is a Director of the Company as well as its legal advisor as to Maltese law; and
3. Mr. Michal Kosac who is the Director of the Company is also Director in Fraternity Capital Limited, who holds half of the "A" class shares in the Company.

Designations, Powers and Rights of Shares

The Founder Shares

The Founder Shares shall rank equally in all respects, shall carry the right to one vote each, and save as provided in Article 26.1 of the Articles of Association, shall not carry a right to participate in any dividends or other distributions of the Company or in the assets of the Company on a winding up (other than the return of the paid up capital after payment of all amounts due to the Investor Shares).

SPECIFIC DISCLOSURES (Continued)

The "A" Ordinary Shares

The Company shall also have a separate class of shares with no nominal value, made up of one hundred (100) "A" Ordinary Shares but which shall not constitute a distinct fund, shall rank equally in all respects, shall not carry the right to vote, and, save as provided in Article 26.1 of the Articles of Association, shall not carry a right to participate in any dividends or other distributions of the Company, if applicable, or in the assets of the Company on a winding up, except repayment of paid up capital following settlement of any and all amounts due to the Investor Shares and Founder Shares. The Board of Directors is authorised for a period of five (5) years, to issue and allot "A" Ordinary Shares up to the maximum amount specified in this paragraph.

Article 26.1 of Articles of Association

The Directors may, as they from time to time think fit, and subject to the applicable laws, declare and pay such interim or final dividends in such currency as the Directors may deem appropriate, subject to the observance of any applicable law, on Founder Shares, "A" Ordinary Shares and Investor Shares of a Sub-Fund as appears to the Directors to be justified, subject to any policy statement in relation to dividends in the Offering Supplement of a Sub-Fund: provided that when dividends are not paid on Investor Shares, income will be accrued within the Net Asset Value of the relative Sub-Fund and provided further that distributions on "A" Ordinary Shares and Founder Shares, if any, shall be calculated in a manner that the total amount of distributions on "A" Ordinary Shares and Founder Shares shall be an amount not exceeding the aggregate of the Management Fee and the Performance Fee due under the terms of the Offering Supplement of a Sub-Fund, which amount shall in no way be restricted to the amount of income received or receivable by the Company (from investments made by the Sub-Funds) during the relevant Accounting Period.

The Investor Shares (Redeemable Shares)

The Investor Shares do not carry any voting rights. The Investor Shares rank *pari passu* among themselves in all respects. The Investor Shares participate in the assets of the Company and in any dividends, and distributions of the Company upon liquidation. The Investor Shares may be redeemed at the option of the holders thereof according to the Articles of Association annexed hereto and in accordance with any terms and conditions pursuant to which the Investor Shares are issued.

Classes

With the prior approval of the MFSA, the Directors may from time to time establish a Fund by the issue of separate classes of Shares of the Company on such terms as the Directors may resolve. Apart from Investor shares, the Company has issued by way of subscription:

- 1,000 Founder Shares which are fully paid up and subscribed by Joseph Xuereb;
- 50 "A" Ordinary Shares which are fully paid up and subscribed by Ovidiu Fer; and
- 50 "A" Ordinary Shares which are fully paid up and subscribed by Fraternity Capital Limited.

Principles of remuneration

Remuneration of Directors

The Directors of the Company, shall receive for their services such remuneration as may be determined by the Company in a General Meeting from time to time or, in relation to a particular Sub-fund, as specified in a Supplement. Each Director's remuneration shall in no case exceed € 10,000 per annum. In addition, each Director may be paid reasonable travelling, hotel and other incidental expenses incurred in attending meetings of the Directors and general meetings of the Company. The amount paid from the assets of each Fund shall be proportionate to the Net Asset Value of each Fund when compared to the net asset value of the Company.

SPECIFIC DISCLOSURES (Continued)

Remuneration of Investment Committee members

The members of the Investment Committee shall receive for their services such remuneration as may be determined by the Directors from time to time. The fee will be paid by sub-funds. In addition, each Investment Committee member may be paid reasonable travelling, hotel and other incidental expenses incurred in attending meetings of the Investment Committee. The amount paid from the assets of each Fund shall be proportionate to the Net Asset Value of each Fund when compared to the net asset value of the Company.

Remuneration of Founder Shareholders

Founder Shareholders shall not be entitled to any remuneration but may be paid reasonable travelling, accommodation and other incidental expenses incurred in attending general meetings of the Company.

Monetary and non-monetary benefits received by Directors for the period

Total monetary income of Directors and Investment Committee members of the Company for the period amounted to EUR 30,000.

The Directors or members of Investment Committee did not receive any non-monetary income during the period.

Corporate governance and the Code

The Issuer has not obligatorily adopted the Corporate Governance Code issued by the Securities Commission that is available on the website of Czech National Bank www.cnb.cz.

However, the Issuer's Corporate Governance is organized in accordance with the principles outlined in this document, as defined in the internal policies and statutes of the Issuer. In addition to its own policies, the corporate governance is fully in line with applicable law.

The above mentioned code has not been voluntarily adopted because in addition to the simple shareholder structure, the Issuer considers the existing policies of the corporate governance fully adequate and functional.

Information about internal control principles and strategies and the rules for the treatment of risks

The Board of Directors is responsible for implementing adequate administrative and accounting procedures for the preparation of the financial statements. The Board of Directors has responsibility for the planning, management and monitoring of those processes relating, in particular, to management and accounting information flows (including the automated data processing and accounting reporting systems) and for attesting to their adequacy and effective application, as defined by the relevant laws and regulations. The Company also established a position of a compliance officer ensuring the Company complies with its outside regulatory requirements and internal policies.

The Board of Directors identifies and assesses the risks on financial information, identifies and carries out the appropriate controls, targeted at mitigating the possibility that such risks will occur, and monitors and assesses the efficiency of the controls in relation to the financial information process. The Administrator calculates the Net Asset Value ("NAV") of the Sub-funds as at the date of the statement of financial position or at the settlement date of new investors and prepares draft financial statements. NAV calculation and financial statements are approved by the Board of Directors.

Investment committee approves each new investment (at least 2 members of the Investment committee shall approve it), evaluates the performance of the investment in Sub-funds and reports to the Board of Directors on its activities and the performance of each Sub-fund at least four times a year.

SPECIFIC DISCLOSURES (Continued)

Key Figures of the Company for the period

Information about profit before tax for the period can be found in the Statement of Comprehensive Income on page 13 of the financial statements which forms the part of Annual Report. The result corresponds to the expectation and reward attributed to the Company for the issue of the bonds.

Information about the Company's total assets and financial situation as at 31 Decemebr 2017 can be found on page 12 in the financial statements which form part of the Annual Report.

Remuneration charged by auditors over the accounting period

The statutory auditor's remuneration (excluding VAT) for the period amounted to EUR 15,000, which is outstanding at the year end. Fees charged by auditor for advise and assistance in connection with the initial compliance obligations was EUR 1, 000 (excluding VAT).

Legal and arbitration proceedings

The Company is not a party to any litigation or arbitration proceedings.

Material contracts

The Company has not entered into any contract beyond its normal business from which any member of the Company would incur any liability or claim that is significant at the end of the accounting period for the Company.

Expected economic situation in next year

In 2018, the Company intends to continue its primary business of capital appreciation primarily through investments in points representing entitlement to immovable property located in Romania with the purpose of redeeming the points so acquired into cash.

Issuer's subsidiaries and branches

The Company did not have an organizational unit located abroad in 2017.

Acquisition of own shares (treasury shares)

During the period, no acquisition of own shares (treasury shares) occurred.

Expenses incurred in connection with research and development

The Company did not incur any research and development expenditure during the period.

Investment in tangible and intangible fixed assets

The Company did not make any significant investments in tangible and intangible fixed assets during the period.

Environmental and labor relations activities

The Company complies with all legal requirements in the field of environmental protection and complies with applicable legislation in the field of labor relations.

SPECIFIC DISCLOSURES (Continued)

True and fair view statement

The Board of Directors of Alpha Quest Funds SICAV p.l.c. declares that the Annual Report and financial statements provide a true and fair view of the financial position, business activities and results of the Company for the past accounting period and to the best of its knowledge, all the information and data in the Annual Report and financial statements correspond to the prospects for future financial and business performance and no significant circumstances have been omitted.

Approved by the Board of Directors on 30 April 2018 and signed on its behalf by:



Mr. Michal Kosac
Director



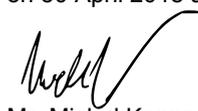
Mr. Joseph Xuereb
Director

Alpha Quest Funds SICAV p.l.c.
Statement of Financial Position
As at 31 December 2017

		Alpha Quest Funds SICAV p.l.c.	Alpha Quest Balanced Fund	Alpha Quest Opportunity Fund
	Combined	31.12.17	31.12.17	31.12.17
Note	EUR	EUR	EUR	EUR
Assets				
Current assets				
Cash and cash equivalents	5	16,129,453	772,174	1,221,304
Financial assets at fair value through profit or loss	11	3,646,738	-	3,646,738
Due from SICAV		10,358,691	-	3,486,122
Due from sub-funds		3,999,297	2,191,021	940,169
Management and performance fee receivable		893,369	893,369	-
Restitution points	12	37,837,961	-	37,446,509
Receivable from Government of Romania		6,054,111	6,054,111	-
Receivable from "A" Class Shareholders		454,396	454,396	-
Total assets		79,374,016	10,365,071	43,094,104
Equity and Liabilities				
Share Capital and Reserves				
Share capital	6	1,100	1,100	-
Total equity		1,100	1,100	-
Current liabilities				
Bonds issued and interest payable	13	31,358,955	-	31,358,955
Administration fees payable	14	23,666	-	11,833
Audit fees payable		17,700	-	8,850
Management fees payable	14	387,480	-	191,053
Performance fees payable	14	505,889	-	145,699
Other payables	14	230,646	5,280	1,878
Due to sub-funds		12,166,967	10,358,691	868,107
Due to SICAV		2,191,021	-	2,191,021
Total liabilities		46,882,324	10,363,971	34,777,396
Net assets attributable to holders of redeemable shares	7	32,490,592	-	8,316,708
Total Equity and Liabilities		79,374,016	10,365,071	43,094,104

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

The financial statements on pages 12 to 30 were approved and authorised for issue by the Board of Directors on 30 April 2018 and were signed on its behalf by:


Mr. Michal Kosac
Director


Mr. Joseph Xuereb
Director

Alpha Quest Funds SICAV p.l.c.

Statement of Comprehensive Income

For the period from 28 November 2016 (date of incorporation) to 31 December 2017

		Alpha Quest Funds SICAV	Alpha Quest Balanced Fund	Alpha Quest Opportunity Fund
	Combined 31.12.17	31.12.17	31.12.17	31.12.17
Note	EUR	EUR	EUR	EUR
Income				
Net gains on financial assets at fair value through profit or loss	587,060	-	-	587,060
Net gains on restitution points	7,990,339	-	2,796,960	5,193,379
Net loss on foreign exchange	(1,851,714)	(48,596)	(1,410,751)	(392,367)
Interest income	253,867	165	-	253,702
Income from management and performance fees	1,860,944	1,860,944	-	-
Net investment income	8,840,496	1,812,513	1,386,209	5,641,774
Expenditure				
Administration fees	(23,666)	-	(11,833)	(11,833)
Audit fees	(17,700)	-	(8,850)	(8,850)
Directors and investment committee fees	(30,000)	-	(15,000)	(15,000)
Performance fees	(1,323,464)	-	(145,699)	(1,177,765)
Professional fees	(9,490)	-	(7,720)	(1,770)
Management fees	(537,480)	-	(191,053)	(346,427)
Interest expense	(822,861)	-	(822,861)	-
Set up fees	(50,770)	(10,000)	(20,770)	(20,000)
Other operating expenses	(838,976)	(5,046)	(269,715)	(564,215)
Total operating expenses	(3,654,407)	(15,046)	(1,493,501)	(2,145,860)
Profit for the period	1,797,467	1,797,467	-	-
Net increase/(decrease) in net assets attributable to holders of redeemable shares	3,388,622	-	(107,292)	3,495,914

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

Alpha Quest Funds SICAV p.l.c.**Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares****For the period from 28 November 2016 (date of incorporation) to 31 December 2017**

	Alpha Quest Balanced Fund 31.12.17 EUR	Alpha Quest Opportunity Fund 31.12.17 EUR
Issue of redeemable shares during the period	<u>8,424,000</u>	<u>20,677,970</u>
Transactions with holders of redeemable shares	8,424,000	20,677,970
(Decrease)/increase in net assets attributable to holders of redeemable shares	<u>(107,292)</u>	<u>3,495,914</u>
Net assets as at the end of the period attributable to holders of redeemable shares	<u>8,316,708</u>	<u>24,173,884</u>

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

Alpha Quest Funds SICAV p.l.c.
Statement of Changes in Equity

For the period from 28 November 2016 (date of incorporation) to 31 December 2017

	Share Capital	Retained earnings	Total
	31.12.17	31.12.17	31.12.17
	EUR	EUR	EUR
Balance as at the beginning of the period	-	-	-
Transaction with owners			
Issue of share capital	1,100	-	1,100
Comprehensive income			
Profit for the period	-	1,797,467	1,797,467
Dividends declared to 'A' Class Shareholders		(1,797,467)	(1,797,467)
Balance as at the end of the period	1,100	-	1,100

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

Alpha Quest Funds SICAV p.l.c.
Statement of Cash Flows

For the period from 28 November 2016 (date of incorporation) to 31 December 2017

	Alpha Quest Funds SICAV p.l.c. 31.12.17 EUR	Alpha Quest Balanced Fund 31.12.17 EUR	Alpha Quest Opportunity Fund 31.12.17 EUR
Cash flows from operating activities			
Operating expenses paid	(1,657,031)	(3,906)	(311,327)
Performance fee and management fee received from sub-funds	597,467	597,467	
Interest received	254,538	165	-
Received from government on behalf of sub-funds	7,071,522	7,071,522	-
Paid on behalf of sub-funds	(5,721,509)	(5,117,379)	-
Purchase of investments	(79,482,335)		(38,247,548)
Sale of investments	39,115,340	-	2,801,379
Net cash (outflows)/inflows from operating activities	(39,822,009)	2,547,869	(35,757,496)
Cash flows from financing activities			
Issue of share capital	1,000	1,000	-
Proceeds from issue of bonds	30,155,282	-	30,155,282
Interest paid	(799,863)	-	(799,863)
Amounts received on subscription of shares	28,161,801	-	7,483,831
Dividends paid to 'A' Class shareholders	(1,797,467)	(1,797,467)	-
Net cash inflows from financing activities	55,720,753	(1,796,467)	36,839,250
Net increase in cash and cash equivalents	15,898,744	751,402	1,081,754
Cash and cash equivalents at beginning of period	-	-	-
Effect of exchange rate fluctuations in cash and cash equivalents	230,709	20,772	139,550
Cash and cash equivalents at end of period	16,129,453	772,174	1,221,304

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

ALPHA QUEST FUNDS SICAV p.l.c.

Notes to the financial statements

For the period from 28 November 2016 (date of incorporation) to 31 December 2017

1 Reporting entity

Alpha Quest Funds SICAV p.l.c. (the “Company”) is organized under the laws of Malta as an investment company with variable share capital (SICAV) incorporated in accordance with the terms of the Companies Act, 1995 (Chapter 386, Laws of Malta) on 28 November 2016, with registration number SV430. The Company is licensed and regulated by the Malta Financial Services Authority (“MFSA”) under the Investment Services Act (Chapter 370, Laws of Malta) as a Professional Investor Fund which targets Qualifying Investors as set out in the relevant Offering Supplement.

As at reporting date, the Company has constituted two sub-funds, the Alpha Quest Balanced Fund and the Alpha Quest Opportunity Fund (the “Sub-funds”), which were both licensed on 30 November 2016. The Sub-funds are not separate legal entities. During the period, Alpha Quest Balanced Fund has issued bonds (see note 13) which are listed on the Prague Stock Exchange.

Collectively, the Company and the Sub-funds are referred to as the “Fund”.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared and presented in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”) (the “applicable framework”). All references in these financial statements to IAS, IFRS or SIC/IFRIC interpretations refer to those adopted by the EU.

The first financial period-end of the Company in accordance with the terms of the Companies Act, 1995 (Chapter 386, Laws of Malta) is 31 December 2017.

Financial information of the Sub-funds is reported along with financial information of the Company in form of financial statements. “Combined” means that financial information of the Company and each Sub-fund stated separately is added together in another column of the combined financial statements and all intra-fund transactions and balances are not eliminated.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for financial instruments at fair value through profit or loss, which are measured at their fair value.

2.3 New standards and interpretations

A number of new standards, amendments to standards and interpretations have not yet become effective or have not yet been adopted by the EU for beginning of current reporting period and have thus not been applied in the preparation of these financial statements:

IFRS 9 – Financial Instruments (effective for accounting period beginning on or after 1 January 2018, to be applied retrospectively) issued in November 2009 contains new requirements regarding the classification and the measurement of financial assets. An amendment from October 2010 contains new requirements regarding the classification and the measurement of financial liabilities and derecognition. An amendment from November 2013 contains a new hedge accounting model. The final version of the standard was issued in June 2014. The key requirements are summarised below:

- In line with the IFRS 9 requirements regarding the classification and measurement, all recognised financial assets that currently fall under IAS 39 *Financial Instruments: Recognition and Measurement* will be subsequently measured either at amortised cost or at fair value. Specifically:
 - A debt instrument that is (i) held within a business model whose objective is to collect contractual cash flows, and (ii) that has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at amortised book value (less any impairments), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.

ALPHA QUEST FUNDS SICAV p.l.c.

Notes to the financial statements

For the period from 28 November 2016 (date of incorporation) to 31 December 2017

2 Basis of preparation (Continued)

2.3 New standards and interpretations (Continued)

- A debt instrument that is (i) held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) whose contractual terms of the financial asset on specified dates give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at fair value through other comprehensive income (FVTOCI) unless the asset is designated at FVTPL under the fair value option.
- All other debt instruments must be measured at fair value through profit or loss.
- Impairment requirements are based on the expected credit losses model (ECL), which replaces the incurred losses model under IAS 39.

The Fund will adopt IFRS 9 in the statutory financial statements for the reporting year beginning on 1 January 2018. At the same time, the Directors assessed that no significant impact is expected on the financial statements of the Fund as a result of adopting IFRS 9.

2.4 Functional and presentation currency

The financial statements are presented in Euro (EUR), which is the functional currency of the Company, rounded to the nearest unit.

2.5 Use of assumptions, estimates and judgements

The preparation of financial statements in conformity with IFRS requires the directors to make judgments, estimates and assumptions that affect both the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate was revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the opinion of the Directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult to reach, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 *Presentation of Financial Statements*.

3 Significant accounting policies

The accounting policies set out below have been applied consistently throughout the period.

3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are retranslated to the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the Statement of comprehensive income.

3.2 Interest income and interest expense

Interest income comprises interest income on debt instruments. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Interest expense comprises interest expense on borrowings.

ALPHA QUEST FUNDS SICAV p.l.c.

Notes to the financial statements

For the period from 28 November 2016 (date of incorporation) to 31 December 2017

3 Significant accounting policies (Continued)

3.3 Fees and commission expenses

Fees and commission expenses are recognised in the statement of comprehensive income as the related services are performed.

3.4 Restitution points

Investments in restitution points are measured initially at cost. For subsequent measurement on each valuation date, the discounted value approach was used as this was deemed to be the only applicable approach given the characteristics of the assets and the sub-fund's intention to enjoy the economic benefits from the assets by way of redeeming them through forward claims against the Romanian State which will be compensated in cash, over the next five years in equal tranches of 20% of the total number of points it owns. To estimate the discounted value of the assets, the discounted cash flow method was applied. To derive the present value of the cash flows arising from the compensation of the points, it was considered that the appropriate discount rate should be the effective interest rate.

3.5 Financial instruments

3.5.1 Non-derivative financial assets

The Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset. Other financial assets and financial liabilities are recognised on the date on which they are originated.

Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value, with transaction costs recognized in profit or loss. Financial assets or financial liabilities not at fair value through profit or loss are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when the Fund has a current legal enforceable right to set off the recognised amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derecognition

A financial asset (or, where applicable a part of a financial asset) is derecognized where:

- The rights to receive cash flows from the asset have expired; or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Fund derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expires.

Classification

The Fund classifies its financial assets and financial liabilities as mentioned below in accordance with IAS 39.

ALPHA QUEST FUNDS SICAV p.l.c.

Notes to the financial statements

For the period from 28 November 2016 (date of incorporation) to 31 December 2017

3 Significant accounting policies (Continued)

3.5 Financial instruments (Continued)

3.5.1 *Non-derivative financial assets (Continued)*

Financial assets at fair value through profit or loss:

- Designated at fair value through profit or loss upon initial recognition – debt instruments and mutual funds

Financial assets at amortised cost:

- Cash and cash equivalents and receivables.

Cash and cash equivalents comprise cash at bank with a contractual maturity of three months or less.

Financial liabilities at amortised cost:

- Bond issued
- Other liabilities – other payables.

3.5.2 *Non-derivative financial liabilities*

The Fund initially recognises debt securities issued and subordinated liabilities on the date that they originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

3.6 Net gain/loss from financial instruments at fair value through profit or loss

Net gain/loss from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences, but excludes interest and dividend income.

Net realised gain/loss from financial instruments at fair value through profit or loss is calculated using the average cost method.

3.7 Redeemable shares

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Sub-funds issue redeemable shares on every dealing day defined as 31 December of each year, which are redeemable at the holder's option on every dealing day as defined above. Such shares are classified as financial liabilities. Redeemable shares can be put back to the Sub-funds at any time for cash equal to a proportionate share of the Sub-funds' net asset value attributable to the share class. The redeemable shares are carried at the redemption amount that is payable at the statement of financial position date if the holder exercises the right to put the share back to the Sub-funds.

Redeemable shares are issued and redeemed at the holder's option at prices based on the Sub-funds' net asset value per share at the time of issue or redemption. The Sub-funds' net asset value per share is calculated by dividing the net assets attributable to the holders of each redeemable share with the total number of outstanding redeemable shares. In accordance with the provisions of the Sub-funds' regulations, investment positions are valued annually on 31 December based on the latest available dealing price for the purpose of determining the net asset value per share for subscriptions and redemptions.

ALPHA QUEST FUNDS SICAV p.l.c.

Notes to the financial statements

For the period from 28 November 2016 (date of incorporation) to 31 December 2017

3 Significant accounting policies (Continued)

3.8 Taxation

In terms of current Maltese fiscal legislation, collective investment schemes are classified as either 'prescribed' or 'non-prescribed' funds for income tax purposes. A collective investment scheme which declares that the value of its assets situated in Malta is less than eighty-five per cent of the value of its total assets is treated as a non-prescribed fund. On this basis, the Company qualifies as a non-prescribed fund for Maltese income tax purposes.

Accordingly, the Company should not be subject to Maltese income tax in respect of the income or gain derived by it, except in respect of any income from immovable property situated in Malta, if any. Capital gains, dividends, interest and any other income from foreign investments held by the Company may nonetheless be subject to tax imposed by the country of origin concerned and any such taxes may not be recoverable by the Company or by the members under Maltese domestic tax law. The sub-funds are not a legal personality, so taxation is applied on the Company, which includes also the sub-funds.

Members resident in Malta

Capital gains realised by Maltese resident investors on the redemption, liquidation or cancellation of units may be subject to a 15% withholding tax. However, the Maltese resident investors may request the Company not to effect the deduction of the said 15% withholding tax in which case the investor would be required to declare the gains in his income tax return and will be subject to tax at the normal rates of taxes.

Members not resident in Malta

Any gains accruing to members not resident in Malta upon the transfer of shares (including a redemption) or upon a distribution on a winding-up of the Company should not be subject to tax in Malta subject to certain conditions being satisfied.

The transfer of shares (including a redemption) and any distribution on a winding-up of the Company may result in a tax liability for the non-Maltese members according to the tax regime applicable in their respective countries of incorporation, establishment, residence, citizenship, nationality, domicile, or other relevant jurisdiction.

4 Format of the financial statements

In terms of Section 3(3) of the Third Schedule of the Companies Act, 1995 (Chapter 386, Laws of Malta) the layout, nomenclature and terminology of the items in these audited financial statements were adapted to the special nature of the Company. The profit and loss is referred to as the Statement of Comprehensive Income.

5 Cash and cash equivalents

Cash and cash equivalents as disclosed in the Statement of Cash Flows comprise cash at bank as follows:

In EUR	31.12.2017
Alpha Quest Fund SICAV p.l.c.	772,174
Alpha Quest Balanced Fund	1,221,304
Alpha Quest Opportunity Fund	14,135,975

6 Share capital

The Company's share capital is represented by the Founder Shares. The Founder shares were issued at EUR 1 each and carry the right to one vote each and shall be the only share classes in the Company carrying voting rights.

ALPHA QUEST FUNDS SICAV p.l.c.

Notes to the financial statements

For the period from 28 November 2016 (date of incorporation) to 31 December 2017

6 Share capital (Continued)

As at period end, the Company had EUR 1,100 issued share capital comprising of 1,100 fully paid-up shares being subscribed as follows:

- Joseph Xuereb 1,000 Voting Founder shares
- Fraternity Capital 50 'A' Ordinary shares
- Ovidiu Fer 50 'A' Ordinary shares.

7 Redeemable shares

Redeemable shares outstanding are represented by "Investor Shares" issued for each of the Sub-funds separately. The Investor shares do not carry any voting rights.

The maximum number of authorised investor shares of the Fund is five billion (5,000,000,000) shares without any nominal value assigned to them, which may be issued as shares of any class representing the Sub-funds.

The Redeemable shares of the Sub-funds as at 31 December 2017 are as follows:

Name of Sub Fund	No. of Shares	Redeemable shares value
Alpha Quest Balanced Fund	7,954.466	EUR 8,316,708
Alpha Quest Opportunity Fund	20,466.073	EUR 24,173,884

These shares resulted from subscriptions during the period and there were no redemptions during the period.

8 Related party balances and transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions.

Identity of related parties

The Company has a related party relationship with its founder shareholder and director, Mr. Joseph Xuereb, who is also part of the Investment Committee of the Fund. The Company and the sub-funds have also entered into transactions between themselves during the period.

Related party transactions and balances

The related party transactions entered during the financial period ended 31 December 2017 are mentioned below:

- Alpha Quest Balanced Fund and Alpha Quest Opportunity Fund have paid directors and investment committee fees of EUR 15,000 each.
- Alpha Quest Balanced Fund incurred Management fees of EUR 191,053, which is yet to be paid. The Fund also incurred Performance fees of EUR 145,699, which is yet to be paid.
- Alpha Quest Opportunity Fund incurred Management fees of EUR 346,427, out of which EUR 196,427 is yet to be paid. The Fund also incurred Performance fees of EUR 1,177,765, out of which EUR 360,190 is yet to be paid.
- Alpha Quest Opportunity has transferred restitution points for the nominal value of RON 118,158,714 (EUR 25,329,856) to Alpha Quest Balanced Fund. Cost of these points amounted to RON 82,669,302 (EUR 17,721,939). The amount outstanding to Alpha Quest Opportunity Fund as at 31 December 2017 is RON 3,971,317 (EUR 851,337).
- Alpha Quest Opportunity Fund subscribed for CZK 160 Million (EUR 5,921,320) bonds in Alpha Quest Balanced Fund and redeemed the same during the period. The interest earned on such transaction was CZK 3,220,750 (EUR 123,331).

ALPHA QUEST FUNDS SICAV p.l.c.

Notes to the financial statements

For the period from 28 November 2016 (date of incorporation) to 31 December 2017

8 Related party balances and transactions (continued)

- For the redemption of restitution points (handled by the SICAV on behalf of the sub-funds), amounts receivable by the sub-funds from SICAV is as below:

Alpha Quest Balanced Fund - EUR 3,486,122
Alpha Quest Opportunity Fund – EUR 6,285,209

- An amount of EUR 604,130 is also payable the SICAV to Alpha Quest Opportunity Fund for payment by the sub-fund on behalf of the SICAV.
- For purchase of restitution points on behalf of the sub-funds by the SICAV, amount payable to SICAV is as below:

Alpha Quest Balanced Fund - EUR 2,191,021
Alpha Quest Opportunity Fund - EUR Nil

- Alpha Quest Opportunity Fund has subscribed 3,530.47 shares in Alpha Quest Balanced Fund. at a value of EUR 4,000,000. Out of this, EUR 940,169 was transferred to Alpha Quest Balanced Fund after 31 December 2017. As at 31 December 2017, these shares are valued at EUR 3,646,738.
- During the period, Alpha Quest Fund SICAV p.l.c. declared and paid an interim dividend of EUR 1,797,467 to "A" Class shareholders.

Reference is also to be made to the Statement of Changes in Equity for transactions with founder shareholders and note 6.

9 Investment risk management

The Company is established as an investment company with variable share capital (SICAV) which implies that financial instruments are extensively used in the course of its routine business. The type of financial instruments in which the Fund may invest is regulated by its Offering Memorandum and Offering Supplements investments restrictions.

The Company is an investment vehicle designed to specifically achieve different investment objectives through its sub-funds.

Investment objective

The investment objective of both Sub-Funds is to achieve capital appreciation primarily through investments in points representing entitlement to immovable property located in Romania with the purpose of redeeming the points so acquired into cash or re-selling the immovable property so acquired. Such investments are derived from indemnification decisions issued by the Romanian Government – National Commission for Real Estate Indemnifications, based on Law no. 165/2013 ("the Romanian Law") regarding the measures for the completion of the restitution process, in kind or in equivalent, of the properties unlawfully seized during the Romanian communist regime, as subsequently amended. The Romanian law provides that where restitution in kind to the former owners is not possible, the restitution request is settled by granting compensation in the form of points (hereinafter "Points"), with each point having a value of one Romanian Leu (RON 1). Starting from 1 January 2017, persons obtaining such points may use them in order to acquire immovable property from a National Fund by public auction or, for a period of five (5) years, to redeem them into cash up to a maximum of 20% of the nominal value of Points per annum. There is no time-limit for utilizing Points to acquire immovable property by public auction. The Points will be acquired on the secondary market from existing owners through a notarial deed executed and registered in Romania.

If Points are redeemed at public auctions, the Sub-fund will not enter into any co-ownership deal and will only acquire individual properties in their entirety. Nonetheless, the objective of the sub-funds is to redeem points for cash. No Points will be acquired from any of the members of the Investment Committee and/ or any related parties to the Company.

The Sub-funds may also invest in government and corporate bonds in developed markets.

ALPHA QUEST FUNDS SICAV p.l.c.

Notes to the financial statements

For the period from 28 November 2016 (date of incorporation) to 31 December 2017

9 Investment risk management (Continued)

The Sub-funds may also enter into agreements with third party banks that desire to issue fixed income products linked to the Sub-fund's underlying assets and issue fixed income securities. The Sub-funds may from time to time invest unutilized cash in bonds and currency swaps. Such investments may be with various entities in various markets or industries and in different geographical locations, without limitation. Depending on market conditions, the Sub-fund may also from time to time invest in cash or money market instruments for liquidity purposes.

The Sub-funds are also exposed to market, credit and liquidity risks. This note presents information about the sub-fund's exposure to these risks, the objectives, policies and process for measuring and managing risk and the Fund's management of capital. Further quantitative disclosures are included throughout these financial statements.

9.1 Market risk

Market risk arises when changes in foreign exchange rates or equity prices affect the positions held by the Fund. The Fund does not regard either interest rate or commodity risks as material in its case. The Fund invests neither in securities that exhibit direct interest rate sensitivity nor in commodities.

Price risk

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

The Sub-funds are not exposed to market price risk arising from their investments in the Romanian restitution points and fund investments. Alpha Quest Balanced Fund invests in restitution points which are not subject to market risk. Alpha Quest Opportunity Fund invests in restitution points and in Alpha Quest Balanced Fund. Since Alpha Quest Balanced fund is not subject to market risk, same applies to Alpha Quest Opportunity fund.

Currency risk

The Fund invests in assets, which can be denominated in currencies other than the Euro, its functional currency.

The Fund is exposed to risks that the exchange rate of the Euro against other currencies may change in a manner that has an adverse effect on its Net Asset Value.

The Fund's total net exposure to foreign currency exchange rates at the reporting date was as follows:

All amounts stated in EUR for the Alpha Quest Balanced Fund:

31 December 2017	Cash and Cash equivalents	Restitution points/ (Bonds Payable)	Intercompany Balances	Total net exposure	5% of exposure
Romanian Leu	2,030	37,446,509	359,576	37,808,115	1,890,406
Czech Koruna	718,306	(31,358,955)	84,188	(30,556,461)	(1,527,823)

All amounts stated in EUR for the Alpha Quest Opportunity Fund:

31 December 2017	Cash and Cash equivalents	Restitution points	Intercompany Balances	Total net exposure	5% of exposure
Romanian Leu	2,059,896	391,452	7,136,546	9,587,894	479,395
Czech Koruna	1,346,044	-	587,360	1,933,404	96,670

ALPHA QUEST FUNDS SICAV p.l.c.

Notes to the financial statements

For the period from 28 November 2016 (date of incorporation) to 31 December 2017

9 Investment risk management (Continued)

9.1 Market risk (Continued)

All amounts stated in EUR for Alpha Quest Fund SICAV p.l.c.:

31 December 2017	Cash and Cash equivalents	Receivable from Government	Intercompany Balances	Total net exposure	5% of exposure
Romanian Leu	169,886	6,054,111	(9,228,748)	(3,004,751)	(150,238)
Czech Koruna	587,360	-	(587,360)	-	-

At 31 December 2017, had foreign exchange rates been 5% higher/(lower) against the Euro, with all other relevant variables held constant, the increase/(decrease) in net assets attributable to redeemable participating shareholders for the period would have been as calculated in the above table.

9.2 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund.

Alpha Quest Balanced Fund

The Sub-fund is the holder of uncontested and liquid claims against the Romanian State, in the amounts expressly provided within the Restitution Certificates and Decisions of Compensation. The Romanian law establishes deadlines for local entities to approve or reject claims for compensation. The legislation also establishes penalties for violation of the legislation including failure to meet compensation deadlines. The Sub-fund monitors on a regular basis amendments on the legislation governing the compensation process.

Alpha Quest Opportunity Fund

Alpha Quest Opportunity is also the holder of restitution points. Hence the credit risk applicable to Alpha Quest Balanced Fund applies here as well.

The cash and cash equivalents of the Sub-Funds are held with J&T Banka and Raiffeisen Romania Bank. The credit rating for Raiffeisen Romania Bank is Baa2.

9.3 Liquidity risk

Liquidity risk arises when the Company or the sub-funds encounter difficulty due to an inability to sell any of its investments quickly at close to fair value.

The Fund's liquidity position is monitored on a regular basis. Redeemable shares are redeemed on demand at the holder's option provided that the redemption request is received by the respective Sub-fund three business days before the relevant dealing day, and if accepted by the Fund, they will be dealt on every dealing day which is defined as 31 December of each year.

The Directors may limit the total number of the Investor shares, which may be redeemed on any dealing day to 10% of the outstanding Investor shares in a Fund. In the event that such a limit is reached at any point during a dealing day, the directors may defer any further redemption instruction received during that dealing day, to such time as the total number of redemption applications received on that dealing day is re-established at less than 10% of the outstanding Investor Shares in the Fund.

ALPHA QUEST FUNDS SICAV p.l.c.

Notes to the financial statements

For the period from 28 November 2016 (date of incorporation) to 31 December 2017

9 Investment risk management (Continued)

9.3 Liquidity risk (Continued)

The balance of such Investor Shares that are not redeemed on that dealing day because of the limit established above will be redeemed on the next dealing day, subject to the directors' same power of deferral until the original redemption instruction have been satisfied. Redemption requests which are deferred to the following dealing day will be given priority over any redemption requests received in relation to the said dealing day.

Alpha Quest Balanced Fund

On 21 December 2016, the Sub-Fund offered a private placement bond of CZK 500 million. In 2016, the Sub-Fund issued CZK 460 million, out of which CZK 160 million (EUR 5,921,320) were subscribed by Alpha Quest Opportunity Fund. Alpha Quest Opportunity sold these bonds to third parties during the period and there is no balance outstanding at the end of period. On 27 December 2017, the Sub-Fund further offered and issued CZK 340 million bonds. The bonds' maturity date is on 22 December 2021 with fixed annual coupons of 4.5%.

The Sub-Fund is the owner of Romanian Restitution Certificates ("points") issued by Romanian State. Romania, starting in January 2017 will start the pay-out of the par value of points (1 point = 1 RON) in five annual payments (20% of the par value each year, i.e. 0.20 RON per point). Proceeds of the payments made by the State will be used to satisfy the coupon payments required to be made by the issuer.

Alpha Quest Opportunity Fund

Alpha Quest Opportunity is also the holder of restitution points. The Fund's liquidity position is monitored on a regular basis as mentioned in the above paragraph.

All other liabilities of the Sub-funds are due within less than one year.

10 Fair value information

Fair value hierarchy

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

31 December 2017

Sub-Funds	Currency	Collective investment schemes	Bonds	Level 1	Level 2	Level 3
Alpha Quest Balanced Fund	EUR	-	(31,141,045)	(31,141,045)	-	-
Alpha Quest Opportunity Fund	EUR	3,646,738		-	3,646,738	-

ALPHA QUEST FUNDS SICAV p.l.c.

Notes to the financial statements

For the period from 28 November 2016 (date of incorporation) to 31 December 2017

10 Fair value information (Continued)

The fair values of other financial assets and liabilities approximates their respective carrying amount.

11. Financial Assets at fair value through profit or loss

Alpha Quest Opportunity Fund

On 28 December 2017, Alpha Quest Opportunity Fund has invested EUR 4 million in Alpha Quest Balanced Fund. Value of these shares as at 31 December 2017 is EUR 3,646,738.

Fair value of financial assets as at 31 December 2017 is as follows:

	31 December 2017
Alpha Quest Opportunity Fund	3,646,738

12. Restitution points

The Restitution Certificates are the result of Law no. 165/2013 passed by the Romanian Parliament on April 2013, whereby it moves to a compensation in the form of issuing points that can be used to purchase auctioned property confiscated during the Communist regime or redeemed for cash. The holder of the points must undergo through a restitution process to exchange the points for the earmarked property or through a compensation process if restitution in kind is not possible.

The measurement basis chosen for the valuation of the Restitution Points held by the sub-funds was the discounted value approach, as this was deemed to be the only applicable approach given the characteristics of the assets and the sub-funds' intention to enjoy the economic benefits from the assets by way of redeeming them through forward claims against the Romanian State which will be compensated in cash, over the next five years in equal tranches of 20% of the total number of points it owns. It was also assumed that such claims shall be made at the beginning of each year, no later than 1 February of the respective year with cash received in 180 days after registering the claim with the National Authority for Property Restitution ("ANRP"), under the provisions of the Romanian Law.

To estimate the discounted value of the assets, the discounted cash flow method was applied. To derive the present value of the cash flows arising from the compensation of the points as mentioned above, it was considered that the appropriate discount rate should be effective interest rate.

During the period, the sub-funds has invested in restitution points as stated below:

Alpha Quest Balanced fund

Balances outstanding in this sub-funds is as below. The nominal value of outstanding points as on 31 December 2017 is RON 249,218,834 (EUR 53,425,406). Cost of these points are RON 168,819,427 (EUR 36,190,067).

Alpha Quest Opportunity fund

Balances outstanding in this sub-funds are as below. The nominal value of outstanding points as on 31 December 2017 is RON 2,624,932 (EUR 564,854). Cost of these points are RON 1,824,404 (EUR 391,100).

Based on the assumptions and analysis mentioned above, the discounted value of the Restitution points of Alpha Quest Balanced Fund is estimated at RON 174,680,477 and for Alpha Quest Opportunity Fund is estimated at RON 1,826,046 which was then converted into Euro, the base currency of the Fund, applying the exchange rate as at reporting date.

Discounted value of restitution points as at 31 December 2017 is follows:

In EUR	31 December 2017
Alpha Quest Balanced Fund	37,446,509
Alpha Quest Opportunity Fund	391,452

ALPHA QUEST FUNDS SICAV p.l.c.

Notes to the financial statements

For the period from 28 November 2016 (date of incorporation) to 31 December 2017

13 Bonds issued

On 22 December 2016, the Alpha Quest Balanced Fund offered, through a public offer, a non-collateralized bond of CZK 500 million. In 2016, the Sub-Fund issued CZK 460 million, out of which CZK 160 million (EUR 5,921,320) were subscribed by the Alpha Quest Opportunity Fund. The subscription of Alpha Quest Opportunity was fully sold during the year 2017 and there is no balance outstanding at the end of period. The interest earned by Alpha Quest Opportunity on such transaction was CZK 3,220,750 (EUR 123,331). On 27 December 2017, Alpha Quest Balanced Fund further issued CZK 340 million bonds. The bonds' maturity date is on 22 December 2021 with fixed annual coupons of 4.5%. Interest payable on bonds on 31 December 2017 is EUR 33,088.

The carrying amount of bonds issued as at 31 December 2017 is as follows:

Particulars	Amount (EUR)
Bonds Issued during the period	30,155,282
Unrealised exchange rate gains during the period	1,170,585
Interest payable	33,088
Closing balance	31,358,955

Alpha Quest Opportunity Fund has not issued any Bonds in the period ended 31 December 2017.

14 Fees and other payables

14.1 Management fees

Alpha Quest Balanced Fund

The Company is entitled to receive a management fee of 3.5% per annum of the Sub-fund's net asset value, calculated and paid on annual basis.

The management fees for the period amounted to EUR 191,053. The fees due for the reporting period is disclosed in the statement of comprehensive income and the outstanding management fees as at 31 December 2017 amounted to EUR 191,053.

Alpha Quest Opportunity Fund

The Company is entitled to receive a management fee of 1.5% per annum of the Sub-fund's net asset value, calculated and paid on annual basis.

The management fees for the period amounted to EUR 346,427. The fees due for the reporting period are disclosed in the statement of comprehensive income and the outstanding management fees as at 31 December 2017 amounted to EUR 196,427.

14.2 Performance fees

Alpha Quest Balanced Fund

Each holder of Investor Shares will be subject to a Performance Fee in respect of each calculation period. For each Calculation Period, the Performance Fee shall be equal to 50% of the said increase in the NAV per Investor Share (without any accrual for the Performance Fee then under calculation) multiplied by the number of Investor Shares in issue.

The performance fees for the period amounted to EUR 145,699. The fees due for the reporting period is disclosed in the statement of comprehensive income and the outstanding management fees as at 31 December 2017 amounted to EUR 145,699.

ALPHA QUEST FUNDS SICAV p.l.c.

Notes to the financial statements

For the period from 28 November 2016 (date of incorporation) to 31 December 2017

14 Fees and other payables (Continued)

14.2 Performance fees (Continued)

Alpha Quest Opportunity Fund

Each holder of Investor Shares will be subject to a Performance Fee in respect of each calculation period. For each Calculation Period, the Performance Fee shall be equal to 25% of the said increase in the NAV per Investor Share (without any accrual for the Performance Fee then under calculation) multiplied by the number of Investor Shares in issue.

The performance fees for the period amounted to EUR 1,177,765. The fees due for the reporting period is disclosed in the statement of comprehensive income and the outstanding management fees as at 31 December 2017 amounted to EUR 360,190.

14.3 Administration fees

The Administrator, Amicorp Fund Services Malta Limited, is entitled to an administration fee under the terms of an agreement for each Sub-fund of the Company. The Administrator is entitled to receive the following fee on each Sub-fund:

NAV size	Administration fee
0 – EUR 50 million	EUR 10,000 p.a.
Over EUR 50 million	EUR 12,000 p.a. plus 0.03% on the amount in excess of EUR 50 million.

The administration fees for the period for each Sub-fund amounted to EUR 11,833. The fees due for the reporting period is disclosed in the statement of comprehensive income and the outstanding administration fees as at 31 December 2017 amounted to EUR 11,833 for each Sub-fund.

14.4 Other payables

31 December 2017	Alpha Quest SICAV p.l.c.	Alpha Quest Balanced Fund	Alpha Quest Opportunity Fund
	EUR	EUR	EUR
Annual fee payable	-	1,000	1,000
Annual financial statement fee payable	-	1,350	1,350
Reporting fee payable	-	875	875
Taxation expenses payable	-	1,000	1,000
Advisory fees payable	-	-	150,000
Set up fees payable	10,000	-	20,000
Other payable and accrued expenses	1,180	5,228	52,613
Other receivable	(5,900)	(3,350)	(3,350)
	<u>5,280</u>	<u>1,878</u>	<u>223,488</u>

15 Interest income

Interest income of Alpha Quest Opportunity Fund consists of interest earned on bonds, commercial paper and bank deposits. Total interest income is EUR 253,702. There is no interest income in Alpha Quest Balanced Fund.

16 Interest expense

Interest expense is incurred on bonds issued by Alpha Quest Balanced Fund, see note 13 and amounted to EUR 822,861 during the current period.

ALPHA QUEST FUNDS SICAV p.l.c.

Notes to the financial statements

For the period from 28 November 2016 (date of incorporation) to 31 December 2017

17 Other operating expenses

31 December 2017	Alpha Quest SICAV p.l.c. EUR	Alpha Quest Balanced Fund EUR	Alpha Quest Opportunity Fund EUR
Annual financial statements fee	-	1,350	4,822
Advisory fees	-	-	200,000
Annual fees	-	1,000	1,000
Bank charges	335	4	1,325
Broker charges	531	-	7,444
Custodian fees	-	5,122	-
Reporting fee	-	875	875
Servicing fee	-	188,786	3,937
Taxation expense	-	1,000	1,000
Legal fee	-	-	14,279
Commission and other charges	-	13,416	273,911
Other expenses	4,180	-	55,622
	<u>5,046</u>	<u>269,715</u>	<u>564,215</u>

18 Subsequent events

There are no subsequent events that could have an effect on the financial statements as at 31 December 2017.



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Independent Auditors' Report

To the Shareholders of Alpha Quest Funds SICAV p.l.c.

1 Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alpha Quest Funds SICAV p.l.c. (the "Company"), which comprise the statement of financial position as at 31 December 2017, the statements of comprehensive income, changes in net assets attributable to holders of participating redeemable shares (for the Company's segregated sub-funds), changes in equity and cash flows for the period then ended, and notes, comprising significant accounting policies and other explanatory information, for the Company and its segregated sub-funds.

In our opinion, the accompanying financial statements:

- (a) give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU; and
- (b) have been properly prepared in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. During the course of our audit, we maintained our independence from the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive* issued in terms of the Accountancy Profession Act (Chapter 281, Laws of Malta) ("APA"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Independent Auditors' Report (continued)

To the Shareholders of Alpha Quest Funds SICAV p.l.c.

Key audit matters

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

We summarise below the key audit matter, together with our response by way of the audit procedures we performed to address that matter in our audit, and key observations arising with respect to such risks of material misstatement.

Investments in Restitution Points

Accounting policy note 3.4 to the financial statements and note 12 for further disclosures

Investments in Restitution Points – €37,837,961 (primarily related to Alpha Quest Balanced Fund: €37,446,509) included in 'Restitution Points'

The portfolio of investments in Restitution Points, which represent points awarded by the National Authority for Property Restitution (an agency of the Government of Romania), is a significant proportion of the net asset value of Alpha Quest Balanced Fund. These investments are considered to be the key driver of results. We do not consider these investments to be subject to a high risk of material misstatement. No significant judgement is required in view of the fact that measurement of the Restitution Points is not complex and the redemption value of each point is fixed. The audit of the investments in Restitution Points comprised a significant audit effort.



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Independent Auditors' Report (continued)

To the Shareholders of Alpha Quest Funds SICAV p.l.c.

Key audit matters (continued)

Our response:

- We evaluated the Company's reconciliation showing the movement in the investments in Restitution Points during the period, and:
 - in the case of acquisitions, we inspected the purchase agreements for the Restitution Points acquired by the sub-funds during the period; and
 - in the case of redemptions, we compared the documents, relating to the cash redemption of Restitution Points, issued by the National Authority for Property Restitution with the relevant bank statement.
- We reconciled the portfolio of each sub-fund at the financial period-end date to (i) the title certificates showing all Restitution Points owned by the sub-funds, and (ii) a statement issued by the National Authority for Property Restitution.
- We evaluated the appropriateness of the model used to measure the carrying amount of the investments in Restitution Points.
- We assessed the underlying credit rating of the counterparty.

We have no key observations to report, specific to this matter.



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Independent Auditors' Report (continued)

To the Shareholders of Alpha Quest Funds SICAV p.l.c.

Other information

The directors are responsible for the other information which comprises:

- the Directors, Officers and Other Information;
- the Report of the Directors;
- the Statement of Directors' responsibilities and
- the Specific Disclosures,

but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and, other than in the case of the Directors' Report on which we report separately below in our 'Opinion on the Directors' Report', 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, 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.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that (a) give a true and fair view in accordance with IFRS as adopted by the EU, and (b) are properly prepared in accordance with the provisions of the Act, and for such internal control as the directors determine 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 directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the financial reporting process.



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Independent Auditors' Report (continued)

To the Shareholders of Alpha Quest Funds SICAV p.l.c.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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. In determining the overall audit approach, we assess the risks of material misstatement for each segregated sub-fund, taking into account the nature, likelihood and magnitude of such misstatements.

As part of an audit in accordance with ISAs, we exercise professional judgement 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.
- Consider the extent of compliance with those laws and regulations that directly affect the financial statements, as part of our procedures on the related financial statement items. For the remaining laws and regulations, we make enquiries of directors and other management, and inspect correspondence with the regulatory authority, as well as legal correspondence. As with fraud, there remains a higher risk of non-detection of other irregularities (whether or not these relate to an area of law directly related to the financial statements), as these may likewise involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



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Independent Auditors' Report (continued)

To the Shareholders of Alpha Quest Funds SICAV p.l.c.

Auditors' responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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Independent Auditors' Report (continued)

To the Shareholders of Alpha Quest Funds SICAV p.l.c.

2 Opinion on the Directors' Report

The directors are responsible for preparing a directors' report in accordance with the provisions of article 177 of the Act and other applicable legal requirements.

We are required to consider whether the information given in the directors' report for the accounting period for which the financial statements are prepared is consistent with those financial statements; and, if we are of the opinion that it is not, we shall state that fact in our report. We have nothing to report in this regard.

Pursuant to article 179(3) of the Act, we are also required to:

- express an opinion on whether the directors' report has been prepared in accordance with the applicable legal requirements; and
- state whether, in the light of the knowledge and understanding of the entity and its environment obtained in the course of our audit of the financial statements, we have identified material misstatements in the directors' report, giving an indication of the nature of any such misstatements.

In such regards:

- in our opinion, the directors' report has been prepared in accordance with the applicable legal requirements; and
- we have not identified material misstatements in the directors' report.



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Independent Auditors' Report (continued)

To the Shareholders of Alpha Quest Funds SICAV p.l.c.

3 Report on Other Legal and Regulatory Requirements

Matters on which we are required to report by the Act, specific to public-interest entities

Pursuant to article 179B(1) of the Act, we report as under matters not already reported upon in our 'Report on the Audit of the Financial Statements':

- we were first appointed as auditors by the board of directors on 22 March 2018. The period of total uninterrupted engagement is one year;
- our opinion on our audit of the financial statements is consistent with the additional report, required to be issued by the Audit Regulation (as referred to in the Act), and provided to the board of directors; and
- we have not provided any of the prohibited services as set out in the APA.

Matters on which we are required to report by exception by the Act

Pursuant to articles 179(10) and 179(11) of the Act, we have nothing to report to you with respect to the following matters:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations which, to the best of our knowledge and belief, we require for the purpose of our audit.

The Principal authorised to sign on behalf of KPMG on the audit resulting in this independent auditors' report is Noel Mizzi.

KPMG
Registered Auditors

30 April 2018