PROTEA UCITS II

Société d'investissement à capital variable incorporated in Luxembourg (SICAV)

Annual report, including audited financial statements, as at December 31, 2020

R.C.S. Luxembourg B148792

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No distribution notice has been filed in Germany for the below sub-funds pursuant to section 310 of the Investment Code; because of this, shares of these sub-funds may not be distributed publicly to investors falling within the scope of the German Investment Code:

- **PROTEA UCITS II - GLOBAL OPPORTUNITIES**
- **PROTEA UCITS II - GLOBAL BALANCED**
- **PROTEA UCITS II - IW PRECIOUS METAL MINING EQUITIES**
- **PROTEA UCITS II - GENESIS BOND FUND**

No subscription can be received on the basis of these financial statements. Subscriptions are only valid if made on the basis of the current prospectus accompanied by the latest annual report, including audited financial statements, and the most recent semi-annual report, if published thereafter.

PROTEA UCITS II

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PROTEA UCITS II

Organisation of the SICAV

Registered Office	15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
Board of Directors of the SICAV	
Chairman	Mr Rémy OBERMANN, Executive Vice President, Pictet Asset Services, 60, route des Acacias, CH-1211 Geneva 73, Switzerland
Directors	Mr Jean-François PIERRARD, Vice President, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
	Mr Mike KARA, Assistant Vice President, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
Management Company	FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
Board of Directors of the Management Company	
Chairman	Mr Christian SCHRÖDER, Group Corporate Secretary & Head of Organisation, Banque Pictet & Cie SA, 60, route des Acacias, CH-1211 Geneva 73, Switzerland
Members	Mrs Michèle BERGER, Chief Executive Officer, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg (until January 17, 2021)
	Mrs Annick BRETON, Managing Director and Chief Executive Officer, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg (since January 18, 2021)
	Mr Yves FRANCIS, Independent Director, 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
	Mr Geoffroy LINARD DE GUERTECHIN, Independent Director, 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
Members of the Management Committee	Mrs Michèle BERGER, Chief Executive Officer, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg (until January 17, 2021)
	Mrs Annick BRETON, Chief Executive Officer, Chief Operations Officer and Chief Financial Officer, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg (since June 1, 2020)

Organisation of the SICAV (continued)

Mr Pascal CHAUVAUX, Head of Central Administration, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg (until May 31, 2020)

Mr Laurent DORLÉAC, Head of Risk & Compliance, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg (until May 31, 2020)

Mr Dorian JACOB, Member of the Management Committee in charge of Management Oversight, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg

Mr Abdellali KHOKHA, Member of the Management Committee in charge of Risk Management, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg (since June 1, 2020)

Mr Philippe MATELIC, Member of the Management Committee in charge of Compliance, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg (since June 1, 2020)

Investment Managers

PROTEA UCITS II - GLOBAL OPPORTUNITIES:

- Banque Pictet & Cie SA, 60, route des Acacias, CH-1211 Geneva 73, Switzerland

PROTEA UCITS II - GLOBAL BALANCED:

- Stanhope Capital LLP, 35, Portman Square, London W1H6LR, United Kingdom
- ACPI Investments Limited, 37-43 Sackville Street, London W1S3EH, United Kingdom
- Banque Pictet & Cie SA, 60, route des Acacias, CH-1211 Geneva 73, Switzerland

PROTEA UCITS II - IW PRECIOUS METAL MINING EQUITIES:

- iW Partners S.A., 20, rue de l'Industrie, L-8399 Windhof, Grand-Duchy of Luxembourg

PROTEA UCITS II - VICTORY FAR EAST OPPORTUNITY:

- Hottinger A.G., Hottingerstrasse 21, Postfach, CH-8024 Zürich, Switzerland

PROTEA UCITS II - GENESIS BOND FUND:

- Genesis Fund Management LLC, 355, Alhambra Circle, Suite 1550, Coral Gables 33134, State of Florida, United States of America

PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE RETURN:

- Ethical Capital Opportunity Advisors LTD, Redwood House, 65 Bristol Road, Keynsham BS31 2WB, United Kingdom

Depositary Bank

Pictet & Cie (Europe) S.A., 15A, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg

Central Administration Agent

FundPartner Solutions (Europe) S.A., 15A, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg

Organisation of the SICAV (continued)

Cabinet de révision agréé/Auditor	Deloitte Audit, *Société à responsabilité limitée*, 20, boulevard de Kockelscheuer, L-1821 Luxembourg, Grand Duchy of Luxembourg
Legal Advisor	Arendt & Medernach S.A., 41A, avenue J.F. Kennedy, L-2082 Luxembourg, Grand Duchy of Luxembourg
Counterparty on forward foreign exchange contracts (note 12)	Pictet & Cie (Europe) S.A. Luxembourg
Counterparty on contract for difference (note 11)	Goldman Sachs International London JP Morgan Securities PLC London

General information

PROTEA UCITS II (the "SICAV") publishes an annual report, including audited financial statements, within 4 months after the end of the business year and an unaudited semi-annual report within 2 months after the end of the period to which it refers.

The annual report includes accounts of the SICAV and of each sub-fund.

All these reports are made available to the Shareholders at the registered office of the SICAV, the Depositary Bank, the distributor and other establishments appointed by the Depositary Bank.

The net asset value per Share of each sub-fund as well as the issue and redemption prices are made public at the offices of the Depositary Bank.

Any amendments to the Articles of Incorporation are published in the *Recueil électronique des sociétés et associations* ("RESA").

The financial year of the SICAV runs from January 1 to December 31.

A detailed schedule of changes in the statement of investments for all the sub-funds for the year ended December 31, 2020, is available free of charge upon request at the registered office of the SICAV and from the representative in each country in which the SICAV is authorised for distribution.

Distribution abroad

Distribution in and from Switzerland

Representative

The representative in Switzerland is FundPartner Solutions (Suisse) SA (the "Representative"), 60, route des Acacias, CH-1211 Geneva 73, Switzerland.

Paying Agent

The paying agent in Switzerland is Banque Pictet & Cie SA with its registered office in 60, route des Acacias, CH-1211 Geneva 73, Switzerland.

Place of distribution of reference documents

The current prospectus, the key investor information documents (KIIDs), the articles of incorporation, the annual report including audited financial statements and unaudited semi-annual report of the SICAV, and a breakdown of the purchases and sales of the SICAV can be obtained free of charge from the registered office of the Representative in Switzerland.

Distribution in Germany

Additional information for investors in Germany

No distribution notice has been filed in Germany for the sub-funds mentioned below, in accordance with section 310 of the Investment Code. Accordingly, the sub-funds' share classes may not be offered to investors falling within the scope of application of the consistency German Investment Code:

- PROTEA UCITS II - GLOBAL OPPORTUNITIES
- PROTEA UCITS II - GLOBAL BALANCED
- PROTEA UCITS II - IW PRECIOUS METAL MINING EQUITIES
- PROTEA UCITS II - GENESIS BOND FUND

Paying and Information Agent:

Deutsche Bank AG
12, Taunusanlage,
D-60325 Frankfurt am Main, Germany

Management report

Market review

Despite the pandemic, the MSCI AC World Index made a total return of almost 17% (in USD) in 2020 as decisive policy intervention flooded markets with money and interest rates were lowered. Interestingly, total returns for the S&P 500 and MSCI Emerging Markets Index were roughly similar (18% in USD terms). Signs that emerging markets were catching up in the final months of the year reflected a strong recovery in commodity prices and China's vigorous rebound from the pandemic, which started well before any other major economy. This recovery could be seen in the performance of the CSI Index, which progressed by about 38% (in USD) in 2020. The Stoxx Europe 600 was down slightly for 2020 as a whole, but it also perked up as the year progressed, managing double-digit returns in the final quarter. Sector wise, lockdowns meant that 2020 was all about tech and growth stocks in general (helped by low bond yields, which increased the value of future cash flows). But as the year drew to a close, the heavily beaten down energy sector staged a big comeback amid signs of a rotation to value-style equities, while banks benefitted from a steepening of the yield curve.

US Treasuries ended the year at 0.92%, a full percentage point below where they were at the start of 2020-demonstrating the lack of inflation and still hazy growth prospects, as well as continued central bank buying. The last weeks of the year also saw Treasury curve steepening, in line with inflation expectations. Already firmly in negative territory, the drop in Bund yields last year was less pronounced, although yields still went lower. ECB (the "European Central Bank") support and the unveiling of a recovery fund that implies an element of EU burden sharing helped banish fears of another European debt crisis and boosted interest in peripheral euro bonds. Despite a progressive turnaround in fortunes, commodity indexes were down for the year as a whole. By contrast, while the improvement in the outlook for the global economy and risk assets left gold behind in the final quarter of the year, gold prices were up a solid 25% over 2020 as a whole.

Performance review

The sub-fund posted a return of 3.2% for the year in an market environment characterized by high volatility and elevated uncertainty. Asset class exposure by year-end was 47% cash, 15% fixed income, 38% equities, and 1.5% in commodities. The asset class stance at the end of the year was reflective of a planned restructuring of the investment mandate into 2021.

Past performance is not an indicator of current or future returns.

Management report (continued)

The sub-fund entered the year with a modest pro-risk stance as reduced trade tensions between the US and China and ongoing accommodative monetary policy were expected to support growth and risk assets. Whilst the first days of the year tended to lean towards this view, with cyclical stocks and equities performing strongly, the emerging threat of COVID-19 in China and its subsequent spread across the globe shook investor confidence to a degree not seen since the Great Financial Crisis. In January, following an escalation in US-Iran tensions and subsequent spike in oil prices, the position in the iShares Oil & Gas Exploration & Production ETF was liquidated based on the view that a diplomatic resolution to the conflict would be reached and the move in prices would prove transitory. In February, emerging market exposure was reduced via the sale of the iShares BRIC 50 ETF as the COVID-19 pandemic started spreading across Asia and Europe. In March, risk was further reduced via the liquidation of the holding in small cap equities (Kempen Global Small Cap). Towards the end of the first quarter, as markets approached what would latter prove to be the trough in equity prices in 2020, compelling investment opportunities started to arise in areas of the market that were expected to benefit from secular growth tailwinds and new positions were initiated in US equities (S&P 500), robotics & automation, and healthcare innovation themes. Further risk positions were added, on a tactical basis, in European financials and peripheral debt in anticipation of a compression in spreads. The position in financials was closed in April, following a sharp rally over a short period of time. Additional equity exposure was added from May onwards, primarily in sectors expected to benefit from a cyclical economic recovery and USD weakness: Pictet Timber (early May), a position in the equally-weighted S&P500 ETF (mid-May) and the iShares Stoxx Basic Resources ETF (early July). The purchases were partially financed via profit taking on positions in healthcare and robotics & automation themes. In June and July, exposure to REITs was liquidated, given uncertainty regarding demand for office space and ongoing pressure in the commercial real estate market, whilst allocation to commodities was increased via positions in gold and broader asset class exposure (Rogers Commodity Index ETF). In parallel to equity trades, credit risk was added selectively over the second quarter. More importantly, the sub-fund started shifting exposure from the US curve to the Euro curve in July, after a strong bull flattening in the USA.

During the month of August, overall risk was reduced once again. taking advantage of the strong rebound offered by markets at that stage. As such, the position in the Mainfirst Top European Opportunities fund was exited. Furthermore, partial profits were taken on the position in gold following a strong rally over the previous month. In early September, a short position on Nasdaq futures was initiated on the back of extended valuations and market positioning; the trade was closed a week later with a modest profit. Within fixed income, the Lazard EM Local Currency fund was switched into the Pictet Chinese Local Currency Debt fund, motivated by improving economic fundamentals in China and an anchored yield curve. Further trades were carried out in October, mostly defensive in nature. A significant increase of duration through the purchase of 20-years US treasuries was implemented towards the end of the month. This position was meant to help the sub-fund performance in case of a contested US election outcome, which seemed not unlikely at this stage.

The sub-fund was very active in November, and increased the overall risk level aggressively. Allocation to equities was raised starting as early as 3rd of November, adding to structural growth themes (Robotics, Healthcare Innovation) and cyclicality (S&P 500 Equal Weight). Furthermore, duration was further reduced, selling the 20-years US treasuries once the election results became clear. Lastly, towards the end of the year, a selected number of positions across asset classes were liquidated ahead of a planned sub-fund restructuring in early 2021.

Past performance is not an indicator of current or future returns.

Management report (continued)

Outlook

The tailwinds that drove stocks to record highs in 2020 are still in place: extraordinary policy stimulus and a surge in economic growth as vaccines are rolled out. Add a less oppressive political calendar in 2021, the possibility of some cooling, or at least stabilisation, in trade relations (with the December investment agreement between the EU and China a good portend) together with a solid increase in corporate earnings and one has all the ingredients for a continued rally in risk assets. We expect a continued upsurge in M&A activity, which will provide opportunities for hedge funds. Yet much good news has already been baked into valuations, leaving little room for disappointment, especially if there is a hiccough in the roll-out of vaccines or a meaningful rise in longer-term bond yields. However, thanks to central bank vigilance, the latter at least seems unlikely in the short term, meaning we could witness a continued widening of the stock-market rally to more cyclical sectors and a steadying of volatility. A global economic recovery, with further declines in the US dollar and a rise in commodity prices, should mean that emerging-market equities continue to draw investor interest. In spite of moves to force Chinese stocks to delist in the US, China will remain a place of special interest as it continues to open up its financial markets to foreigners.

Longer-term US Treasury yields have been gradually moving ahead as investor confidence has grown and inflation expectations have risen. This trend should continue, especially as the Treasury lengthens the maturity of its debt offers but the Fed will remain intent on ensuring the rise is as orderly as possible while it looks set to leave base, short-term rates at their current lows until 2024 at least. A continuation of negative yields means core euro area bonds will continue to provide poor pickings, although the prospect for further limited spread tightening means peripheral bonds could offer more potential. The same is true for corporate credit, with a global recovery and relatively contained inflationary pressures proving a good combination for higher-yield issues. At the same time, the reduction in high levels of leverage will be essential to watch when it comes to lower-rated paper.

January 2021

Established by Banque Pictet & Cie SA

Approved by the Board of Directors of the SICAV

Past performance is not an indicator of current or future returns.

PROTEA UCITS II - GLOBAL BALANCED

Management report

Performance review

Throughout the calendar year we saw change as fears around Europe (Germany, Italy and Brexit) combined with trade war stress weighed on markets. At the start of the year, equity markets were on a positive trajectory with historic highs in many regions. We considered that valuations in Europe and Asia had become attractive while the US, though not cheap, was offering significantly better value than at the start of 2019. Investors were reassured by the accommodating tone of the European and American central banks (ECB and Fed (the "Federal Reserve")). Both said that they would be ready to adapt their monetary policy in order to fend off an economic slowdown. The expectation of accommodating monetary policy allowed interest rates to loosen and led to gains across markets.

The S&P 500 rose by +18.4% and reached a new high of 3,732. World equity markets also performed particularly well, as the MSCI ACWI Total Return (in USD) gained +16.3% by December 31, 2020. Over the year, the Euro Stoxx decreased by -2.0%.

The portfolio rose by +2.73% over the year. Equities were the main contributor to the portfolio's performance, up to +13.2% and contributing by 11.5% to the overall performance. Diversified assets and Commodities rose by 2.4% and 9.0%%, respectively. At the other end of the scale Bonds were down by -0.3%. Currencies had a significant impact overall, with a negative contribution to the performance (-3.5%). Cash and Equivalents also detracted portfolio performance by -0.9%.

As at December 31, 2019, bonds accounted for 24.9% of the portfolio, equities for 54.3%, liquidities for 8.7% and diversified assets for 12.5%. The portfolio benefited from positive allocation and selection effects, particularly in equities, diversified assets and commodities. Our selection of global, US, European and Asian equities was positive, with performance surpassing the respective benchmarks. For example, Baillie Gifford, Morgan Stanley Global Opportunity, Fundsmith Equity, Cantillon Global Equity, Edgewood US Select Growth, Polen Capital, Brown Advisory US Growth, Mirae Asia Consumer and Vontobel Asian Leaders, all outperformed their benchmarks. However, the selection effect was less perceptible in bonds as our opportunistic managers suffered from the movement in interest rates. The geographic breakdown was more tilted in favour of Europe and less to the US when compared to the MSCI AC World index.

Over the period our exposure to equities increased by 40%, from 54.3% to 93.6%. In order to facilitate the move, we reduced Cash, Bonds, Commodities and Diversified assets. Additionally, within the equities pocket we made some adjustments by selling our position in Egerton Capital Equity and Wellington Durable Companies and reallocating to more quality and growth style global funds (Comgest, Edgewood, Polen Capital and Brown Advisory US Growth). We have also invested in two new global funds: Baillie Gifford and Morgan Stanley Global Opportunity that met our expectations with positive returns compared to their benchmark. We also took profits on Matthews Asia Dividend and on Templeton Asian Smaller in favour of Mirae Asset Asia Great Consumer and Vontobel Sustainable Asian Leaders. In addition, during extreme volatility in March and April, we also sold our US SMID Equity Fund and reinvested in November, in the SPDR Russell 2000 US Small Cap. Equities accounted for 93.6% of the portfolio as at December 31, 2020.

Within the bond selection, we favoured non-benchmarked strategies that can adjust credit and duration risks. We invested for instance in High Yield Short Duration funds, like Muzinich Enhanced Yield. We also invested in opportunistic fixed income funds such as Flossbach von Storch and in investment Grade Bond Funds such as Allianz Euro Credit SRI. During the last quarter of 2020, we sold all our bonds funds to rearrange the portfolio for the new objectives.

Past performance is not an indicator of current or future returns.

Management report (continued)

Regarding the diversified assets, we sold our general commodities position to focus solely on gold, which was subsequently sold at the end of the year. Within hedge funds, we have allocated to Man GLG and sold Selwood Credit Fund. During the year some of our structured products were called and we sold the remainder. Diversified assets accounted for 2.5% of the portfolio as at December 31, 2020.

Outlook

The year 2020 has proved to be off the charts in many ways. The world faced a threat that was thought to be a thing of the past: a pandemic. After a good start to the year, equity markets fell by around a third between mid-February and the first three weeks of March. Indeed, the COVID-19 virus spread across the world and pushed governments to confine economies to limit the number of patients in often overcrowded hospitals. Over the year, over 1.8 million deaths were recorded worldwide.

In addition to the health challenge, governments and central banks of major nations unanimously and immediately recognized the economic stakes. They acted in cohort, massively and quickly. Fiscal and monetary policies were eased in order to limit the recession, bringing many sectors to a complete stop and providing income to households. The efforts made by the authorities were much greater than those of the 2008-2009 crisis (in some countries, more than three times greater).

As a result, fuelled by successive aid plans, cuts in interest rates and buybacks of government and corporate debt by central banks, equity markets began a spectacular recovery at the end of March.

In addition to the previously mentioned measures, the prospect of vaccines against COVID-19 emerged. The first reliable ones were able to be designed in record time and be put on the market at the end of the last quarter. These vaccines bring the hope of the end of repeated lockdowns and the return of economic growth. Since bottoming in March, the global market index has rebounded by +70% in USD, investors seemingly projecting a recovery in profits over the next few years and deciding to forget 2020. The big winners of this "stay at home!" period have been the internet and tech giants as well as Asia-ex-Japan which quickly brought the pandemic under control.

The MSCI All Country World Daily Total Return Net index in USD rose +16.3% over the year. As if the pandemic and the worst global recession since the end of World War II never happened.

February 2021

Established by Stanhope Capital LLP

Approved by the Board of Directors of the SICAV

Past performance is not an indicator of current or future returns.

Management report (continued)

Market review

Despite the pandemic, the MSCI AC World Index made a total return of almost 17% (in USD) in 2020 as decisive policy intervention flooded markets with money and interest rates were lowered. Interestingly, total returns for the S&P 500 and MSCI Emerging Markets Index were roughly similar (18% in USD terms). Signs that emerging markets were catching up in the final months of the year reflected a strong recovery in commodity prices and China's vigorous rebound from the pandemic, which started well before any other major economy. This recovery could be seen in the performance of the CSI Index, which progressed by about 38% (in USD) in 2020. The Stoxx Europe 600 was down slightly for 2020 as a whole, but it too perked up as the year progressed, managing double-digit returns in the final quarter. Sector wise, lockdowns meant that 2020 was all about tech and growth stocks in general (helped by low bond yields, which increased the value of future cash flows). But as the year drew to a close, the heavily beaten down energy sector staged a big comeback amid signs of a rotation to value-style equities, while banks benefitted from a steepening of the yield curve.

US Treasuries ended the year at 0.92%, a full percentage point below where they were at the start of 2020, demonstrating the lack of inflation and still hazy growth prospects, as well as continued central bank buying. The last weeks of the year also saw Treasury curve steepening, in line with inflation expectations. Already firmly in negative territory, the drop in Bund yields last year was less pronounced, although yields still went lower. ECB (European Central Bank) support and the unveiling of a recovery fund that implies an element of EU burden sharing helped banish fears of another European debt crisis and boosted interest in peripheral euro bonds. Despite a progressive turnaround in fortunes, commodity indexes were down for the year as a whole. By contrast, while the improvement in the outlook for the global economy and risk assets left gold behind in the final quarter of the year, gold prices were up a solid 25% over 2020 as a whole.

Performance review

The fund posted a return of 4.2% for the year in an market environment characterized by high volatility and elevated uncertainty. Asset class exposure by year-end was 45% cash, 17% fixed income, 36% equities, and 1.5% in commodities. The asset class stance at the end of the year was reflective of a planned restructuring of the investment mandate into 2021.

Past performance is not an indicator of current or future returns.

Management report (continued)

The fund entered the year with a modest pro-risk stance as reduced trade tensions between the US and China and ongoing accommodative monetary policy were expected to support growth and risk assets. Whilst the first days of the year tended to lean towards this view, with cyclical stocks and equities performing strongly, the emerging threat of COVID-19 in China and its subsequent spread across the globe shook investor confidence to a degree not seen since the Great Financial Crisis. In January, following an escalation in US-Iran tensions and subsequent spike in oil prices, the position in the iShares Oil & Gas Exploration & Production ETF was liquidated based on the view that a diplomatic resolution to the conflict would be reached and the move in prices would prove transitory. In February, emerging market exposure was reduced via the sale of the iShares BRIC 50 ETF as the COVID-19 pandemic started spreading across Asia and Europe. In March, risk was further reduced via the liquidation of the holding in small cap equities (Kempen Global Small Cap). Towards the end of the first quarter, as markets approached what would latter prove to be the trough in equity prices in 2020, compelling investment opportunities started to arise in areas of the market that were expected to benefit from secular growth tailwinds and new positions were initiated in US equities (S&P 500), robotics & automation, and healthcare innovation themes. Further risk positions were added, on a tactical basis, in European financials and peripheral debt in anticipation of a compression in spreads. The position in financials was closed in April, following a sharp rally over a short period of time. Additional equity exposure was added from May onwards, primarily in sectors expected to benefit from a cyclical economic recovery and USD weakness: Pictet Timber (early May), a position in the equally-weighted S&P500 ETF (mid-May) and the iShares Stoxx Basic Resources ETF (early July). The purchases were partially financed via profit taking on positions in healthcare and robotics & automation themes. In June and July, exposure to REITs was liquidated, given uncertainty regarding demand for office space and ongoing pressure in the commercial real estate market, whilst allocation to commodities was increased via positions in gold and broader asset class exposure (Rogers Commodity Index ETF). In parallel to equity trades, credit risk was added selectively over the second quarter. More importantly, the fund started shifting exposure from the US curve to the Euro curve in July, after a strong bull flattening in the USA.

During the month of August, overall risk was reduced once again. taking advantage of the strong rebound offered by markets at that stage. As such, the position in the Mainfirst Top European Opportunities fund was exited. Furthermore, partial profits were taken on the position in gold following a strong rally over the previous month. In early September, a short position on Nasdaq futures was initiated on the back of extended valuations and market positioning; the trade was closed a week later with a modest profit. Within fixed income, the Lazard EM Local Currency fund was switched into the Pictet Chinese Local Currency Debt fund, motivated by improving economic fundamentals in China and an anchored yield curve. Further trades were carried out in October, mostly defensive in nature. A significant increase of duration through the purchase of 20-years US treasuries was implemented towards the end of the month. This position was meant to help the fund performance in case of a contested US election outcome, which seemed not unlikely at this stage.

The fund was very active in November, and increased the overall risk level aggressively. Allocation to equities was raised starting as early as November 3, adding to structural growth themes (Robotics, Healthcare Innovation) and cyclicality (S&P 500 Equal Weight). Furthermore, duration was further reduced, selling the 20-years US treasuries once the election results became clear. Lastly, towards the end of the year, a selected number of positions across asset classes were liquidated ahead of a planned fund restructuring in early 2021.

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Management report (continued)

Outlook

The tailwinds that drove stocks to record highs in 2020 are still in place: extraordinary policy stimulus and a surge in economic growth as vaccines are rolled out. Add a less oppressive political calendar in 2021, the possibility of some cooling, or at least stabilisation, in trade relations (with the December investment agreement between the EU and China a good portend) together with a solid increase in corporate earnings and one has all the ingredients for a continued rally in risk assets. We expect a continued upsurge in M&A activity, which will provide opportunities for hedge funds. Yet much good news has already been baked into valuations, leaving little room for disappointment, especially if there is a hiccough in the roll-out of vaccines or a meaningful rise in longer-term bond yields. However, thanks to central bank vigilance, the latter at least seems unlikely in the short term, meaning we could witness a continued widening of the stock-market rally to more cyclical sectors and a steadying of volatility. A global economic recovery, with further declines in the US dollar and a rise in commodity prices, should mean that emerging-market equities continue to draw investor interest. In spite of moves to force Chinese stocks to delist in the US, China will remain a place of special interest as it continues to open up its financial markets to foreigners.

Longer-term US Treasury yields have been gradually moving ahead as investor confidence has grown and inflation expectations have risen. This trend should continue, especially as the Treasury lengthens the maturity of its debt offers, but the Fed (Federal Reserve) will remain intent on ensuring the rise is as orderly as possible while it looks set to leave base, short-term rates at their current lows until 2024 at least. A continuation of negative yields means core euro area bonds will continue to provide poor pickings, although the prospect for further limited spread tightening means peripheral bonds could offer more potential. The same is true for corporate credit, with a global recovery and relatively contained inflationary pressures proving a good combination for higher-yield issues. At the same time, the reduction in high levels of leverage will be essential to watch when it comes to lower-rated paper.

February 2021

Established by Banque Pictet & Cie SA

Approved by the Board of Directors of the SICAV

Past performance is not an indicator of current or future returns.

PROTEA UCITS II - GLOBAL BALANCED

Management report (continued)

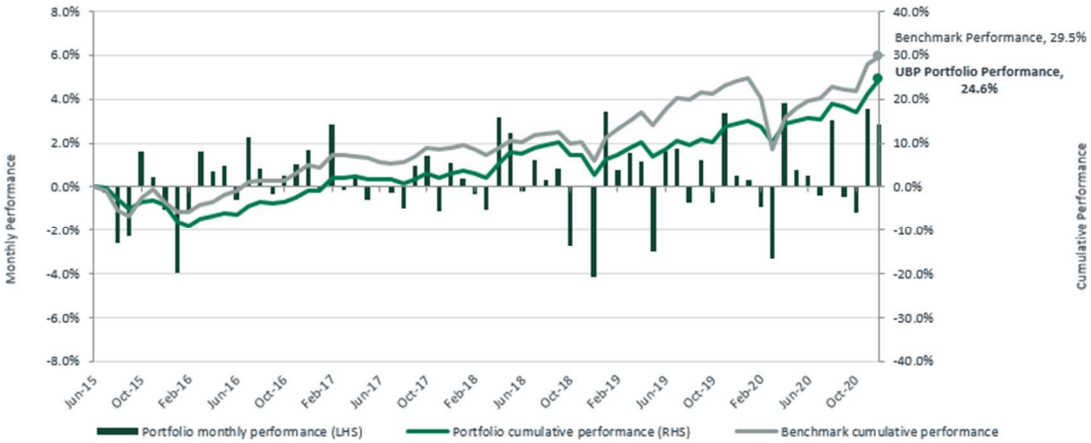
Portfolio performance

The performance of the UBP London portfolio (the "portfolio") over the period from January 1, 2020 to December 31, 2020 is shown below:

Month	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	2020
Portfolio	0.4%	-0.9%	-3.3%	3.8%	0.8%	0.5%	-0.4%	3.0%	-0.5%	-1.2%	3.6%	2.9%	8.8%
Benchmark *	0.5%	-3.8%	-9.7%	6.5%	2.0%	1.4%	0.6%	2.1%	-0.4%	-0.4%	5.1%	1.2%	4.2%

** **Blended benchmark:** 5% 1-month Euribor, 15% iBoxx Sovereigns Eurozone TR, 20% iBoxx EUR Corporate Bond, 6% Merrill Lynch Global High Yield, 4% JP Morgan GBI EM Global Div Traded, 45% MSCI AC Daily World TR, 3% HFRX Global Hedge Fund EUR, 2% Rogers Commodity. Note that the USD-priced indices are converted to EUR.*

The performance since inception is +24.6% as at December 31, 2020 as displayed below:



Month	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15*	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	2015
Portfolio							-0.3%	-2.6%	-2.3%	1.6%	0.4%	-1.1%	-4.1%
Benchmark**							-0.9%	-4.3%	-1.7%	4.8%	2.0%	-3.1%	-3.5%
Month	**Jan-16**	**Feb-16**	**Mar-16**	**Apr-16**	**May-16**	**Jun-16**	**Jul-16**	**Aug-16**	**Sep-16**	**Oct-16**	**Nov-16**	**Dec-16**	**2016**
Portfolio	-4.0%	-1.1%	1.6%	0.7%	1.0%	-0.6%	2.3%	0.8%	-0.3%	0.5%	1.0%	1.7%	3.5%
Benchmark**	-2.1%	-0.1%	1.7%	0.8%	1.6%	0.9%	2.0%	0.5%	0.0%	-0.1%	1.6%	1.8%	8.8%
Month	**Jan-17**	**Feb-17**	**Mar-17**	**Apr-17**	**May-17**	**Jun-17**	**Jul-17**	**Aug-17**	**Sep-17**	**Oct-17**	**Nov-17**	**Dec-17**	**2017**
Portfolio	-0.1%	2.8%	-0.1%	0.5%	-0.6%	0.1%	-0.3%	-1.0%	1.0%	1.4%	-1.1%	1.1%	3.8%
Benchmark**	-0.6%	2.9%	-0.1%	-0.2%	-0.4%	-0.8%	-0.3%	0.2%	1.1%	2.0%	-0.3%	0.1%	3.7%
Month	**Jan-18**	**Feb-18**	**Mar-18**	**Apr-18**	**May-18**	**Jun-18**	**Jul-18**	**Aug-18**	**Sep-18**	**Oct-18**	**Nov-18**	**Dec-18**	**2018**
Portfolio	0.4%	-0.3%	-1.1%	3.2%	2.5%	-0.2%	1.2%	0.3%	0.8%	-2.8%	0.1%	-4.2%	-0.2%
Benchmark**	0.7%	-1.0%	-1.1%	1.3%	1.7%	-0.5%	1.4%	0.4%	0.2%	-2.4%	0.5%	-3.9%	-2.6%
Month	**Jan-19**	**Feb-19**	**Mar-19**	**Apr-19**	**May-19**	**Jun-19**	**Jul-19**	**Aug-19**	**Sep-19**	**Oct-19**	**Nov-19**	**Dec-19**	**2019**
Portfolio	3.4%	0.8%	1.6%	1.2%	-3.0%	1.6%	1.7%	-0.8%	1.2%	-0.7%	3.4%	0.5%	11.3%
Benchmark**	4.7%	1.8%	1.9%	1.8%	-2.5%	3.0%	2.2%	-0.3%	1.3%	-0.1%	1.6%	0.8%	17.2%
Month	**Jan-20**	**Feb-20**	**Mar-20**	**Apr-20**	**May-20**	**Jun-20**	**Jul-20**	**Aug-20**	**Sep-20**	**Oct-20**	**Nov-20**	**Dec-20**	**2020**
Portfolio	0.4%	-0.9%	-3.3%	3.8%	0.8%	0.5%	-0.4%	3.0%	-0.5%	-1.2%	3.6%	2.9%	8.8%
Benchmark**	0.5%	-3.8%	-9.7%	6.5%	2.0%	1.4%	0.6%	2.1%	-0.4%	-0.4%	5.1%	1.2%	4.2%

**Performance calculated from the July 21, 2015.*
***Blended benchmark: 5% 1-month Euribor, 15% iBoxx Sovereigns Eurozone TR, 20% iBoxx EUR Corporate Bond, 6% Merrill Lynch Global High Yield, 4% JP Morgan GBI EM Global Div Traded, 45% MSCI AC Daily World TR, 3% HFRX Global Hedge Fund EUR, 2% Rogers Commodity. Note that the USD-priced indices are converted to EUR.*
***Please note that prior to May 1, 2018 the blended benchmark was:** 5% 1 month Euribor, 20% iBoxx Sovereigns Eurozone TR, 20% iBoxx EUR Corporate Bond, 6% Merrill Lynch Global High Yield, 4% JP Morgan GBI EM Global Div Traded, 40% MSCI AC Daily World TR, 3% HFRX Global Hedge Fund EUR, 2% Rogers Commodity.*

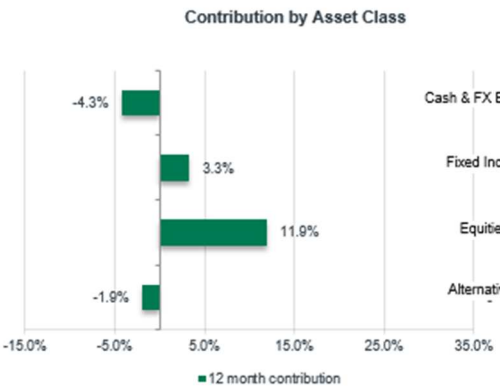
Portfolio & Performance Commentary

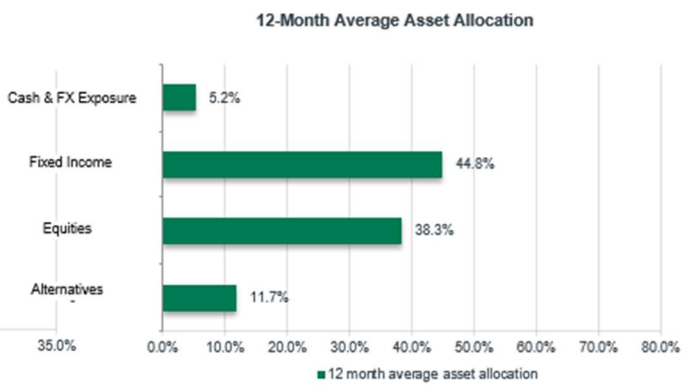
Over the period from January 1, 2020 to December 31, 2020 the portfolio returned +8.8%.

Past performance is not an indicator of current or future returns.

Management report (continued)

The average asset class weightings and their respective performance contribution for the period under review are displayed in the charts below:





January 2020

The portfolio gained 0.4% in January with equity markets selling-off late in the month, caused by concerns about the coronavirus outbreak. This affected our EM-related holdings causing some underperformance, although some of which was compensated for using put hedge positions.

In terms of exposure, no substantial changes were made and we maintained our exposure to risk assets barbelled with put protection.

Overall, emerging market stocks caused a significant performance detraction over the month, being responsible for the net losses in January. The Hong Kong ETF detracted about -0.2% and AIA Group lost the portfolio about 0.15%. Baidu and Alibaba collectively detracted another about 0.1% from the monthly result. There were no company-specific reasons for these results but a combination of negative performance across emerging markets in general and Asia and China in particular.

Developed market equities as a group contributed a positive about 0.1% in January with Amazon, Microsoft, Alphabet and Autodesk together adding about 0.7%. Our put hedging positions added 0.1% to performance despite being based on the S&P500 which suffered less from the coronavirus fallout compared to emerging market positions. We continued to hold hedge positions to buffer downside risks in markets at a time when valuations are elevated.

January saw broad dollar strength and thus the EUR lost 1%, lifting the portfolio's return.

Equity markets performed strongly in the first half of January following a very positive 2019 and robust last quarter in 2020. The outbreak of the coronavirus in China and the subsequent measures taken in China but also in other countries caused stocks to sell off into month end.

As a result, the MSCI World index lost 0.7% over the month. US equity markets fared better, losing only 0.2%, whilst emerging markets suffered substantially more with Hong Kong being down almost 7% and the MSCI Emerging Market index losing 4.7% for the month. Export-sensitive European markets also felt the impact, shedding 2.8% for the Euro Stoxx 50 index.

Past performance is not an indicator of current or future returns.

Management report (continued)

Markets were at this point in the grip of the virus outbreak for a few weeks. At just under 40,000, the number of confirmed infected cases had risen substantially as one would expect during such an outbreak and the death toll stood at over 800.

This put the perceived coronavirus fatality rate drastically below that of the MERS outbreak in 2014-2016 where nearly 40% of those infected died. At the time, MERS was largely confined to Saudi Arabia and South Korea. SARS which mainly spread in China, Hong Kong and Taiwan in the first half of 2003 registered a fatality rate of around 10% with just over 8,000 people infected and 774 deaths. The coronavirus death rate was perceived at the time, according to the official statistics, around 2.1%. Our view in January was that whilst the outbreak could not be written off as not dangerous, it was important not to lose sight of facts in an age of social media where information and noise can travel fast and panic levels appear to spike beyond reasonable.

China and the World today are more connected than they were in 2003 with Chinese travel having risen by a factor of 10, increasing the risk of viruses spreading faster than before. On the other hand, authorities in 2003 were at first paralysed and reacted only slowly and unprepared to SARS. This allowed more time to pass for the virus to spread. This time around, the initial reaction was swift and determined with all resources thrown at the problem. It was hoped that this would contain the risk at some point.

The infection data at the time showed that the daily rate of growth in new cases was collapsing fast. This point had, in the past, typically marked the pivot where markets started to stabilise or turn higher. Whilst the virus provided the context and the narrative, the backdrop of markets in January was that we were coming out of a strong period in 4Q19 and generally a robust 2019 where equities posted strong gains the previous year. This momentum carried over into January until it hit a roadblock with the virus.

Therefore, the relevant economic backdrop for China and its financial markets was positive despite a short-term hit to GDP growth and we interpreted some of the declines simply as profit-taking after substantial gains last year where investors were looking for excuses to lighten up on their exposure.

Valuation levels in Hong Kong and the mainland were certainly not stretched when markets entered the corrective period. Dividend yields in Hong Kong were near 4% and approaching 3% for Shanghai-listed names. Price/earnings multiples were in the single digits for both markets.

We believed that both, the profit-taking as well as the virus outbreak, would be short-lived and transitory in nature. In the past, markets tended to turn approximately half-way into the infections cycle when growth rates stabilised and declined. From a fundamental point of view, there was clearly some damage done to the affected economies, as cities were starting to be locked down and travel came to a standstill. SARS is estimated to have cost the World economy between USD 50 bn and USD 100 bn and even if we assume the cost of the coronavirus to be twice that figure, it is hardly seemed a very material amount in the context of about USD 90 trn global GDP. We also pointed out this it was important not forget that a lot of the missing demand effectively turns into pent-up demand in the future, diminishing even further the real economic cost.

In contrast to only a few weeks prior, markets in January 2020 were also pricing in a further two rate cuts in the US, one before and one after the summer, creating a backdrop of very easy financial conditions going into the elections.

Past performance is not an indicator of current or future returns.

Management report (continued)

Meanwhile Eurozone finance ministers were set to agree a more growth-friendly fiscal policy, opening the doors for more spending, especially in Germany where the government feared a downturn. Export-oriented European economies were hit by the Sino-US trade conflict in the past and in January impacted by the virus outbreak in China. A meeting of finance ministers in Brussels was expected to formalise an agreement to increase spending in case of emerging downside risks. Although the agreement would still adhere to the 3% deficit limit, it would be a deviation from the previous neutral stance.

The other important space to watch was the US primaries. According to Predictit, Bernie Sanders' chances of being nominated as the Democratic candidate were rising although, overall, Donald Trump was still likely to win the Presidential election. We were watching the dynamics between Sanders, Biden and Bloomberg and how these were set to evolve over the next few months as the main risk for markets was a non-consensual Democratic election victory in November.

Overall, in the short-term, with growth rates of coronavirus cases likely to fall and the probability of large-scale "whatever-it-takes"-like stimulus rising, the risk for equity markets was tilted to the upside.

February 2020

The portfolio lost 0.9% in February as equity markets sold off substantially during the month.

Fixed income detracted slightly during the month largely because of negative attributions from high-yield positions such as the UBAM HY fund and the Neuberger funds. On the positive side, Treasury holdings contributed 0.14% to performance. Overall, fixed income detracted approximately 0.15%.

Equity positions detracted 1.08% in February and this includes a positive contribution of about 1.5% from the hedging positions. With the exception of a few stocks that were broadly unchanged for the month, most other equity positions lost during the month. Higher-beta names suffered the most with AB InBev detracting 0.47% and Sector Zen losing 0.21%.

With the corona pandemic spreading across Western markets, risk assets started to suffer substantially in February. The MSCI World equity index lost 8.6% whereby emerging markets managed to outperform, losing "only" 5.3%. Economically and export-sensitive euro zone markets lost 8.6% whilst US equities lost 8.4%.

During risk-off phases in markets, correlations tend to converge to one for many assets and only Treasuries managed to provide some benefit from diversification over the month. The 10-year Treasury rose 2.4% whilst its yield dropped 0.36% to 1.15%. Global high-grade fixed income indices gained 0.7% whilst credit underperformed. As a result, the BofAML high-yield index lost 1.6% and the S&P loans index lost 1.3% in February.

The coronavirus crisis established a firm grip on Western markets with more and more lockdowns being implemented over the month. This almost brought to a standstill substantial portions of local economies and, as a result, concerns were growing about the outlook for the rest of 2020.

Past performance is not an indicator of current or future returns.

Management report (continued)

By this point of the year, we had seen an extremely wide range of estimates for second quarter domestic and global GDP figures. For the US, Morgan Stanley expected a 30% drop associated with an almost 13% unemployment rate and the President of the St Louis Fed James Bullard said Q2 GDP could drop by 50% and unemployment reach 30%.

Whilst we believed the latter forecast was at the extreme negative end of likely outcomes, the reality was that we were operating in an environment of extreme uncertainty and had to deal with an unusually wide range of possible outcomes. These primarily depended on the ultimate duration of lockdowns in major economies with base case assumptions at the time that these would last until the end of April.

March 2020

The portfolio lost 3.3% in March as equity and credit markets sold off substantially during the month.

During the month of March, fixed income detracted more from performance than equities. This was because of our substantial hedges deployed in the equity section but also because the fixed income book is dominated by exposure to corporate rather than government bonds. As a result, high-yield and emerging market positions lost the most, with the UBAM HY fund detracting 0.4%, approximately the same amount that was detracted by each, the Vontobel Emerging Market Debt fund and Volkswagen perps. Recently purchased 3.4% AT&T 2025s and 1.9% ebay 2025s added a total of 0.14% to performance. Most other bond positions detracted slightly from performance over the month.

On the equity side, we added some positions in late March after the market drawdown that have positively contributed to performance. Thus, UK homebuilder Persimmon attributed 0.16%, Amazon added 0.08%, Accenture +0.04% and a consumer staples ETF +0.04%. However, negative positions dominated in a month like this. Economically-sensitive stocks, many of which we sold in March, detracted the most. Porsche and Unicredit were hit hard whilst our tech exposure in Autodesk, Baidu, Facebook, Alibaba, Microsoft, Oracle and Alphabet detracted a similar amount, an aggregate 1.7%.

As a result of the lockdowns and deteriorating economic picture we saw equity and credit markets under severe stress over the last weeks of the month. The 5-year CDS high-yield benchmark rose to a peak of 871 on the 23 March, reaching levels not seen since the financial crisis.

Governments and central banks across the world started to put in place measures that outpaced the stimulus packages seen during the last world wars. The Federal Reserve announced and implemented unlimited quantitative easing and already started purchasing record amounts of Treasuries. The stimulus packages implemented by the US government seemed likely to end up somewhere between 10% and 20% of GDP and could potentially even surpass these levels.

Donald Trump signed into law the 2.2 trn coronavirus stimulus bill. The bill provided up to USD 1,200 in direct relief for adults, created a USD 500 bn lending programme for businesses, cities and states and a USD 367 bn fund for small businesses. It also provided USD 130 bn to hospitals and expanded unemployment insurance.

Past performance is not an indicator of current or future returns.

Management report (continued)

Japan's Prime minister Shinzo Abe announced the largest ever package of economic measures in Japan to address the impact of the coronavirus, far bigger than the package assembled during the 2008 financial crisis. The stimulus was expected to exceed USD 520 bn or approximately 10% of GDP.

What was encouraging to see was that dollar funding stress started to recede. The dollar rose by about 9% against a basket of other currencies in the early stages of market panic in March. By the end of the month it had retraced half of that move. We saw this for instance in the Sterling that collapsed from levels around 1.30 to below 1.15 within just over one week but closed the last week of the month at around 1.25. Fundamentally, the currency seemed to be well supported around 1.20 and at this point of the year we expected it to bounce back to around 1.30 in due course.

As a result of the severe disruption in economies, many companies withdrew guidance and more were to follow. The market was now differentiating between two groups of companies: those that are cyclical and leveraged and those that are not. The first group significantly underperformed the latter and we viewed this as unlikely to reverse anytime soon considering the recessionary framework.

As we looked forward, the next few weeks were useful to gain some colour from companies during the Q1 earnings season about how management teams are interpreting the future and look to cope with the current challenges. Our focus was less on the actual earnings numbers for Q1 as these were likely to be amongst the least important aspects of the announcements. What was much more important was how management teams evaluated the impact state of paralysis had on their businesses and, most importantly, what balance sheets would look like going into a recessionary environment that would be less forgiving than the past years in terms of providing cheap funding for highly-leveraged companies.

We has already seen that the market was penalising businesses that have less-than-solid balance sheets. This was unlikely to change in the foreseeable future as risk capital comes at a price and the first transactions providing refinancing or liquidity lifelines in March and April indicate that existing bond and equity holders would be diluted heavily.

For equity markets, much depended on the eventual duration of lockdowns in Europe and the US. Every additional day of standstill beyond early May felt likely to exponentially raise the cost to the economy as more and more jobs would be permanently destroyed as opposed to furloughed for a period of time.

We reckoned that depending on that outlook of how we will be transitioning out of the crisis, at some point, investors would make their minds up as to whether the economy can still be turned around in time, come out with a black eye, or whether we should be prepared for a prolonged and deeper recession, the effects of which would likely be felt well into 2021.

April 2020

The portfolio gained 3.8% in April on the back of a strong recovery across equity and credit markets.

During April we tilted the equity book slightly more towards value and also purchased several bonds but also re-introduced a hedging position, considering the problematic macro-economic backdrop and outlook for earnings in the short and medium term.

Past performance is not an indicator of current or future returns.

Management report (continued)

In terms of performance attributions, during the month, equities contributed most of the gains (+3.1%) but fixed income also attributed meaningfully to performance (+2.4%) as spreads meaningfully tightened.

The newly acquired S&P500 2650-strike put option detracted by far the most with -1.0% as markets moved higher. Other than that, only Easyjet stock and Delta bonds detracted slightly from overall performance. On the equity side, technology and healthcare continued to perform strongly; Amazon added 0.7%, Facebook +0.5% and Oracle +0.3% on the tech side whilst HBM Healthcare and Sector Healthcare added a combined 0.7% in April.

In fixed income, the areas that were hit the hardest in March recovered the most and, hence, VW, UBAM High Yield Fund and Telefonica contributed +0.5% to the monthly performance.

Our hedge fund exposure in the form of Brilliance added another 0.1% as their underlying market segments bounced back in April.

April saw a continuation of markets bouncing off their lows that started in late March. The move was driven by announcements of plans to ease lockdowns in most countries and slowly return to more normal conditions. Risk assets across the board rallied strongly as a result. US markets led the charge, up 12.7% for the month for the S&P500 that ended down just under 10% for the year as of the end of April. The recovery in the eurozone and China was less pronounced although other emerging markets did somewhat better. The Euro Stoxx 50 gained only 5.1% in April that still left it down almost 22% for the year. The MSCI emerging market index was up 9% over the period and down 17% for the year. China rallied less hard but, at -6.2% for the Shanghai Composite year-to-date as of the end of April, was still the best-performing large equity market in the world.

As always, when comparing broad headline country indices, we must be incredibly careful what we compare against. The German DAX index has an exposure of almost 27% to financials and materials and 12% to healthcare. The Swiss SMI index is 42% exposed to healthcare and a combined 23% to financials and materials. On the other hand, the S&P500 has a 33% exposure to technology and communications, 15% to healthcare and only around 19% to financials and materials.

It is still surprisingly common for investors to think in local terms when investing, i.e. looking at their allocations to the US, emerging markets and even dividing Europe into the eurozone, the UK and Switzerland. By using these traditional "buckets", they then focus on valuations on a geographic level using a region’s/country’s most popular index. And of course, they usually always come to the same conclusion, i.e. wondering if Europe is a trading opportunity as it appears "cheap", find that Switzerland is somewhat expensive, and that the US is probably overvalued. Of course, this perspective is fraught with problems and leading to the wrong conclusions most of the time and sub-optimal portfolio positioning introducing home bias.

Stocks are valued according to their underlying fundamentals which are closely correlated to the industry the company operates in and, therefore, valuations tend to be comparable within industries but not necessarily across sectors. This makes country indices broadly not comparable to each other in terms of valuations and performance. Differences between country indices can therefore be easily explained by their sector exposure, leaving some idiosyncratic country-specific risk factors aside.

Past performance is not an indicator of current or future returns.

Management report (continued)

This perspective explains the persistent strength of US equity markets compared to most others. Technology and pharma sectors were now flat for the year, whilst global energy and financial stocks were down nearly 40% by April. Our view was that unless we were to see a substantial outperformance of banks and material stocks over technology names, it would be impossible, for instance, for the DAX to outperform the S&P500. This would only be conceivable in a scenario of a broader economic recovery that would also lead to higher yields and interest rates.

Thanks to aggressive central bank policies, especially in the US, the months prior to April saw record volumes of new bond issues being sold to help companies improve their liquidity profiles and see them through a potentially difficult period over the coming months. Issuance was concentrated in areas most affected by the virus outbreak and financing conditions were relatively favourable for issuers considering the average balance sheet quality.

The broader consensus amongst market participants appeared that the majority were expecting some more or less severe weakness over the coming months and throughout the summer, typically anticipating another 10-20% correction in equity markets. Similarly, the percentage of bearish investors, according to the AAII (American Association of Individual Investors) was in April at a seven-year high. This to us was entirely plausible and, from a fundamental standpoint, is was a rational expectation. However, we would cautioned that when too many investors are leaning towards one outcome, the probability of that outcome occurring tends to be rather low.

Our base case at the time was therefore the possibility of a somewhat more benign consolidation with potentially less downside over the shorter term. Most of the US-listed companies had by now reported their results for the first quarter and, on average, earnings were down just over 7% for the period, driven by financials where profits declined by 28%. Overall, for 2020 and 2021, earnings expectations were falling steadily over the prior weeks. 2020 expected earnings for the S&P500 were reduced by 26% between January and April and by 15% for 2021 year. For the FTSE100, they were revised by 36% for 2020, driven by falling oil prices, and by 21% for 2021. In terms of valuations, this put the US stock market at 17x 2021 expected profits, the MSCI World at 16x, the broad European Stoxx 600 index at 14x and the FTSE250 at 11x 2021 earnings.

The outlook for earnings and economies had never been more uncertain in the last decades. There was not enough experience to draw from as to how economies would react as a result of such a sudden and deep shock and the equally aggressive fiscal and monetary response. Considering the different approaches and speeds at which various countries were coming out of lockdown measures with the associated risks pertaining to a potential second wave, it appeared to us highly unclear how robust the recovery would be, especially from a consumer point of view.

Permanent unemployment was forecast to rise substantially even under the best-case assumptions and the somewhat traumatic experience for many seemed likely to lead to more cautious spending behaviour for some time. At the same time, we also believed that certain sectors would bounce back relatively quickly, especially in the category of affordable luxuries, such as holidays, restaurant visits and areas with increasing pent-up demand.

Therefore, sector rotation continued to be an important feature for markets, whereby it seemed that some of the winners of the coronavirus phase may have to make space for those of the post-corona period. Overall, stock markets seemed somewhat protected on the downside by unprecedented measures implemented by central banks but also capped in terms of immediate upside potential by high earnings uncertainty and valuation pressures.

Past performance is not an indicator of current or future returns.

Management report (continued)

May 2020

The portfolio gained 0.8% in May on the back of a continued rally across stock and bond markets.

The underlying portfolio investments did better than headline performance suggests, considering that due to the strong market rally, the put hedge position lost substantially in value, detracting 0.7% from monthly performance.

Other than that, only AIA detracted significantly from performance, losing 0.2% for the portfolio as pressure on Chinese stocks was evident during the month because of new tensions between the US and China.

From an asset class perspective, fixed income contributed 0.7%, equities added 0.7% (including the loss from put options) and alternatives contributed 0.1%. Currency detracted 0.7% as the safe haven dollar sold off during the month.

High-yield bonds rallied in May as spreads continued to compress with the UBAM high-yield fund contributing most to performance at +0.2%. The Vontobel Emerging Market fund added 0.1% and UBAM Global Credit 2024 contributed 0.1%.

Performance in May was initially driven by tech and healthcare, sectors that have been performing well throughout the crisis. HBM Healthcare was the best performer on the equity side, adding 0.4%, followed by Facebook +0.2% and Mastercard at +0.2%.

Towards the end of the month, sector rotation towards value became a more meaningful driver of market performance which benefitted our sector tilt. French infrastructure company Vinci added 0.15% and our travel related holdings Easyjet and Aena added a combined 0.24%.

Risk assets continued to perform well in May with global equities gaining 4.6% and reducing losses for the year at this point to -8.9%. The move was largely driven by technology names as the MSCI World software index gained 7.4% and infotech stocks gained 6.6%. Value stocks underperformed strongly as banks where the only sector that lost money for the month (-0.1% for MSCI Global banks index) and energy stocks were up only 1.1%.

On a regional level, more cyclically exposed markets such as Germany and Japan performed well in May. The Japanese Nikkei 225 and the German DAX index gained 8.3% and 6.7%, respectively. This shift in regional performance foreshadowed a strong sector rotation towards value names that started in late May and continued into June. This rotation saw heavily beaten industries such as airlines, banks, energy and industrials reduce their steep year-to-date losses and outperform infotech and healthcare sectors, at least temporarily.

Fixed income markets mirrored what happened in equities with US high yield bonds gaining 4.6% and broader global fixed income indices (Bloomberg Multiverse index) gaining 0.7%. As a result, high-yield and investment-grade spreads had approximately halved from their peaks in March and were at this point close to the upper end of their pre-crisis trading ranges.

Past performance is not an indicator of current or future returns.

Management report (continued)

The longest economic cycle (lasting 128 months) in US history is now confirmed to have ended in February, which is the month the National Bureau of Economic Research (NBER) has determined as the start date for the recession. On average, since the mid-1940s, recessions lasted ten months while the average expansion lasted 57 months, for an average length of a cycle of around five and a half years. Whilst it was highly uncertain how the current recession would play out eventually, the empirical evidence supported a reasonable expectation of an end to the slowdown at some point in 2021 if not potentially earlier.

In May we highlighted in this context how accurate the US yield curve (the difference between the US 10-year and 2-year yields) also predicted the current recession without even having the remotest clue about the eventual trigger. It even briefly inverted in August of 2019 (signalling a deeper recession) before starting to re-steepen in Q4 2019. This follows a long list of previous recessions where a flattening curve signalled a weaker US economy. Equally, we were paying close attention to what extent the curve continued to steepen, potentially signalling a stronger economy in the future. In May, the steepness was around 0.5%, the highest level since 2018. Longer-dated yields in the US appeared to be rising faster and the 30-2 year yield curve was near the highest levels in three years.

Monetary and fiscal policies across all major economies were extremely supportive at this point with financial conditions easing as interest rates were around zero levels and large fiscal support packages were being implemented. The US Main Street Lending program saw its terms eased with lower loan minimums, longer repayment periods and a reduction of the amounts that banks would have to hold on their balance sheets. We believed this would help facilitate a faster re-opening of businesses which would, in turn, lead to a quicker return of people on to payrolls and defer potential defaults for some time.

At the same time, it appeared likely that a vaccine would be available within 12 months which would dampen any effects from second waves or increased global testing initiatives. This would then also effectively remove the coronavirus threat from investors' minds forever and lead to a refocussing on the implications of a sustained economic recovery for financial markets. Notwithstanding the risk of medium-term volatility and a potential overshoot in valuations, the longer-term appeal of equities which are in front of a potential multi-year expansion on the back of zero-interest rate policies combined with some moderate inflation could be a powerful driver for stocks going forward.

June 2020

The portfolio gained 0.5% in June as equity and credit markets continued to move higher over the month.

While equity markets were the strongest headline performers amongst the various asset classes, in terms of performance attribution, fixed income contributed the most to performance in June for our accounts.

The Vontobel Emerging Market Debt fund added 0.1% to performance (we topped up this position in June), followed by Delta 2022s and the Oaktree Lending bond adding another 0.05%. Overall, fixed income contributed 0.17% to performance with all positions bar one performing positively.

Past performance is not an indicator of current or future returns.

Management report (continued)

Equity market performance in June was again very narrow with a handful of mega cap technology stocks outperforming the rest. Baidu was the best performer in the portfolios, attributing 0.3% to monthly performance after a 12.5% rally during the month. AIA Group (+16.6% monthly performance, +0.23% contribution), Amazon (+13%, +0.21%) and AB InBev (+5.7%, +0.11%) also contributed meaningfully to performance.

Put options detracted 0.23% from our monthly results and, in total, cost us just under 2% since April. At this point the options were almost worthless and expired in July.

At this point of the year we were planning no major changes to the portfolio structure and were looking at ways to maintain an asymmetric bias at a manageable cost.

One of the most dramatic half-year periods in financial market history was now behind us.

The S&P500 lost 20% in Q1 and then gained 20% in the second quarter, resulting in a first-half loss of 4%. For the three-month period, it was the best quarter since December 1998. For the Dow Jones Industrials index it was the strongest quarter since 1987 and for the NASDAQ 100 index the best since 2001. It is no coincidence that all these moves occurred after major market corrections.

Fixed income fared somewhat better; the Bloomberg Multiverse index, which is a blend of government and corporate bonds, lost 1.1% in the first but gained 3.7% in the second quarter for a gain of 2.5% in H1 2020.

The Dollar index was up 1% in the first half and global hedge funds lost 1.1% over the same period.

It is impressive how incredibly well-behaved these numbers appeared considering the turmoil the World was in until we start looking beyond the headlines.

Continuing jobless claims in the US increased from 1.8m at the end of 2019 to 19.5 m at the end of June. In the UK, unemployment claims more than doubled from 1.2 m at the end of 2019 to 2.8 m at the end of May and were expected to rise further. In Germany, the number of short-time workers rose from 97 k in December 2019 to 6.8 m at the end of April. Many of those that were currently on short-time contracts or furlough it seemed were likely to lose their jobs and even although we expected a short-term plunge in unemployment, we viewed it unlikely to return to record-lows in unemployment rates anytime soon.

As a result of the corona crisis, US GDP was now expected to decline by 5.6% in 2020 and recover by 4.1% in 2021, implying that the country would not reach the 2019 output level before 2022. The picture in other countries, especially in emerging markets that were currently being ravaged by corona was even worse than that.

Returning to the various asset classes, the often-quoted US large cap equity performance somewhat disguised a huge dispersion in returns across different countries and sectors. For instance, the MSCI Latin America was down 36% in the first half, Spanish equities were down 24%, the FTSE100 in the UK lost 18% and the European Stoxx600 shed over 13% in the first half of 2020. On a global sector level, the difference in performance between the retail sector, which is largely Amazon, and the energy names is more than 50% year-to-date. In June, only three stocks (Microsoft, Apple and Amazon) generated all of the S&P500 performance in an index that is now heavily tilted towards the technology space.

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Management report (continued)

Dispersion was also high within bond markets although less extreme. High-yield bonds and leveraged loans were down over 4% in the first half but US Treasuries gained 9% and eurozone government bonds rose by 2%.

The introduction of an unlimited asset-purchase programme in the US by the Fed and the continuation of aggressive bond-buying elsewhere saw balance sheets of central banks exploding in size over the six months prior. The Fed's total asset base expanded from USD 4.1 trn in December 2019 to over USD 7 trn at the end of June and it seemed likely to reach the USD 10 trn mark by the end of 2020. Similarly, the ECB balance sheet increased substantially over the prior six months and was also at around USD 7 trn in size by end of June.

Economic momentum in the US still appeared robust and recent June payroll numbers showed an increase of 4.8 m, easily beating the 3.2 m consensus figure. Consumer spending was recovering strongly; +8.2% month-on-month in May but this reflected a collapse the month before and government support cheques being paid and spent.

We were in front of the second quarter earnings season which was expected be very noisy in terms of actual reported numbers, but the market was expected to heavily focus on what management teams had to say about the outlook. It appeared that investors in technology stocks were beginning to front run what could be quite a good set of numbers. What continued to be a concerning issue especially in the narrow field of large-cap tech names was by how much they were technically overbought, trading circa 20% above their 200 day-moving averages which is an extreme level but also the level of valuation multiples that are increasingly difficult to justify.

We expected market focus to shift towards the elections over the summer but acknowledge the possibility that cyclical momentum may continue on the back of a broader economic recovery leading into the early stages of a new economic cycle.

July 2020

The portfolio lost -0.4% in July as equity and credit markets continued to move higher last month.

Overall, fixed income attributed just over 0.4% and equities 1.4% in July with however FX detracted -2.3% with the dollar losing nearly 5% and detracting -2.3% from the portfolio.

High-yield bonds were the best performers within fixed income and therefore the UBAM high-yield fund contributed the most at 0.2%.

On the alternatives side, Brilliance China Fund was the best performer, adding 0.1% to overall numbers, driven by a strong rally in Chinese equities and strong positioning in the fund focussed on consumer-related sectors.

The performance in the equity book was carried by few positions too, with HBM Healthcare as the best performer, gaining 9% during July on the back of a strong IPO pipeline, adding 0.3% to overall results. Amazon, Alibaba and Facebook added 0.27%, 0.24% and 0.18%, respectively, as tech stocks performed very well across the board.

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Management report (continued)

The bull market in all asset classes continued uninterrupted in July with the MSCI World being up the fourth month in a row. The broad index gained 4.7% over the month and was at this point in the year only down 2.3% 2020 YTD. Emerging markets did particularly well in July, driven by a rally in China, gaining almost 11% for the Shanghai Composite, but also supported by a bounce in Latin America, which was also up just under 11%.

July was a strong month for fixed income. Broader indices (FTSE WorldBig) gained 3.4%, increasing their year-to-date gains to 7.2%. Sovereign bonds, simply due to their already low yields did not move much over the month but high-yield produced outsized returns, gaining 4.8% for US HY markets with investment-grade credit gaining 3.2%. As a result, spreads to Treasuries continued to fall and, on the investment-grade side, they were at this point back towards more normal levels observed before the virus outbreak.

It was noteworthy that US benchmark yields touched 0.5% during July and appeared to be continuing to decline which was somewhat contradictory to the picture that was painted by other risk markets. It appeared that government bonds were pricing in a much slower recovery than anticipated by stock markets which was driven by a steady rise in corona infection cases first in the US but also in several European countries, such as France and Spain and elsewhere. In many such cases, the rise in infection numbers was a function of increased testing but also double counting to some extent, so at this point in the year we focussed rather on hospitalisation and direct death numbers to come to a better assessment of the situation. For the coming six weeks or so, the risk of regional spikes and possible countermeasures was relevant and was likely to have an impact on the trajectory of the economic recovery.

The latest figures showed that after the sharp GDP contraction in Q2, indicators were showing that the end of confinement and reopening of economies in June led to a rebound in major economies: industrial production and retail sales spiked and sentiment both in manufacturing and in services was back to positive growth levels. In the US, the GDP contraction was substantial, at -32.9%, with all domestic components down, but slightly less negative than expected after the rebound late in the quarter. That improvement continued in July, but consumer confidence dropped towards the end of the month as weekly unemployment claims increased and the end of state relief payouts approached. GDP in China grew faster than anticipated in Q2 (3.2% year on year) and sentiment and industrial activity indicators continued to rebound while retail sales dropped due to the slump in the leisure and restaurants sector.

August 2020

The sub-fund gained 3.0% in August, the strongest performance since April as equity and credit markets continued to move higher.

Equities contributed approximately 85% of performance last month with fixed income contributing 0.7%, alternatives attributing just over 0.1% whilst fx detracted -0.4%.

High-yield, emerging market bonds and lower-rated investment-grade issues attributed the bulk of the performance from the fixed income book with the UBAM High Yield fund being the single-largest contributor. Only two positions detracted minimally from performance last month.

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Management report (continued)

Equities contributed +2.5% to monthly performance, led by technology stocks. Alibaba was the best performer, attributing 0.32% after a 14% rally in the stock. Over 0.8% were contributed by Alibaba, Facebook and Alphabet combined. Encouragingly, performance did not only come from well-known tech names but also from our more cyclical/value exposure such as Spanish airport operator Aena, Asian insurance group AIA, UK homebuilder Persimmon and Anheuser-Busch Inbev. This somewhat barbelled approach across our book was aimed at making the performance outcome more stable and less dependent on a narrow field of mega caps in the US in addition to providing us upside optionality in some severely undervalued positions.

Again we implemented a hedging overlay that covered nearly all of our equity exposure and we continued to investigate and implement investment positions in names that would benefit from a further normalisation in global economies, looking beyond the US election and into 2021.

Despite the rise in corona infections across many countries during holiday season, markets managed to move substantially higher in August. It turned out to be the strongest month for many large equity markets since April. The S&P500 gained 7%, bringing year-to-date performance to over 8%. However, the rally continued to be narrow, concentrated on a few tech stocks in the US only, with Apple, Microsoft and Amazon attributing nearly half of the monthly performance. Many of the tech and related names broke various records and it was a sign of the times that Apple's market cap exceeded that of the FTSE100 in the UK. This dichotomy could also be seen in the performance of other world markets. The Euro Stoxx50 was up only 3.1%, reducing its loss for the year to 12.6%. The energy-heavy UK main index gained even less at 1.1% and was still down 20% for the year.

Emerging markets were now near breakeven for the year after gaining 2.1% in August and Japan managed to stage an impressive 6.6% rally in the Nikkei index, bringing the year-to-date performance nearer the zero line. Developing countries that are heavily exposed to energy or the current virus surge or both were still nursing heavy losses for the year. For instance, the MSCI LatAm index lost 6.4% in August and was down 34% for the year.

An adjustment to central bank policy in the US was made where the Fed started to focus on targeting average inflation as opposed to having a fixed 2% target. The new policy framework entails more flexibility in terms of allowing inflation to overshoot for periods of time without having to tighten policy too quickly. In addition, with the Fed creating accommodative financial conditions, it targets growth and employment as a way to address the mounting debt issues in the US, where government debt to GDP has now crossed the 100% level.

From a market's perspective, steeper yield curves would be the natural outcome of a monetary policy that is looser than under the previous framework. This is the reason why we focussed our portfolio allocation on short to medium duration in fixed income as a potential further move higher in long-term yields would be detrimental to performance. Although we were not bullish on global financials, we viewed yield curve steepness as a potential catalyst for a bounce in US banks. Overall, in relation to risk assets, we viewed the new Fed regime as incrementally bullish as markets did not have to fear premature tightening measures going forward.

At this point in the year the US election was increasingly moving into focus and after both the Democratic and the Republican Conventions having been held it appeared that Biden enjoys no post-convention surge whilst Trump saw a slight improvement. Although headline numbers suggested that Biden was still clearly in the lead, looking at the swing states that decide the election, that gap was markedly smaller. In top battleground states such as Florida, Biden was leading by around three points only whilst on a national level he was leading by around seven points on average. For the time being, it appeared that whilst the outcome would be narrow, Biden would still win the election.

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Management report (continued)

In terms of markets, it seemed likely that market action over the coming months would be somewhat less benign compared to what we experienced since April. This partly would be driven by a necessary and overdue consolidation of gains achieved over the previous months but also by the rising prospect of a new US President that had made corporate tax hikes a prominent point in his agenda. Furthermore, his stance towards China did not appear substantially less confrontational compared to Trump's position. However, on a positive note, investors may consider Biden overall as a more stable and predictable and less interventionist President than Trump was which was clearly a positive in terms of lower risk premiums.

September 2020

The portfolio lost 0.5% in September as global risk markets consolidated over the period.

Monthly outperformance versus benchmarks continued in September after a similarly strong month in August on the back of a favourable macro context for our portfolio positioning, which was exposed to quality growth names in addition to attractively-priced cyclical and consumer discretionary exposure that benefited from an expected economic recovery. Especially the second category had been performing increasingly strongly over the previous two months.

More broadly, in September, equity and credit markets went through an overdue period of consolidation of previous gains following an extended recovery post the March lows.

As a result, all asset classes except currency (US dollar) detracted from performance. Equities detracted 0.98%, fixed income lost 0.16% and alternatives -0.1%. The long USD positioning contributed +0.7% to performance for the month.

The magnitude of individual contributions was small with no major outliers within the portfolio. Alphabet was the largest single detractor on the equity side, losing 0.2% for the sub-fund on the back of increased rhetoric in the US in terms of antitrust measures being considered against the top tech companies. Amazon and Facebook declined for the same reason during September.

Our hedge position was accretive during the risk-off period, attributing approximately 0.3% to performance.

Within the fixed income allocation, there was almost no movement across the single-line bond names which is positive, reflecting a fundamentally strong book that could withstand broader market volatility. The main detractors within that book were two funds; the UBAM High Yield fund and the Vontobel EM fund which lost 0.13% and 0.07%, respectively, for the month in terms of attributions.

September was a month of consolidation. After five months of positive performances for equities and bonds, world stock markets lost 3.6% - although still less than what they gained the month before. Momentum underperformed value as investors took profits in some of the best-performing stocks and shifted towards areas that are expected to benefit from a cyclical recovery in 2021. For the US, the value style factor lost "only" 2% while momentum lost 3.8%. So-called quality equities - companies with strong balance sheets and favourable growth outlooks - ended up in between, losing 3.1%.

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Management report (continued)

This put world equities in slightly positive territory for the turbulent first three quarters of this year with a gain of 0.4%. Local dispersion was high with the US and China being the best-performing major markets at +4.1% and +5.5%, respectively. Trailing far behind were various European exchanges, such as the UK at a negative 22%, the Euro Stoxx 50 at -14.7% and Germany doing relatively well at -3.7%.

Emerging markets were still reeling from the Covid-19 impact with LatAm down 37% for the year and India and Brazil losing 8% and 18%, respectively. Our view at this point was that should the health situation in these regions improve over the coming quarters, some attractive trading opportunities would arise for investors willing to accept volatility.

Bond markets in September performed as expected under a risk-off scenario, resulting in positive performance for government bonds and negative results for credit.

Overall, high-yield spreads in the US rose by 40bps and investment-grade spreads increased marginally by 6bps over the month whilst the 10-year yield in the US rose slightly. None of this was dramatic but just a healthy consolidation after an extended period of gains.

Consistent with the beginning sector rotation into more cyclical names in equities, we can find similar tendencies also in bond markets. Fixed income investors typically express their bullishness for an economic cycle via steepening yield curves, i.e. longer-term yields rising faster than shorter-term yields. With 10-year Treasuries somewhat impacted by central bank interference, the action in the 30-year bond is more telling as the very long end of the curve is more unconstrained. Here we saw a significant rise in yield levels in August and October with September being flat. As a result, the 30 minus 2-year yield curve was now at the steepest point since 2017. The significance of this cannot be underestimated as it is a cross-market confirmation of a setup that is driven by a bullish view on the economy and implies a positive environment for a continued bull market in risk assets.

Returning to the price action in September, there was no major catalyst for the consolidation other than the approaching US election and the ongoing negotiations about further stimulus measures in the US where no agreement between Republicans and Democrats had yet been found. Whilst we believed that ultimately some common ground might be established, which largely centres around the size of the package, it would take somewhat longer to achieve that goal. In the meantime, critical areas such as individual USD 1,200 stimulus cheques and aid programmes for airlines appeared to be gaining traction.

The US election was around the corner and following the first presidential debate with its disappointing performance of both participants and Donald Trump's subsequent COVID-19 diagnosis, betting markets were quick to adjust and were currently putting Biden solidly in the lead at 67% versus 33% for Trump. Although the election result was likely to be a lot closer than that, markets were, rightly or wrongly, beginning to look through this event and focussing on the upcoming earnings season but also the outlook for the economy in 2021.

On the macro side, economies had by this point of the year made good progress in terms of manufacturing activity picking up in the US, Europe and elsewhere but, clearly, there were some renewed uncertainties emerging around tightened lockdown regimes that could be implemented in several countries. As a result, whilst August activity was relatively strong, we saw some relapse in September when corona infection cases started to spike after the end of the holiday season.

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Management report (continued)

This was the most critical issue to watch as a further extended period of lockdowns and severe restrictions would be fatal for many businesses. Unfortunately, after several days of falling case numbers especially in Spain but also the UK and some other countries, recent figures had increased substantially again.

Looking ahead, we believed it would be a matter of time until these figures normalised and started to decline more sustainably, and we would then also enter a time window where vaccines might be available more broadly. At this point, investors would likely become more confident and we could see a continuation of the equity market rally, potentially with some other sectors taking the lead. Although this medium-term outlook was quite positive we still had hedging positions in place in order to manage potential short-term volatility.

October 2020

The portfolio lost 1.2% in October as markets continued to consolidate ahead of the US election.

Markets went through third-quarter earnings season during the month and despite good headline results, many names struggled in the short term to defend their levels. Profit-taking was a result which has cost some performance in October.

There was no significant individual positive or negative outlier although the monthly result was almost exclusively down to equity performance.

Fixed income was flat and alternatives added 0.02% from performance in October.

Mastercard, Kering, Johnson&Johnson, Uber and Oracle lost a combined 1.1% in performance with Mastercard being the largest single detractor at a negative 0.37%. In all cases, quarterly numbers were broadly in-line but disappointed on some level, either because of somewhat higher-than-expected costs or disappointing, or altogether withdrawn, guidance.

On the other end of the spectrum, Alphabet, Baidu and Alibaba added an aggregate 0.55% also largely driven by quarterly earnings announcements, which, in their case, were better than expected.

Going forward, we expected companies to narrow their forecast ranges again and, for those that had suspended it, resume guidance statements, which would be positive for markets as appeared that uncertainty was gradually receding.

October ended as another month of consolidation across risk markets whilst earnings season was in full swing, corona infection numbers continued to skyrocket globally and the US election was at the forefront of everyone’s mind.

As a result, equity markets lost ground across the board with the MSCI World index shedding 3.1% and dipping back into negative territory for the year at a negative 2.8%.

The correction was uneven with emerging markets posting a 2% gain for the month and now being nearly flat for the year, driven by China. Overall, year-to-date, only the US and China managed to stay in positive territory, driven by robust economic activity.

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Management report (continued)

Unemployment in the US continued to fall and reached 6.9% at the end of October, down from an April peak of 14.7%. Similarly, manufacturing and service PMI figures in the US and China recovered impressively over the month, in some cases back to pre-Covid levels.

Chinese economic activity, for instance, was already back to almost Q4 2019 levels with some sectors exhibiting nearly double-digit year-on-year growth. As a result of that, demand in the country was picking up with prices for raw materials and freight rates as well as global trade activity rising meaningfully.

Financial markets had been pricing in a future economic recovery pretty much since the start of the second quarter with yield curves reaching and exceeding multi-year highs.

Although the US election process was not concluded and Joe Biden's victory not yet confirmed, we assumed that he would eventually become the 46th President in January but would be constrained by a Republican-dominated Senate and Supreme Court. Investors usually do not mind lame governments as it makes their lives easier with less uncertainty to deal with. The election outcome effectively removed the volatile Trump element from the Presidency and replaced it with a very predictable Biden administration that could have to rely heavily on executive orders like Obama had to during his last years in power.

With the US election largely out of the way and a viable COVID-19 treatment in sight, the outlook for financial markets had improved substantially, as the level of uncertainty was now materially reduced. Although the ongoing impact on businesses and consumers as a result of global restrictions was significant and the overall damage inflicted by the disease immense, we for the first time, appeared to have a tentative time line as to when the pandemic might be brought under control.

This narrowed substantially the range of potential outcomes for 2021 in terms of GDP growth assumptions and outlooks for various countries, industries and companies. With fiscal and monetary stimulus being deployed in abundance and the world slowly returning to normal, this should provide a powerful backdrop of support for risk markets for the foreseeable future.

The key risks for investors were possible overshoots in equity markets where expectations race too far ahead of reality, political gridlock in the US with little progress being made on important domestic matters and a resurgence of global tensions as a result of Donald Trump leaving office.

As the outlook has substantially improved, we reduced hedging positions accordingly and significantly raised net exposure to global equities with a view towards a constructive end of 2020 and start of 2021.

November 2020

The portfolio gained 3.6% in November on the back of a strong equity market performance following the US election and as a result of progress on the COVID-19 vaccine front.

The majority of November's performance came from our equity allocation although roughly one third was contributed by fixed income holdings.

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Management report (continued)

Performance in fixed income was supported by buoyant risk markets, favouring positions in high yield and emerging markets. The UBAM HY fund added 0.4% to monthly performance, followed by our holding in the Vontobel EM debt fund (+0.16%) and our Volkswagen perps (+0.13%) and Telefonica bonds (+0.09%).

Equities contributed the most to overall performance in November at just over 3%. The result could have been somewhat better, however, the index hedging position detracted 1.6%. The best headline performer was Uber, which added 0.8% on the long side, which drops to a net contribution of around 0.5% after taking the short call position into account.

The best-performing positions during the month were value and cyclical names that experienced some substantial gains following the vaccine rally. Vinci, Anheuser Busch and ASML all recorded double-digit price gains, contributing in excess of 1% to portfolio performance, in aggregate.

As a result of the positive developments on the COVID treatment side, our outlook for equity markets was positive in the medium to longer term and, therefore, we increased existing positions and added to our exposure in cyclical names over the weeks prior. We kept our remaining hedging position after downsizing it as we expected some volatility over the short term following the recent advances.

Performance in equity markets in November was one of a kind. Over a five-day period around the US election, the S&P 500 gained more than 7% and it appeared that the outcome of a constrained President Biden is what investors considered to be an ideal result. It removed Donald Trump's erratic and unpredictable behaviour but, at the same time, made sure that the new Democratic administration would find it difficult to pass the more ambitious and potentially contentious points of their agenda. The result would likely be a relatively ineffective presidency that might only be able to govern using executive orders, repeating what happened in the last two years of Obama's term.

This result led to a first jump in bullish investor sentiment, accompanied by a collapse in implied volatility, a favourite risk measure in markets, expressed via the VIX index.

Shortly after that, the announcements made in short order by BioNTech/Pfizer, Moderna and Astrazeneca in mid November declaring that viable vaccines could be distributed widely starting in December 2020, led to a massive sector rotation out of growth stocks and other corona winners into value and cyclical names that were particularly badly hit during the global pandemic.

As a result, the MSCI World equity index saw its best monthly performance since inception in 1969 at +12.7% (up 9.5% for the year). Several regional indices also delivered spectacular performances after a prolonged period of underperformance. The EuroStoxx 50 gained 18.1% but was still down 6.7% for the year. Similarly, Greek stocks jumped nearly 30% last month but were still down 19.6% for 2020. Emerging markets gained 9.2% and were up 8.1% for the year.

Overall, the events in November pulled investors back into markets with confidence and sentiment rising to three-year highs. Whilst this could have presented an obstacle in the short term from a contrarian perspective, the market was not overbought in a way that would typically point to a major correction.

Within fixed income, developed market government bonds gained slightly but high-yield and emerging market bonds recorded more substantial gains, with both areas rising approximately 4% for the month.

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Management report (continued)

Overall, in fixed income, investors continued to price in a cyclical recovery which could be seen in steepening yield curves and rising inflation expectations. As a result, markets that were suffering from disinflation for some time, such as Japan, managed to break out over the weeks prior. The local Nikkei 225 index reached the highest level since 1989 last month.

Financial markets appeared to confirm that a broader economic recovery was imminent. Yield curves, which tend to be the best leading indicators for upcoming recessions and recoveries had been signalling a reacceleration for some time. Equally, for instance, copper prices had risen by 65% and freight rates by more than 180% from their respective lows last year. All of this confirmed that we could see on a global scale what happened in China over the summer months where economic activity picked up substantially and in some areas started exceeding pre-pandemic crisis levels.

This forecast was consistent with our portfolio positioning where we had been increasing quality cyclical exposure over the prior months and, at the same time, also increased our net equity exposure to reflect a more bullish outlook.

December 2020

The portfolio gained 2.9% in December as equity and credit markets continued to perform strongly into year-end. This takes YTD performance to +8.8% for the sub-fund.

Alternatives added 0.1%, driven by our position in Brilliance after a strong month that saw the sub-fund gaining more than 8%.

Performance in fixed income predominantly came from two holdings; the Vontobel EM debt fund that gained 2.6%, adding 0.07%, but also the UBAM high yield fund which also added 0.07%, driven by a further tightening of credit spreads.

Equities delivered the bulk of performance with the largest contribution coming from Baidu which gained 55% in December and contributed 1.6% to overall moderate-risk portfolio performance. The stock benefited from capital flows as investors sold Alibaba and Tencent but also largely profited from news flow around the company's intention to enter the EV market.

Other than that, the picture was somewhat mixed between growth and value and EM v DM in terms of performance attributions. Healthcare (HBM, Johnson&Johnson, Sector, Bayer, Sanofi) added 0.33% in aggregate to performance. Several European holdings, such as Vinci, Kering and Sanofi detracted from performance last month.

Our recently added S&P500 hedge position detracted 0.18% from performance in December.

The last few months have generated significant performance from risk assets and whilst the overall framework is still positive for equities, we see several signs of exuberance in markets and have, therefore, re-introduced a hedge position in the equity book. This is somewhat counterbalanced by an increased allocation to equities, expecting that incremental alpha generation will fund a substantial part of the cost of portfolio protection.

2020 was a year of many extremes but for investors it generally ended on a high note. Unprecedented fiscal and monetary stimulus ended the shortest bear market in modern financial market history within months and is setting the scene for the investment framework for the next several years.

Past performance is not an indicator of current or future returns.

Management report (continued)

After being down 33% year-to-date on March 23, the MSCI World equity index fully recovered its losses by early August and then proceeded to finish the year up over 14%. Of course, this global index performance is tilted towards its largest constituent - US equity markets. After a 3.7% performance in December, the S&P 500 finished the year at +16.3%. Despite some recent furore about European equities that tend to be more cyclically exposed than their more growth-oriented US counterparts, the Stoxx 50 index did not manage to end the year in positive territory, losing 5.1% in 2020, despite a 18% rally in November (compared to 11% for the S&P 500 that month).

The UK fared even worse, closing the year down 14.3% owed to its large exposure to energy and materials. Only Germany eked out a small 3.5% gain last year driven by its cyclical industrial exposure. In the same vein, South Korea outperformed all other large markets at +30% for the year after a very strong November and December and fuelled by a strong recovery in global trade but especially in China. This cyclical and reflationary boom also helped Japanese stocks which outperformed the MSCI World and performed on par with the US. After breaking out beyond recent highs, the market managed to reach levels not seen since 1990 when the Japan bubble started to burst. A continuing recovery in global trade in conjunction with slightly rising inflation is a powerful mix for local markets although we would note that PPI and CPI measures in the country are currently at multi-year record lows and deeply in negative territory.

Fixed income markets were driven by two major factors last year: a substantial decline in bond yields and a tightening of credit spreads in the second half of the year. The US 10-year yield fell from almost 2% at the beginning of 2020 to just over 0.3% in March, only to recover to just under 1% by the end of the year. Developed market credit spreads across most sectors are now also below the levels observed before the COVID-19 outbreak.

The recent bounce back in yields has been driven by a substantial increase in inflation expectations that are currently experiencing the strongest revisions especially in the US. The market-implied inflation expectation ten years out rose from just over 0.5% in March to 2% by the end of last year whilst the increase in the UK, Japan and the euro zone was comparably modest. Rising inflation expectations across economies are driving down real interest rates which are near all-time record lows. The US real 5-year yield is now at a negative 1.6% whilst UK real yields are at a negative 2.8%. As inflation is bound almost mechanically to increase over the next months due to the extreme basis effects from Q1 and Q2 2020 there is a risk that inflation expectations could rise further which could drive bond yields even higher. From a technical standpoint, the US 10-year yield could possibly rise to as high as 1.5% without much resistance. Such a move could potentially trigger a rate scare which would be negative for equities in general and commodities and growth stocks in particular.

Precious metals as well as bitcoins have risen largely because of extremely low interest rates but also because of the more than 13% peak-to-trough decline in the US dollar as per the dollar index. Positioning in currency markets is now such that investors are net short the dollar and the overwhelming consensus is for the dollar to weaken further. However, this is where a major risk factor could arise as rising bond market yields could attract flows back into the dollar, leading to a bounce in the currency which would be negative for US equities and risk assets in general. Although the underlying dollar trend is still negative and record budget deficits in the US suggest no improvement in the fundamental underpinnings, the risk of a countertrend move is significant and one of the main reasons for our recently re-established hedge position.

Past performance is not an indicator of current or future returns.

Management report (continued)

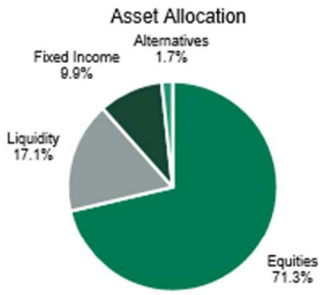
The longer-term picture for risk assets continues to be positive from a momentum and news flow point of view but the risk from a strengthening dollar and bond markets testing the patience of central bankers and the incoming administration are not to be underestimated. In addition, the recent surge in highly speculative assets such as bitcoin and certain areas in tech stocks as well as the popularity of SPACs (special purpose acquisition vehicles) suggests that a lot of indiscriminate speculative retail money is flowing into the market which usually coincides with temporary tops.

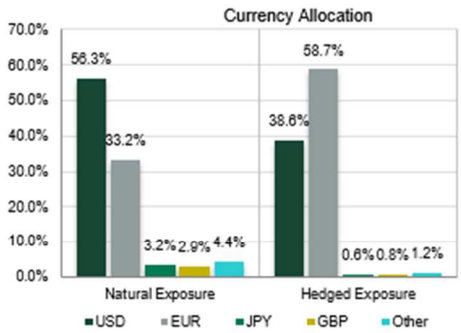
We are now entering Q4 2020 earnings season and expect management teams to update their 2021 guidance statements. This could, in some cases, lead to somewhat disappointing outcomes, considering the current momentum of local vaccine programmes and the outlook for extended lockdowns. With regards to bond markets, whilst there is a risk of yields climbing higher, central banks have plenty of tools at their disposal to slow down such developments, yield curve control being the most effective one. We believe that levels higher than 1.5% for the US 10-year yield are highly undesirable from the perspective of the Fed and we would therefore expect an appropriate intervention at that point.

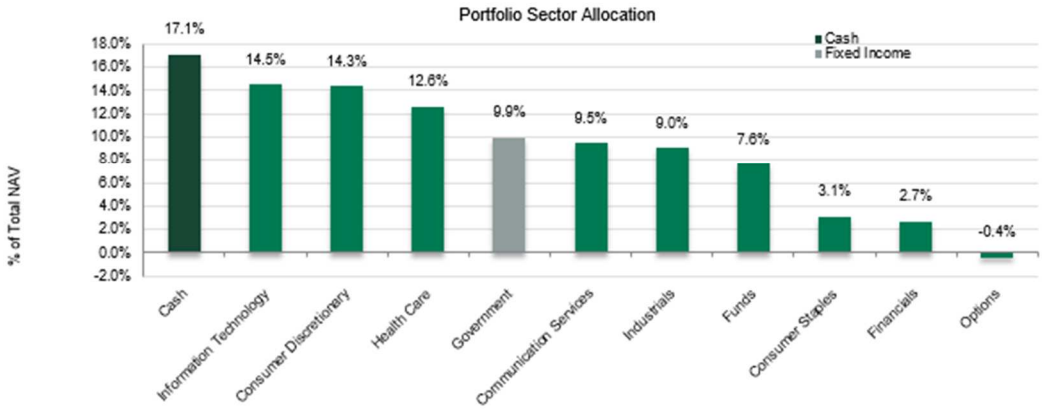
Leaving these short-term considerations aside, the bigger picture is unchanged. There is unprecedented monetary stimulus in the market already, more aggressive fiscal stimulus on the way and an end in sight of the corona crisis, which would mechanically lead to improving growth numbers and more positive news flow. For as long as central banks do not turn more hawkish, this should continue to provide a solid foundation for robust markets in risk assets in 2021.

Portfolio Positionning

The data below are presented as at December 31, 2020:







Past performance is not an indicator of current or future returns.

Management report (continued)

Outlook

		The coronavirus outbreak hit the world economy at a late stage in the cycle, causing a deep recession and leading to unprecedented monetary and fiscal stimulus. Demand is unlikely to recover to pre-crisis highs soon; inflation will remain low with the government and corporate debt burden becoming a problem, which will ensure that interest rates will stay low for a long time to come.	Weight
	Cash	Cash reserves are low with fully-invested exposures across asset classes.	→
Equities	US	Valuations are demanding considering the uncertain outlook. With support from easy monetary and fiscal conditions, US equities can stay in a broad trading range and move somewhat higher.	↗
	Europe	The outlook is similar to the US, although one should expect the recovery to be lagging the US which is reflected in a valuation discount. Progress in China is supportive for the export-driven sectors.	↗
	Japan	Economic momentum is improving and with Japan's economy exposed to cyclical sectors and global trade, the stock market broke above previous highs. This move is significant and can continue for the time being.	↗
	China	China's policy easing has been significant, and the economy is already coming back quickly, progressively restarting production. The market has outperformed through the crisis.	↗
	EM	Emerging markets ex China are suffering from idiosyncratic issues and were hit hard by the global pandemic. In some markets, valuations are attractive whilst in others we may not have seen the bottom yet.	↘
	Central Banks	Central bank balance sheets are growing strongly in the US and Europe in response to the coronavirus crisis. All major central banks have pivoted back towards an aggressive easing bias, supporting risk assets.	
Fixed Income	DM govt	With policy rates at or near zero and bond yields in close proximity, the defensive value of government bonds is strongly diminished, creating an unfavourable risk/reward profile.	↘
	EM govt	The approach in emerging markets has to be highly selective as some countries will cope better than others in the current environment. EM lacks the central bank backstop and is exposed to global risks.	→
	DM credit	Spreads in most areas have reached pre-corona crisis levels again. Balance sheet quality is the main criteria to consider at this stage. Default rates will continue to be elevated.	→
	EM credit	We avoid issuers with substantial hard-currency debt relative to the underlying revenue mix. Spreads for fundamentally strong issuers in hard currency are attractive.	→
	Alt FI	We like alternative areas of fixed income such as private debt. The return potential in this area is still attractive due to embedded illiquidity and complexity premia.	↗
Currencies	USD	The dollar is suffering from high deficits in the US and continued substantial government funding requirements in the short term. After its recent correction, a consolidation appears likely with downside remaining.	↘
	EUR	The EUR is the main beneficiary of current dollar weakness. However, in the longer term, concerns around the unity of the European bloc remain.	→
	JPY	The yen is fundamentally undervalued and should also benefit as a safe-haven currency.	↗
	EM	Emerging markets are suffering from receding global trade, devaluations as well as other idiosyncratic issues. Commodity currencies appear attractive.	→
	GBP	Due to recent dollar weakness and the completion of Brexit, Sterling has appreciated significantly over the recent past. It is getting closer to our medium-term price target.	→
Commodities	Oil	Oil prices have been recovering from their crisis lows and are supported by constrained OPEC+ supply as well as rising demand and falling capex amongst many large Western oil producers.	↗
	Metals	Industrial metal prices are benefiting from renewed demand, driven by a strong cyclical impulse especially in China in the early stages of a global economic recovery.	↗
	Gold	With real interest rates near zero or negative, gold is attractive to hold and serves as a diversifier in multi-asset portfolios. In addition, it should do well in an environment where inflation could rise somewhat in the future.	↗

Past performance is not an indicator of current or future returns.

Management report (continued)

January 2021

Established by ACPI Investments Limited

Approved by the Board of Directors of the SICAV

Past performance is not an indicator of current or future returns.

PROTEA UCITS II - IW PRECIOUS METAL MINING EQUITIES

Management report

Sub-fund Performance

Even though 2020 presented a range of challenges for the gold mining sector, the sub-fund has successfully delivered outperformance during the year. The sub-fund has risen +21.95% (P2 EUR) over the course of the year, outperforming the JCGMGGI Index Global Mining Global Gold which rose +12.98% (in EUR terms) and Gold which gained +14.85% (in EUR terms).

The precious metals sector delivered strong returns during a volatile year, with gold producers having largely demonstrated operational resilience during the COVID-19 crisis. Gold equities have emerged well-positioned to take advantage of a supportive macroeconomic environment for gold. Low real interest rates, soaring debt and rising inflationary pressure suggest a positive outlook for gold in 2021, while gold producers appear set to benefit from margin expansion and to continue to increase dividends. Overall, the whole gold equities sector appears very undervalued on a fundamental basis, as well as on a relative and historical basis. With that in mind the portfolio continues to be heavily focused on value and remains focused on high quality producers with strong shareholder returns policies.

Market Update

The gold price consolidated somewhat during Q4 2020 following a summer of record prices, when unprecedented levels of economic stimulus, negative real interest rates and heightened economic uncertainty pushed gold temporarily above USD 2000/oz. Optimism surrounding the emergence of several vaccines for COVID-19, alongside a slight recovery of the US dollar and a rise in US treasury yields, put pressure on gold during October and November and prompted some profit-taking after the summer's highs. Despite this temporary pullback, gold's resilient performance during 2020 has been encouraging for long-term investors in this sector. Gold has proven to be a highly effective safe haven and portfolio diversifier during the COVID-19 crisis, amid economic chaos caused by global lockdowns and a rapid deterioration of public finances.

With US congress having agreed a USD 900 billion stimulus deal during December, and with commitments from governments around the world to provide support for their locked-down economies, we expect government spending and loose monetary policy to remain a core feature of policymakers' strategies in 2021 and beyond. The inflationary forces and risks created by this are likely to be long-lasting and positive for the gold price. This could be even more so if major economies continue the potential shift towards average inflation targeting. Even when the world recovers and growth returns, we remind ourselves that wealth creation is ultimately a long-term driver for gold as well.

As we have highlighted throughout 2020, the gold mining sector is in the strongest shape that it has been for many years, yet valuations remain at historic lows and do not reflect the substantial increases in profits and dividends that we see ahead. Precious metals producers delivered encouraging returns during 2020, against a backdrop of rising gold prices, low energy costs and an effective operational response by many management teams to the COVID-19 crisis. Yet recognition of the sector's growing profitability and returns potential has been overshadowed by the dominant events of 2020. The onset of COVID-19 dampened the sector's Q2 results, while the US election drowned out the Q3 company results, drawing attention away from the positive trends underway for precious metals miners.

Past performance is not an indicator of current or future returns.

Management report (continued)

There will likely be further pullbacks for the gold sector as the new bull market gains pace in the months and years ahead. Overall, we consider that the global policy response to the economic crisis caused by COVID-19 will continue to drive the gold sector, as unprecedented levels of economic stimulus, currency debasement and persistent elevated economic risk support demand for gold. Under this favorable environment for gold, and with gold miners experiencing margin expansion and raising dividends, we see substantial scope for a re-rating of the gold equities sector by the market in 2021.

Performance Attribution

At the core of our investment strategy lies our focus on identifying value in high quality precious metals miners, with a focus on producers. As described above, we have not seen this level of value in the sector for a long time.

The sub-fund's outperformance was boosted by a higher than usual weighting to silver producers. Silver miners outperformed during the year, as the silver price rose by +35.64% (EUR) in 2020. Silver demand has been boosted by improved investor sentiment towards precious metals as well as by the rising projections for industrial usage, due to the metal's applications in green technology, most notably in the manufacturing of photovoltaic cells.

Recent top performers included Coeur Mining, OceanaGold and Hecla Mining. Coeur Mining (5.27% NAV) rose +40.24% (USD) during Q4 2020. As a leading precious metals producer with assets in Tier-1 jurisdictions, Coeur Mining has benefitted from the rising silver price and a positive development outlook at its Rochester mine in Nevada.

OceanaGold (3.83% NAV) gained +20.00% (CAD) during Q4 2020. The company has rebounded following a series of issues including delays at its Haile mine due to COVID-19 and the closure of its mine in the Philippines. In October, OceanaGold completed its CAD 150m bought deal financing and is now well-positioned to continue to develop its high-quality assets in New Zealand.

Hecla Mining (4.37% NAV) rose +27.56% (USD) during Q4 2020. A major US silver producer, Hecla made gains during the quarter against a backdrop of higher silver prices and the successful ramp up of operations at its Lucky Friday mine. The company has reported a +7% increase production during 2020.

Recent underperforming positions included Barrick Gold, Kinross Gold and Kirkland Lake Gold. Barrick Gold (3.69% NAV) fell -18.96% (USD) during Q4 2020. The dip in investor sentiment towards gold since the highs of the summer months impacted Barrick Gold during Q4. Nonetheless, the company met its production guidance for 2020 and has a strong cash position. Barrick operates a large number of Tier-1 gold projects globally.

Kinross Gold (4.07% NAV) declined -20.51% (CAD) during Q4 2020. Another gold major, Kinross saw its share price fall during the period, as investor sentiment towards the gold sector cooled somewhat. With a geographically diverse portfolio of gold assets, the company offers good exposure to the recovery of the gold sector, following the pullback of late-2020.

Past performance is not an indicator of current or future returns.

Management report (continued)

Kirkland Lake Gold (4.46% NAV) fell -19.08% (CAD) during Q4 2020. The company's share price come under pressure alongside much of the gold sector during the quarter, despite encouraging operational performance, including a +32% increase in gold production year-on year. Kirkland Lake remains a core position in the portfolio, offering the potential for recovery in 2021 as well as a favorable shareholder returns policy.

Outlook

Backed by a positive outlook for precious metals prices, the upside potential for gold miners appears substantial. Gold equities typically offer operational leverage to a rising gold price, as producers benefit from margin expansion at higher gold prices. Historically this thesis has been tested successfully during previous gold bull markets, although a core theme for investors has been the need for active stock selection and a focus on quality to generate superior risk adjusted returns.

With gold equities' valuations near historic lows on a fundamental basis, the opportunities for investors in the sector are substantial. Margin expansion is currently underway for precious metals producers, while dividends are increasing. We remain focused on identifying those producers with high quality assets, effective management and a focus on shareholder returns, which are best positioned to benefit from margin expansion and a share price re-rating as the gold price moves higher.

March 2021

Established by Christian Bertrand

Approved by the Board of Directors of the SICAV

Past performance is not an indicator of current or future returns.

Management report

2020 was a very strong year for the sub-fund despite all the challenges of COVID-19 and political unrest. The year started out on uncertain ground as COVID-19 went from Asia to Europe to North America. However, global governments quickly stepped in with stimulus and subsidies, thus boosting the markets. By 4Q, we saw Asia first to get COVID-19 somewhat under control, and lead the rebound, even posting positive GDP growth.

The sub-fund performed well in 2020 with over +50% returns versus relevant benchmarks of +18% for MSCI Asia ex Japan (bberg ticker MXAPJ) to +24% for MSCI AC Far East (bberg ticker MXFEJ). Our caution in 1Q was rewarded as COVID-19 spun out of control. Our overweight in healthcare (Hengrui, WuxiBio), and tech (Bilibili, Zoom, Tencent) provided much of the alpha in 2Q and 3Q. By 4Q, the market began a beta run as vaccines and US presidential elections provided clarity, as well as business and the economy fundamentals rebounded. Sector performance varied quite a bit, tech and healthcare did well, while travel/leisure and resources sank. From a regional perspective, we had very little exposure to ASEAN. Our overweight to China provided alpha as the country was able to control COVID-19 faster, resulting in MSCI China up +28%. While geopolitical tensions between US and China continued in 2020, Korea and Taiwan found themselves beneficiaries of this stress. KOSPI and TWSE performing +33.80% and +26.05% respectively.

As we look forward to 2021, we see Asia continue to lead the rebound back from COVID-19. China is already forecasting 8% GDP growth. Our foremost concern is continued US/China tensions. Biden will revive alliances to recreate trade pacts that "pivots" against China. Another concern is Beijing’s anti-monopoly initiative, especially towards tech. While these internet giants may face some handicaps, we still believe Beijing is ultimately motivated to promote Chinese companies to have global brand and presence.

We sincerely hope that 2021 will see vaccine efficacy and normalization of our lives. The manufacturing and distribution of billions of vials will surely have hiccups, but we remain optimistic. The tailwind of stimulus and subsidies keeps us short-term bullish, however potential drift upwards of rates and inflation may present a concern by 2H21. Our strategy to invest in Asian middle class remains unchanged, as the wealth creation in the region continues to grow.

January 2021

Established by Hottinger A.G.

Approved by the Board of Directors of the SICAV

Past performance is not an indicator of current or future returns.

PROTEA UCITS II - GENESIS BOND FUND

Management report

Protea UCITS II SICAV- Genesis Bond Fund was up 2.26% in 2020, net of expenses. For the same time, the EMBI+ (Emerging Market Bond Index Plus) was up 7.05% and the Bloomberg Barclays Emerging Markets LatAm Index was up 4.52%.

AG GENESIS BOND FUND PERFORMANCE*

YEAR	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	YTD
2020	0.57%	-1.05%	-15.61%	3.60%	6.17%	2.52%	3.40%	1.52%	-1.15%	-0.27%	2.71%	1.59%	**2.26%**
2019	3.63%	0.87%	0.25%	-0.69%	0.33%	3.29%	1.03%	-6.07%	0.64%	0.60%	-0.06%	2.91%	**6.56%**
2018	-0.31%	-1.08%	-0.01%	-0.90%	-1.99%	-1.26%	2.15%	-2.96%	1.94%	-0.49%	-0.52%	0.26%	**-5.16%**
2017	1.49%	1.44%	0.63%	1.43%	0.24%	0.03%	0.86%	1.24%	0.29%	0.36%	0.14%	0.09%	**8.54%**
2016	-1.17%	1.80%	4.90%	2.45%	0.06%	2.47%	2.19%	1.62%	-0.20%	-0.23%	-3.14%	1.00%	**12.13%**
2016	-1.17%	1.80%	4.90%	2.45%	0.06%	2.47%	2.19%	1.62%	-0.20%	-0.23%	-3.14%	1.00%	**12.13%**
2015	-3.53%	0.45%	0.08%	3.11%	0.17%	-1.52%	-0.62%	-3.25%	-3.58%	1.46%	-1.17%	-1.97%	**-10.10%**
2014	0.06%	1.83%	0.71%	0.64%	1.35%	0.34%	-0.34%	0.83%	-1.01%	0.53%	-2.82%	-2.57%	**-0.57%**
2013	0.16%	-0.06%	0.18%	0.18%	-1.90%	-3.86%	0.55%	-2.13%	1.53%	2.23%	-0.54%	0.27%	**-3.49%**
2012	2.10%	1.64%	0.21%	0.58%	-1.71%	1.21%	1.59%	0.76%	1.18%	0.91%	-0.10%	0.63%	**9.31%**
2011	0.03%	0.18%	1.06%	0.65%	0.59%	0.05%	1.00%	-0.76%	-3.14%	3.44%	-0.55%	0.50%	**2.96%**
2010											-0.94%	-0.31%	**-1.25%**

** Investment performance provided is net of fees and other expenses.*

Market Review

We started the year of 2020 with record low interest rates and a continuation of the accommodative monetary policy that was supporting high valuations for bonds and equities while the economic late cycle contraction was expected to give way at some point to the start of a new expansionary cycle. The Coronavirus pandemic completely changed the outlook, causing a sharp retraction in equities. Bonds did not provide the protection they are normally expected to, due to the magnitude of the shock as well as the fact yields were already at record lows and positions were being carried at high profits. As a result, markets turned dysfunctional, exchanges hit limit down circuit breakers successfully and Central Banks needed to come to the rescue. Expectations of default rates in bank loan books and high yield credits pushed significant mark to market losses to these markets as well. Central Banks reacted quickly: rates were cut further, and large asset purchase programs were put in place. Their aggressiveness was surprising not only for the size but also the types of assets that Central Banks in the US and in Europe were purchasing. And that was not enough, governments also had to step in to support economic activity with unprecedented amounts of fiscal aid - direct money transfers to keep consumption and certain key economic sectors with a minimal level of functionality.

The S&P500 had a drawdown of -33.92% in a month, from the February peak to the March 23 low. Investment grade corporate bonds also took a hit, as seen on the iBoxx USD Liquid Investment Grade index, which dropped -18.88% in the same period. But when coordinated efforts of monetary easing and fiscal aid were put in place, a sharp recovery brought the same bond index back to pre-crisis levels in less than one month. The recovery in equities was also very fast, in June the S&P had already deleted the year's losses. Sectors less impacted by the pandemic outperformed and the crisis prompted the creation of a new market niche: the "work from home" companies.

Past performance is not an indicator of current or future returns.

Management report (continued)

With the recovery in financial assets already in full speed, the focus became how to solve the virus pandemic, which was consensually the key to resuming economic activity to any level of normalcy. The discovery of a vaccine in record time was the first chapter of the continuation of the bullish markets in equities. Lockdown measures were eased, economic data and corporate earnings showed a strong recovery was in place. The markets started to look at possibility of rotating back into the lagging cyclical and value sectors and away of the "work from home" trend.

The two months leading into the US elections brought back volatility, with the investment community fearful of what an unpredictable Trump could come up with in the dispute against the Democrat candidate, Joe Biden. The natural reaction was to take risks of the table. But once it became clear that the strengths of US institutions would prevail and there would not be political chaos, risk assets consolidated and resumed the rally. Coincidently, not long after elections, the confirmation of the efficacy of the vaccines added further strength to the recovery in asset prices. The year ended with a new wave of infections spreading around the world, governments renewing their fiscal aid packages and a hope that the roll out of vaccines would finally bring the virus under control and allow for economic expansion.

The outlook for equities remains bullish, with an increased focus into the reflation and rotation trades and recovery of EM and European stock markets, which lagged US and Asia. Volatility remains a big concern, given that positioning is already extremely bullish, and the year ended with warnings that a correction could come sooner than expected, despite expectations of a year above average in terms of equity returns. The scenario for fixed income proves to be a bit more complex. With bonds paying record low yields, even lower than at the start of 2020, and an expectation of a return of inflation that will trigger a normalization to a steeper yield curve, the asset class risks seeing negative real returns. Investors will search for yield in corporate credit, high yield, and EM markets, which also means higher levels of risk in their portfolios.

Portfolio Review

The portfolio underperformed the broad Latam corporate and sovereign bond market in 2020. After a poor year in 2019 due to the default of Argentina, the portfolio started the year positioned for an above average return with overweight positions in higher yielding Caribbean sovereign bonds and Energy companies. The strategy was significantly impacted by the Coronavirus pandemic, as lockdowns had a central impact to tourism and oil prices. Furthermore, the duration of the portfolio being lower than of broad market indices, which was an appropriate decision at the start of the year given the very low level of rates, also did not play out well, since the crisis prompted even lower rates. Lastly, the exposure to Argentina was closed, nevertheless we kept the position in province of Buenos Aires. Performance was flat despite the pandemic crisis, given the bonds were already at discounted levels, but the dragged-out restructuring negotiation is preventing a recovery to similar levels that the other provinces have achieved. Patience will be key, as Buenos Aires relatively has better finances than the other provinces, therefore should be able to have at least equivalent terms and restore some value to the position, at such point we will reconsider a sale.

The outlook for the Latam region is positive for 2021. Developed bond markets are still paying negative real rates of return for short duration paper and the start of a normalization of yield curves with steepening of the long part of the curve will push prices down, while the Latam region is seen as offering some premium in terms of spreads, which can partially cushion rates moves. Corporate credit quality is overall seen as solid, despite the sovereign situation being more alarming.

Past performance is not an indicator of current or future returns.

Management report (continued)

In 2021 we will deliver a rotation of the strategy, refocusing the portfolio on corporate credit and remaining in short duration paper until the opportunity to switch into higher duration opens up, with rates widening. The street expects 10 year yields to widen from 90bps to as high as 200bps in the year. 2021 will lay the foundation for reestablishing the portfolio with a country, sectorial position and duration closer to the broader benchmark.

January 2021

Approved by André Leão and the Azimut Genesis Investment Committee

Approved by the Board of Directors of the SICAV

Past performance is not an indicator of current or future returns.

PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE RETURN

Management report

Management report - 2020

Over the calendar year 2020, the GBP F class gained 3.7%,the EUR F class gained +3.0% and the USD F class gained +4.1% in their respective currency.

From an equity market perspective, 2020 was an extraordinary year, from the initial onset of the COVID-19 pandemic and extent of the declines, through to the extent of the recovery in the latter half of the year. Both the speed and severity of the bear market selloff, and subsequent bull cycle have been truly unprecedented.

Q1 2020 witnessed declines and volatility in major equity benchmarks not seen since 2008, and in some cases not since 1987. The MSCI World Index TR EUR Index fell -21% over the quarter and at one point in March had declined as much as -30% from its peak. Volatility, liquidity and other indicators of market stress also reached levels not seen since the global financial crisis, while the VIX index peaked at 82.

It became apparent to global equity markets in February that the new, highly contagious COVID-19 virus which took hold in China, and the resulting societal and economic disruptions, were not confined to Asia. The virus spread rapidly across Europe and the US, threatening to overwhelm healthcare systems and forcing governments to implement extreme social distancing measures.

In early February, several of our risk indicators (both financial market and real economy based) were pointing to a number of potential market and economic stresses relating to the virus outbreak. By design, we entered the period with a robustly constructed portfolio carrying only modest beta and limited style factor exposures as well as having VAR & CVAR estimates well within our typical ranges. Driven by our risk management process, we reduced gross exposure levels and carried out some relatively minor portfolio adjustments as markets declined and the volatility regime shifted. Stock selection alpha showed a materially positive contribution over the quarter and the EUR F class returned +1.7%.

Q2 2020 witnessed sharp rebounds in global equity markets with the MSCI World TR EUR Index gaining +16.6% over the quarter, the largest quarterly gain since 2009.

Three major factors drove equity markets higher over the quarter:

Firstly, unprecedented stimulus measures, both fiscal and monetary, put in place by policy makers globally to combat the economic impact of the COVID-19 pandemic clearly helped fuel the equity market rally. Investors reacted to unequivocal signals from policy makers globally that monetary policy would remain loose for the foreseeable future in order to aid the economic recovery from the downturn caused by the pandemic.

The second factor driving equity markets higher was increased optimism regarding the slowing spread of the virus, the potential to loosen lock-down restrictions and a V-shaped resumption of economic activity which had ground to a virtual standstill in many countries in Q1. From early April, it became apparent that the imposition of lock-down measures in many countries had succeeded in reducing the spread of the virus. As infection, hospitalisation and death rates declined, governments in Asia, Europe and the US began reducing lock-down measures and economic activity picked up.

Past performance is not an indicator of current or future returns.

Management report (continued)

Towards the end of the quarter, whilst life and economic activity were far from back to normal, lock-downs were gradually being loosened across the globe. Economic data in May and June reflected this, with activity and employment indicators rebounding sharply from the depressed levels seen during the Q1 lockdown, well ahead of many expectations.

Finally, a number of developments in the area of COVID-19 therapeutics and vaccine development also added to investor confidence, as equity markets posted gains after positive newsflow in this area over the quarter. Investors responded to expectations of a faster return to normal life.

Over Q2 2020, the EUR F class gained +1.4%. The sub-fund's main contributor was ESG stock selection alpha (+170bps), following on from a positive contribution in Q1 2020. Whilst our portfolio construction process controls for residual factor exposures, due to the sheer magnitude of the extreme factor reversal witnessed over the period, the sub-fund saw headwinds (ca. -150bps) from some of its residual style exposures (e.g. long higher earnings quality, short leveraged and more volatile underlying companies). However, these were largely offset by a tailwind from a modest residual beta exposure to the equity market (ca. +130bps), which acted as designed to mitigate the negative impact from style rotations.

Positive global equity market momentum continued in Q3 2020 with the MSCI World Index TR EUR gaining +3.4% over the quarter. From a factor perspective, volatility and returns were more muted compared to H1, with company earnings announcements and industry dynamics playing a much larger role as volatility drivers within equity markets.

Over Q3 2020, the EUR F class gained +2.0%. The impact of factors on the sub-fund was small over the quarter, with a modest contribution from a small residual long momentum exposure offset by mild headwinds from short exposure to the steel and auto industries which outperformed over the quarter. We were encouraged by the sub-fund's resilience in September when equity markets, led by US equities and technology names, pulled back after having rallied significantly since March. Overall, the sub-fund's primary return driver over the quarter was stock selection.

Having delivered positive performance in each of the first three quarters of 2020, the EUR F class fell -2.0% in Q4. Along with the significant rally in major equity benchmarks (MSCI World TR EUR +9%), driven by the effects of continued monetary and fiscal stimulus combined with the unveiling of positive data in a number of key COVID-19 vaccine trials, we witnessed some historically unprecedented rotations into "out-of- favour", lower quality, highly cyclical and volatile companies and away from higher growth, high momentum and more quality oriented companies.

Despite the extreme volatility of some of the moves (including the largest ever two day decline in global equity momentum stocks), the portfolio was largely immunised to the overall performance of these factors in aggregate, although it did not entirely escape the re-rating of some of the lowest "management quality" companies, particularly on the short side. Overall, factor exposures detracted modestly during the quarter, with headwinds coming from net short exposure to companies with lower profitability metrics (e.g. RoE) and a modest positive exposure to momentum, offset in part by positive performance from residual market beta exposure. After a significant positive contribution in the first three quarters of 2020, stock selection was also the primary detractor of returns in Q4 2020. A clear investor preference for "low management quality" companies and an active M&A environment with aggressive bid premiums caused severe headwinds for the short portfolio.

Past performance is not an indicator of current or future returns.

Management report (continued)

Finally, despite challenging market conditions at various times over the period, the overall portfolio risk profile stayed within our desired parameters, with the sub-fund volatility realising 5.2% and beta to the MSCI World Index realising 0.03 over the period.

March 2021

Established by Tristan Elwell

Approved by the Board of Directors of the SICAV

Past performance is not an indicator of current or future returns.

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Report of the Réviseur d'Entreprises Agréé / Auditor's report

To the Shareholders of
PROTEA UCITS II
(Société d'Investissement à Capital Variable incorporated in Luxembourg)
15, avenue J.F. Kennedy,
L-1855 Luxembourg

Opinion

We have audited the financial statements of PROTEA UCITS II (the "SICAV") and of each of its sub-funds, which comprise the statement of net assets and the statement of investments and other net assets as at December 31, 2020 and the statement of operations and changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the SICAV and of each of its sub-funds as at December 31, 2020, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "*Commission de Surveillance du Secteur Financier*" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "*réviseur d'entreprises agréé*" for the Audit of the Financial Statements" section of our report. We are also independent of the SICAV in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors of the SICAV is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our report of the "*réviseur d'entreprises agréé*" thereon.

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

Société à responsabilité limitée au capital de 360,000 €
RCS Luxembourg B 67.895
Autorisation d'établissement 10022179

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 this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the SICAV for the Financial Statements

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

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

Responsibilities of the *Réviseur d'Entreprises Agréé* for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SICAV's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the SICAV.

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- Conclude on the appropriateness of the Board of Directors of the SICAV 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 SICAV's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "*réviseur d'entreprises agréé*" 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 report of the "*réviseur d'entreprises agréé*". However, future events or conditions may cause the SICAV to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For Deloitte Audit, *Cabinet de Révision Agréé*

Nicolas Hennebert

Nicolas Hennebert, *Réviseur d'Entreprises Agréé*
Partner

April 19, 2021
20 Boulevard de Kockelscheuer,
L-1821 Luxembourg, Grand Duchy of Luxembourg

PROTEA UCITS II

Statement of net assets as at December 31, 2020

	COMBINED	PROTEA UCITS II - GLOBAL OPPORTUNITIES	PROTEA UCITS II - GLOBAL BALANCED
	EUR	EUR	EUR
ASSETS			
Investments in securities at acquisition cost	167,709,562.10	12,241,407.99	55,260,526.93
Net unrealised gain on investments	27,230,229.20	1,304,842.35	6,794,486.77
Investments in securities at market value (note 2.d)	194,939,791.30	13,546,250.34	62,055,013.70
Cash at banks (note 2.d)	31,498,233.02	331,705.36	4,550,042.54
Bank deposits (note 2.d)	77,880,493.75	3,100,000.00	1,520,000.00
Interest and dividend receivable, net	136,545.83	3,122.12	1,846.47
Formation expenses (note 2.j)	21,863.96	0.00	0.00
Net unrealised gain on forward foreign exchange contracts (notes 2.g, 12)	1,149,855.23	2,925.07	30,082.25
	305,626,783.09	16,984,002.89	68,156,984.96
LIABILITIES			
Options contracts at market value (note 13)	125,452.17	0.00	125,452.17
Management and distribution fees payable (note 4)	325,472.24	18,644.21	97,484.20
Performance fees payable (note 8)	721,641.81	0.00	0.00
"Taxe d'abonnement" payable (note 5)	30,215.28	358.66	1,431.27
Other fees payable (note 10)	275,306.21	43,982.51	62,249.75
	1,478,087.71	62,985.38	286,617.39
TOTAL NET ASSETS AS AT DECEMBER 31, 2020	**304,148,695.38**	**16,921,017.51**	**67,870,367.57**
TOTAL NET ASSETS AS AT DECEMBER 31, 2019	**191,868,304.84**	**16,405,223.42**	**63,904,344.91**
TOTAL NET ASSETS AS AT JUNE 30, 2019	**141,968,174.37**	**15,509,006.73**	**65,923,951.71**

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

Statement of net assets as at December 31, 2020 (continued)

PROTEA UCITS II - IW PRECIOUS METAL MINING EQUITIES	PROTEA UCITS II - VICTORY FAR EAST OPPORTUNITY	PROTEA UCITS II - GENESIS BOND FUND	PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE RETURN
EUR	USD	USD	EUR
33,959,551.05	28,599,514.83	10,792,106.75	34,053,540.16
2,289,769.44	16,462,837.51	278,910.11	3,158,200.76
36,249,320.49	45,062,352.34	11,071,016.86	37,211,740.92
1,140,277.15	25,530.65	6,031.79	25,450,412.18
0.00	5,583,815.59	1,080,000.00	67,814,197.25
0.00	0.00	160,991.32	0.00
7,034.09	0.00	0.00	14,829.87
0.00	0.00	0.00	1,116,847.91
37,396,631.73	50,671,698.58	12,318,039.97	131,608,028.13
0.00	0.00	0.00	0.00
23,275.54	123,523.00	15,568.76	72,389.43
9,620.85	869,892.23	0.00	1,063.26
965.13	5,990.20	1,543.75	21,302.77
43,110.86	48,413.28	15,926.77	73,378.35
76,972.38	1,047,818.71	33,039.28	168,133.81
37,319,659.35	**49,623,879.87**	**12,285,000.69**	**131,439,894.32**
28,536,734.56	**21,580,573.66**	**15,014,288.82**	**50,420,810.01**
27,762,323.18	**19,930,761.50**	**17,391,022.20**	**-**

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

Statement of operations and changes in net assets for the year ended December 31, 2020

	COMBINED	PROTEA UCITS II - GLOBAL OPPORTUNITIES	PROTEA UCITS II - GLOBAL BALANCED
	EUR	EUR	EUR
NET ASSETS AT THE BEGINNING OF THE YEAR	**191,868,304.84**	**16,405,223.42**	**63,904,344.91**
INCOME			
Dividends, net (note 2.i)	987,227.10	75,325.70	188,483.03
Interest on bonds, net (note 2.i)	789,452.60	27,411.86	310,313.50
Bank interest	27,858.29	0.00	0.00
Other income	6,326.43	0.00	6,326.43
	1,810,864.42	102,737.56	505,122.96
EXPENSES			
Amortization of formation expenses (note 2.j)	8,202.85	0.00	0.00
Management and distribution fees (note 4)	1,619,666.62	70,469.21	368,559.46
Performance fees (note 8)	724,386.10	0.00	0.00
Depositary fees, bank charges and interest (note 6)	554,693.28	8,725.88	41,609.64
Professional fees, audit fees and other expenses (note 7)	563,230.83	38,828.31	61,236.23
Central Administration Agent fees (note 6)	259,927.24	7,969.01	51,849.05
"Taxe d'abonnement" (note 5)	70,786.98	1,175.41	5,093.33
Transaction fees (note 2.k)	401,297.08	17,201.74	130,662.06
	4,202,190.98	144,369.56	659,009.77
NET INVESTMENT INCOME/LOSS	**-2,391,326.56**	**-41,632.00**	**-153,886.81**
Net realised gain/loss on sales of investments (note 2.e)	17,474,168.96	528,186.96	2,363,641.09
Net realised gain/loss on pool - pooling effect (note 1)	-7,772,749.74	0.00	0.00
Net realised gain/loss on foreign exchange	229,389.14	-10,434.56	80,864.48
Net realised gain/loss on options contracts	781,521.10	-44,560.65	826,081.75
Net realised gain/loss on forward foreign exchange contracts	466,848.35	59,623.55	944,476.18
Net realised gain on futures contracts (note 2.h)	4,015,784.10	116,933.96	120,890.72
NET REALISED GAIN/LOSS	**12,803,635.35**	**608,117.26**	**4,182,067.41**
Change in net unrealised appreciation/depreciation:			
- on investments	11,391,853.83	-90,108.49	187,167.25
- on options contracts	-396,152.15	-6,978.51	-389,173.64
- on forward foreign exchange contracts	1,045,641.08	4,763.83	-14,038.36
INCREASE IN NET ASSETS AS A RESULT OF OPERATIONS	**24,844,978.11**	**515,794.09**	**3,966,022.66**
Subscription of shares	121,306,237.47	0.00	0.00
Redemption of shares	-30,846,883.47	0.00	0.00
Revaluation difference*	-331,511.16	0.00	0.00
Revaluation difference on the net assets at the beginning of the year**	-2,692,430.41		
NET ASSETS AT THE END OF THE YEAR	**304,148,695.38**	**16,921,017.51**	**67,870,367.57**

** The difference mentioned above is the result of fluctuations in the exchange rates used to convert the different items related to share classes denominated in a currency other than the currency of the sub-funds into the currency of the related sub-funds between December 31, 2019 and December 31, 2020.*
*** The difference mentioned above results from the conversion of the net assets at the beginning of the year (for the sub-funds denominated in currencies other than Euro) at exchange rates applicable on December 31, 2019 and exchange rates applicable on December 31, 2020.*

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

Statement of operations and changes in net assets for the year ended December 31, 2020 (continued)

PROTEA UCITS II - IW PRECIOUS METAL MINING EQUITIES	PROTEA UCITS II - VICTORY FAR EAST OPPORTUNITY	PROTEA UCITS II - GENESIS BOND FUND	PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE RETURN
EUR	USD	USD	EUR
28,536,734.56	**21,580,573.66**	**15,014,288.82**	**50,420,810.01**
322,988.85	128,015.29	0.00	295,803.39
0.00	0.00	552,710.82	0.00
0.00	28,404.70	3,910.50	1,447.27
0.00	0.00	0.00	0.00
322,988.85	156,419.99	556,621.32	297,250.66
3,683.08	0.00	1,342.61	3,422.46
257,488.85	363,564.99	191,660.85	469,366.35
9,620.85	873,250.00	0.00	1,063.26
29,119.40	32,673.63	11,571.39	439,077.17
93,294.94	178,752.48	62,171.82	172,965.37
75,038.17	38,692.55	17,174.32	79,411.35
3,434.74	17,445.70	6,062.79	41,870.15
118,220.23	104,102.46	1,433.64	48,959.03
589,900.26	1,608,481.81	291,417.42	1,256,135.14
-266,911.41	**-1,452,061.82**	**265,203.90**	**-958,884.48**
10,452,162.67	3,765,629.21	-984,429.12	1,857,120.09
0.00	0.00	0.00	-7,772,749.74
-90,205.24	194,668.96	0.01	90,062.68
0.00	0.00	0.00	0.00
-14,320.79	-1,253.39	0.00	-521,906.20
0.00	0.00	0.00	3,777,959.42
10,080,725.23	**2,506,982.96**	**-719,225.21**	**-3,528,398.23**
-3,058,480.85	12,751,871.86	879,761.72	3,212,223.58
0.00	0.00	0.00	0.00
0.00	0.00	0.00	1,054,915.61
7,022,244.38	**15,258,854.82**	**160,536.51**	**738,740.96**
5,990,770.16	14,015,895.83	25,000.00	103,839,927.39
-4,230,089.75	-1,231,444.44	-2,914,824.64	-23,228,072.88
0.00	0.00	0.00	-331,511.16
37,319,659.35	**49,623,879.87**	**12,285,000.69**	**131,439,894.32**

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

Number of shares outstanding and net asset value per share

Sub-fund Share class	Currency	Number of shares outstanding 31.12.2020	Net asset value per share 31.12.2020	Net asset value per share 31.12.2019	Net asset value per share 30.06.2019
PROTEA UCITS II - GLOBAL OPPORTUNITIES					
A restricted special	EUR	123,500.00	137.01	132.84	125.58
PROTEA UCITS II - GLOBAL BALANCED					
A restricted	EUR	545,910.33	124.33	117.06	111.14
PROTEA UCITS II - IW PRECIOUS METAL MINING EQUITIES					
S1-EUR-Cap	EUR	190,362.53	194.21	155.68	126.42
S2-EUR-Cap	EUR	904.77	191.64	-	124.91
P2-EUR-Cap	EUR	1,000.00	175.28	143.73	118.31
PROTEA UCITS II - VICTORY FAR EAST OPPORTUNITY					
A	USD	54,266.20	245.31	155.40	144.27
B	USD	151,024.94	240.44	155.83	144.14
PROTEA UCITS II - GENESIS BOND FUND					
P ACC USD	USD	10,187.18	1,205.93	1,179.26	1,193.52
PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE RETURN					
F ACC EUR	EUR	734,450.90	104.72	101.63	-
F ACC GBP	GBP	328,854.42	105.88	102.08	-
F ACC USD	USD	32,988.11	101.86	97.87	-
M ACC EUR	EUR	67,315.58	98.03	-	-
M ACC GBP	GBP	100.00	97.91	-	-
M ACC CHF	CHF	30,990.00	99.09	-	-
M ACC USD	USD	4,155.00	99.31	-	-
P ACC EUR	EUR	30,315.35	102.26	-	-

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

Statement of investments and other net assets as at December 31, 2020 (expressed in EUR)

Description	Currency	Quantity	Market value (note 2)	% of net assets
I. TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET				
SHARES				
FRANCE				
LVMH MOET HENNESSY LOUIS VUITTON	EUR	295.00	150,715.50	0.89
			150,715.50	0.89
GERMANY				
SIEMENS	EUR	885.00	104,005.20	0.61
			104,005.20	0.61
IRELAND				
MEDTRONIC	USD	1,375.00	131,639.49	0.78
			131,639.49	0.78
SWITZERLAND				
NESTLE	CHF	1,180.00	113,749.71	0.67
ROCHE HOLDING D.RIGHT	CHF	460.00	131,421.64	0.78
S.G.S.	CHF	41.00	101,215.19	0.60
			346,386.54	2.05
UNITED KINGDOM				
COMPASS GROUP	GBP	4,210.00	64,107.51	0.38
RECKITT BENCKISER GROUP	GBP	1,275.00	93,186.21	0.55
			157,293.72	0.93
UNITED STATES				
ALPHABET 'A'	USD	105.00	150,404.32	0.89
AMAZON.COM	USD	57.00	151,726.54	0.90
COGNIZANT TECHNOLOGY SOLUTIONS 'A'	USD	1,445.00	96,782.11	0.57
DANAHER	USD	495.00	89,869.07	0.53
ELECTRONIC ARTS	USD	810.00	95,064.36	0.56
FACEBOOK 'A'	USD	819.00	182,843.40	1.08
FIDELITY NATIONAL	USD	1,155.00	133,534.64	0.79
HONEYWELL INTERNATIONAL	USD	780.00	135,593.97	0.80
MCDONALD'S	USD	520.00	91,194.97	0.54
MERCK & CO	USD	1,280.00	85,573.95	0.51
PEPSICO	USD	1,050.00	127,264.93	0.75
THERMO FISHER SCIENTIFIC	USD	330.00	125,624.13	0.74
UNITEDHEALTH GROUP	USD	546.00	156,488.32	0.92
VISA 'A'	USD	1,100.00	196,643.38	1.16
WALT DISNEY	USD	985.00	145,856.16	0.86
WELLS FARGO	USD	3,115.00	76,834.38	0.45
			2,041,298.63	12.05
TOTAL SHARES			**2,931,339.08**	**17.31**

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

Statement of investments and other net assets as at December 31, 2020 (expressed in EUR) (continued)

Description		Currency	Quantity/Nominal	Market value (note 2)	% of net assets
BONDS					
CANADA					
0.00%	PROVINCE OF QUEBEC 19/29 -SR-S	EUR	170,000.00	171,844.77	1.02
				171,844.77	1.02
FRANCE					
0.50%	O.A.T. 20/40 -SR-	EUR	80,000.00	86,382.25	0.51
2.25%	TIKEHAU CAPITAL 19/26 -SR-S	EUR	100,000.00	104,352.88	0.62
				190,735.13	1.13
UNITED KINGDOM					
1.625%	INTERMEDIATE CAPITAL 20/27 -SR-S	EUR	170,000.00	172,985.76	1.02
				172,985.76	1.02
TOTAL BONDS				**535,565.66**	**3.17**
TOTAL I.				**3,466,904.74**	**20.48**
II. UNITS OF INVESTMENT FUNDS					
GERMANY					
ISHARES DJ EURO STOXX 600 (DE)		EUR	7,490.00	297,465.35	1.76
				297,465.35	1.76
IRELAND					
ISHARES - MSCI EMERGING MARKETS ETF		USD	24,610.00	1,008,294.98	5.96
ISHARES IV - AUTOMATION & ROBOTICS UCITS ETF USD -ACC-		USD	43,300.00	420,684.70	2.49
ISHARES IV - HEALTHCARE INNOVATION		EUR	52,925.00	446,134.99	2.64
XTRACKERS - S&P 500 EQUAL WEIGHT 1C USD		USD	15,070.00	806,677.02	4.77
				2,681,791.69	15.86
LUXEMBOURG					
ASHMORE - EMERGING MARKETS SHORT DURAT. Z2 EUR -ACC.-		EUR	1,650.00	180,262.50	1.07
DB X-TRACKERS - MSCI JAPAN ETF 1C-CAP		EUR	4,840.00	291,950.62	1.73
MKT ACCESS - ROGERS INTER. COMMODITY ETF		USD	16,530.00	252,479.22	1.49
PICTET - CHINESE LC DEBT - I USD		USD	2,710.00	265,828.29	1.57
PICTET - EMERGING CORPORATE BONDS HI EUR		EUR	3,350.00	331,549.50	1.96
PWM FUNDS - CREDIT ALLOCATION HEDGED EUR		EUR	6,010.00	631,050.00	3.73
PWM FUNDS - GLOBAL CORPORATE DEFENSIVE HD EUR-ACC		EUR	6,180.00	646,057.20	3.82
				2,599,177.33	15.37
SWITZERLAND					
PICTET CH - SHORT-TERM MONEY MARKET CHF - I DY		CHF	40.00	32,723.56	0.19
PICTET CH - SHORT-TERM MONEY MARKET EUR - I DY		EUR	3,430.00	3,264,914.10	19.29
PICTET CH - SHORT-TERM MONEY MARKET GBP - I DY		GBP	60.00	67,691.59	0.40
PICTET CH - SHORT-TERM MONEY MARKET USD - I DY		USD	1,335.00	1,135,581.98	6.71
				4,500,911.23	26.59
TOTAL II.				**10,079,345.60**	**59.58**

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

Statement of investments and other net assets as at December 31, 2020 (expressed in EUR) (continued)

Description	Market value (note 2)	% of net assets
TOTAL INVESTMENTS	**13,546,250.34**	**80.06**
CASH AT BANKS	331,705.36	1.96
BANK DEPOSITS	3,100,000.00	18.32
OTHER NET LIABILITIES	-56,938.19	-0.34
TOTAL NET ASSETS	**16,921,017.51**	**100.00**

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

Geographical and industrial classification of investments as at December 31, 2020

Geographical classification

(in % of net assets)	
Switzerland	28.64
Ireland	16.64
Luxembourg	15.37
United States	12.05
Germany	2.37
France	2.02
United Kingdom	1.95
Canada	1.02
	80.06

Industrial classification

(in % of net assets)	
Units of investment funds	59.58
Internet, software and IT services	3.33
Pharmaceuticals and cosmetics	2.07
Food and soft drinks	1.96
Bonds issued by companies	1.64
Bonds issued by countries or cities	1.53
Electronics and electrical equipment	1.35
Banks and credit institutions	1.16
Healthcare & social services	0.92
Retail and supermarkets	0.90
Textiles and clothing	0.89
Leisure	0.86
Conglomerates	0.80
Utilities	0.60
Computer and office equipment	0.56
Miscellaneous trade	0.55
Construction of machines and appliances	0.53
Holding and finance companies	0.45
Gastronomy	0.38
	80.06

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

PROTEA UCITS II - GLOBAL BALANCED

Statement of investments and other net assets as at December 31, 2020 (expressed in EUR)

Description	Currency	Quantity	Market value (note 2)	% of net assets
I. TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET				
SHARES				
BELGIUM				
ANHEUSER-BUSCH INBEV	EUR	18,520.00	1,055,825.20	1.56
			1,055,825.20	1.56
CAYMAN ISLANDS				
BAIDU 'A' ADR -SPONS.-	USD	8,550.00	1,511,055.57	2.23
			1,511,055.57	2.23
FRANCE				
KERING	EUR	1,600.00	951,040.00	1.40
LVMH MOET HENNESSY LOUIS VUITTON	EUR	200.00	102,180.00	0.15
SANOFI	EUR	6,270.00	493,449.00	0.73
VINCI	EUR	10,380.00	844,516.80	1.24
			2,391,185.80	3.52
GERMANY				
BAYER REG.	EUR	19,770.00	952,024.35	1.40
PORSCHE AUTOMOBILE HOLDING PFD -NVTG-	EUR	16,870.00	951,468.00	1.40
SAP	EUR	8,240.00	883,492.80	1.30
SIEMENS	EUR	595.00	69,924.40	0.10
			2,856,909.55	4.20
HONG KONG				
AIA GROUP -S-	HKD	91,000.00	911,222.10	1.34
			911,222.10	1.34
IRELAND				
ACCENTURE 'A'	USD	3,170.00	676,748.57	1.00
JOHNSON CONTROLS INTERNATIONAL	USD	18,040.00	686,922.17	1.01
MEDTRONIC	USD	925.00	88,557.48	0.13
			1,452,228.22	2.14
NETHERLANDS				
ASML HOLDING	EUR	1,950.00	775,222.50	1.14
			775,222.50	1.14
SPAIN				
AENA	EUR	5,560.00	790,632.00	1.16
			790,632.00	1.16

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

Statement of investments and other net assets as at December 31, 2020 (expressed in EUR) (continued)

Description	Currency	Quantity/Nominal	Market value (note 2)	% of net assets
SWITZERLAND				
HBM HEALTCARE INVESTMENTS	CHF	3,393.00	956,828.91	1.41
NESTLE	CHF	780.00	75,190.49	0.11
ROCHE HOLDING D.RIGHT	CHF	305.00	87,138.26	0.13
S.G.S.	CHF	27.00	66,653.91	0.10
			1,185,811.57	1.75
UNITED KINGDOM				
COMPASS GROUP	GBP	2,832.00	43,124.10	0.06
PERSIMMON	GBP	25,900.00	800,644.73	1.18
RECKITT BENCKISER GROUP	GBP	825.00	60,296.96	0.09
			904,065.79	1.33
UNITED STATES				
ALPHABET 'A'	USD	733.00	1,049,965.38	1.55
AMAZON.COM	USD	478.00	1,272,373.48	1.87
COGNIZANT TECHNOLOGY SOLUTIONS 'A'	USD	915.00	61,284.17	0.09
DANAHER	USD	340.00	61,728.25	0.09
ELECTRONIC ARTS	USD	545.00	63,963.06	0.09
FACEBOOK 'A'	USD	3,966.00	885,417.50	1.30
FIDELITY NATIONAL	USD	775.00	89,601.16	0.13
GODADDY 'A'	USD	12,000.00	813,534.40	1.20
HONEYWELL INTERNATIONAL	USD	520.00	90,395.98	0.13
JOHNSON & JOHNSON	USD	6,700.00	861,792.34	1.27
LAS VEGAS SANDS	USD	20,040.00	976,162.83	1.44
MASTERCARD 'A'	USD	2,860.00	834,333.23	1.23
MCDONALD'S	USD	350.00	61,381.23	0.09
MERCK & CO	USD	760.00	50,809.53	0.07
ORACLE	USD	17,380.00	918,893.57	1.35
PEPSICO	USD	705.00	85,449.31	0.13
THERMO FISHER SCIENTIFIC	USD	225.00	85,652.82	0.13
UBER TECHNOLOGIES	USD	17,680.00	736,937.61	1.09
UNITEDHEALTH GROUP	USD	363.00	104,038.94	0.15
VISA 'A'	USD	740.00	132,287.36	0.19
WALT DISNEY	USD	655.00	96,990.64	0.14
WELLS FARGO	USD	2,110.00	52,045.12	0.08
			9,385,037.91	13.81
TOTAL SHARES			**23,219,196.21**	**34.18**
BONDS				
CANADA				
0.00% PROVINCE OF QUEBEC 19/29 -SR-S	EUR	110,000.00	111,193.68	0.16
			111,193.68	0.16

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

Statement of investments and other net assets as at December 31, 2020 (expressed in EUR) (continued)

Description		Currency	Quantity/Nominal	Market value (note 2)	% of net assets
FRANCE					
0.50%	O.A.T. 20/40 -SR-	EUR	50,000.00	53,988.91	0.08
2.25%	TIKEHAU CAPITAL 19/26 -SR-S	EUR	100,000.00	104,352.88	0.15
				158,341.79	0.23
UNITED KINGDOM					
1.625%	INTERMEDIATE CAPITAL 20/27 -SR-S	EUR	110,000.00	111,931.96	0.16
				111,931.96	0.16
TOTAL BONDS				**381,467.43**	**0.55**
TOTAL I.				**23,600,663.64**	**34.73**
II. MONEY MARKET INSTRUMENTS					
UNITED STATES					
TBI UNITED STATES 09/09/21		USD	1,375,000.00	1,123,119.54	1.65
TBI UNITED STATES 11/03/21 -SR-		USD	1,375,000.00	1,123,638.61	1.66
				2,246,758.15	3.31
TOTAL II.				**2,246,758.15**	**3.31**
III. UNITS OF INVESTMENT FUNDS					
GERMANY					
ISHARES DJ EURO STOXX 600 (DE)		EUR	4,985.00	197,979.28	0.29
				197,979.28	0.29
IRELAND					
BAILLIE GIFFORD - LONG TERM GLOBAL GROWTH B USD		USD	71,698.00	2,280,055.63	3.37
BRILLIANCE AM - CHINA CORE LONG/SHORT A		USD	5,968.80	686,176.93	1.01
CANTILLON - GLOBAL EQUITY O2 EUR HEDGED		EUR	32,846.11	1,043,740.85	1.54
COMGEST GROWTH EUROPE EUR -ACC-		EUR	49,103.00	1,597,811.62	2.35
HSBC ETFS - MSCI CHINA ETF USD		USD	34,560.00	310,914.31	0.46
ISHARES - MSCI EMERGING MARKETS ETF		USD	16,715.00	684,829.36	1.01
ISHARES II - GLOBAL CLEAN ENERGY USD		USD	38,285.00	510,028.62	0.75
ISHARES III - CORE MSCI JAPAN IMI USD		USD	24,200.00	1,009,949.92	1.49
ISHARES IV - AUTOMATION & ROBOTICS UCITS ETF USD -ACC-		USD	29,400.00	285,638.11	0.42
ISHARES IV - HEALTHCARE INNOVATION		EUR	35,330.00	297,816.70	0.44
MAN FUNDS VI - GLG INNOVATION EQUITY ALTERNATIVE H EUR		EUR	4,354.00	540,897.42	0.80
POLAR CAPITAL FUNDS - HEALTHCARE OPPORT. I USD-ACC		USD	11,559.00	598,190.43	0.88
POLEN CIF - FOCUS US. GROWTH D USD INST.		USD	171,789.74	2,250,655.60	3.32
SECTOR CF - HEALTHCARE VALUE X USD		USD	7,498.50	989,933.21	1.46
SECTOR CF - HEALTHCARE VALUE X USD (EQUAL. 04/17) *		USD	1,777.14	2,280.92	0.00
SSGA SPDR ETF II - US INDUSTRIAL SELECT SECTOR USD		USD	18,345.00	538,182.99	0.79

* Equalisation Credit : provision for incentive fees from the target fund manager in case an investor subscribes to a NAV per share above the High Water Mark.
The accompanying notes form an integral part of these financial statements.

Statement of investments and other net assets as at December 31, 2020 (expressed in EUR) (continued)

Description	Currency	Quantity	Market value (note 2)	% of net assets
SSGA SPDR EUROPE II - RUSSELL 2000 US SMALL CAP	USD	19,837.00	887,156.77	1.31
VANGUARD FUNDS - VANGUARD S&P 500 ETF	USD	15,300.00	884,669.01	1.30
XTRACKERS - S&P 500 EQUAL WEIGHT 1C USD	USD	10,130.00	542,245.40	0.80
			15,941,173.80	23.50
LUXEMBOURG				
ASHMORE - EMERGING MARKETS SHORT DURAT. Z2 EUR -ACC.-	EUR	1,120.00	122,360.00	0.18
BLACKROCK GFS - CONTINENTAL EUROPEAN FLEXIBLE D2	EUR	58,033.00	2,291,723.17	3.39
DB X-TRACKERS - MSCI JAPAN ETF 1C-CAP	EUR	3,220.00	194,231.61	0.29
EDGEWOOD L SELECT - US SELECT GROWTH USD ZIC	USD	7,077.00	2,242,799.70	3.30
MIRAE AGD - ASIA GREAT CONSUMER EQUITY R USD -ACC-	USD	100,509.00	1,568,977.11	2.31
MKT ACCESS - ROGERS INTER. COMMODITY ETF	USD	11,220.00	171,374.28	0.25
MSIF - GLOBAL OPPORTUNITY FUND Z USD-CAP-	USD	18,968.00	2,257,774.16	3.33
PICTET - CHINESE LC DEBT - I USD	USD	1,840.00	180,488.58	0.27
PICTET - EMERGING CORPORATE BONDS HI EUR	EUR	2,280.00	225,651.60	0.33
PWM FUNDS - CREDIT ALLOCATION HEDGED EUR	EUR	5,850.00	614,250.00	0.91
PWM FUNDS - GLOBAL CORPORATE DEFENSIVE HD EUR-ACC	EUR	4,150.00	433,841.00	0.64
VONTOBEL - MTX SUSTAINABLE ASIAN LEADERS I -ACC-	USD	1,512.00	653,500.86	0.96
			10,956,972.07	16.16
SWITZERLAND				
PICTET CH - SHORT-TERM MONEY MARKET CHF - I DY	CHF	215.00	175,889.16	0.26
PICTET CH - SHORT-TERM MONEY MARKET EUR - I DY	EUR	5,194.00	4,944,012.78	7.29
PICTET CH - SHORT-TERM MONEY MARKET GBP - I DY	GBP	130.00	146,665.12	0.22
PICTET CH - SHORT-TERM MONEY MARKET USD - I DY	USD	1,865.82	1,587,107.96	2.34
			6,853,675.02	10.11
UNITED KINGDOM				
FUNDSMITH EQUITY FUND I GBP -ACC-	GBP	364,192.00	2,257,791.74	3.33
			2,257,791.74	3.33
TOTAL III.			**36,207,591.91**	**53.39**
TOTAL INVESTMENTS			**62,055,013.70**	**91.43**
CASH AT BANKS			4,550,042.54	6.70
BANK DEPOSITS			1,520,000.00	2.24
OTHER NET LIABILITIES			-254,688.67	-0.37
TOTAL NET ASSETS			**67,870,367.57**	**100.00**

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

PROTEA UCITS II - GLOBAL BALANCED

Geographical and industrial classification of investments as at December 31, 2020

Geographical classification

(in % of net assets)	
Ireland	25.64
United States	17.12
Luxembourg	16.16
Switzerland	11.86
United Kingdom	4.82
Germany	4.49
France	3.75
Cayman Islands	2.23
Belgium	1.56
Hong Kong	1.34
Spain	1.16
Netherlands	1.14
Canada	0.16
	91.43

Industrial classification

(in % of net assets)	
Units of investment funds	53.39
Internet, software and IT services	8.89
Money market instruments	3.31
Retail and supermarkets	3.27
Construction and building materials	2.42
Pharmaceuticals and cosmetics	2.33
Tobacco and alcohol	1.56
Gastronomy	1.50
Computer and office equipment	1.44
Banks and credit institutions	1.42
Biotechnology	1.41
Chemicals	1.40
Automobiles	1.40
Electronics and electrical equipment	1.37
Insurance	1.34
Transport and freight	1.16
Utilities	1.10
Miscellaneous consumer goods	1.01
Food and soft drinks	0.33
Bonds issued by companies	0.31
Bonds issued by countries or cities	0.24
Textiles and clothing	0.15
Healthcare & social services	0.15
Leisure	0.14
Conglomerates	0.13
Miscellaneous trade	0.09
Construction of machines and appliances	0.09
Holding and finance companies	0.08
	91.43

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

PROTEA UCITS II - IW PRECIOUS METAL MINING EQUITIES

Statement of investments and other net assets as at December 31, 2020 (expressed in EUR)

Description	Currency	Quantity	Market value (note 2)	% of net assets
I. TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET				
SHARES				
AUSTRALIA				
BELLEVUE GOLD	AUD	315,000.00	222,498.56	0.60
DE GREY MINING	AUD	688,000.00	440,405.89	1.18
EVOLUTION MINING	AUD	316,800.00	996,975.20	2.67
NEWCREST MINING	AUD	62,600.00	1,017,784.62	2.73
REGIS RESOURCES	AUD	381,300.00	899,367.20	2.41
RESOLUTE MINING	AUD	2,530,000.00	1,268,487.78	3.40
			4,845,519.25	12.99
CANADA				
ALAMOS GOLD 'A'	CAD	99,300.00	708,374.15	1.90
BARRICK GOLD CORP	USD	73,900.00	1,375,866.97	3.69
CENTERRA GOLD	CAD	135,600.00	1,282,229.73	3.44
FIRST MAJESTIC SILVER CORP	CAD	84,300.00	925,987.51	2.48
IAMGOLD CORP	USD	414,000.00	1,241,780.09	3.33
K92 MINING INC	CAD	166,700.00	813,821.06	2.18
KINROSS GOLD CORP	CAD	253,200.00	1,517,117.60	4.07
KIRKLAND LAKE GOLD	USD	49,300.00	1,663,570.97	4.46
MAG SILVER	CAD	26,300.00	441,073.93	1.18
OCEANAGOLD	CAD	905,000.00	1,428,210.94	3.83
OSISKO MINING	CAD	150,000.00	356,042.34	0.95
PAN AMERICAN SILVER CORP	CAD	59,600.00	1,678,492.67	4.50
PRETIUM RESOURCES	CAD	77,600.00	728,084.69	1.95
PURE GOLD MINING	CAD	130,000.00	215,165.05	0.58
SSR MINING	CAD	100,000.00	1,643,578.15	4.40
YAMANA GOLD INC	CAD	169,900.00	792,880.57	2.12
			16,812,276.42	45.06
CAYMAN ISLANDS				
ENDEAVOUR MINING	CAD	73,900.00	1,404,229.72	3.76
			1,404,229.72	3.76
JERSEY				
CENTAMIN NPV	GBP	265,000.00	366,223.75	0.98
			366,223.75	0.98
MEXICO				
FRESNILLO	GBP	86,700.00	1,094,047.71	2.93
			1,094,047.71	2.93
RUSSIA				
POLYMETAL INTERNATIONAL	GBP	64,800.00	1,219,486.36	3.27
POLYUS GDR -SPONS.- -S-	USD	9,098.00	749,522.63	2.01
			1,969,008.99	5.28

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

PROTEA UCITS II - IW PRECIOUS METAL MINING EQUITIES

Statement of investments and other net assets as at December 31, 2020 (expressed in EUR) (continued)

Description	Currency	Quantity	Market value (note 2)	% of net assets
SOUTH AFRICA				
ANGLOGOLD ASHANTI ADR -SPONS.-	USD	88,300.00	1,632,418.82	4.37
GOLD FIELDS LTD ADR -SPONS.-	USD	94,900.00	718,992.29	1.93
HARMONY GOLD MINING ADR -SPONS.-	USD	432,000.00	1,652,372.23	4.43
			4,003,783.34	10.73
UNITED STATES				
COEUR D'ALENE MINES CORP	CAD	232,700.00	1,968,407.54	5.26
HECLA MINING	USD	307,600.00	1,629,069.54	4.37
NEWMONT CORP	USD	39,100.00	1,913,856.44	5.12
			5,511,333.52	14.75
TOTAL I.			**36,006,422.70**	**96.48**
II. OTHER TRANSFERABLE SECURITIES				
RIGHTS				
CANADA				
PAN AMERICAN CVR 15/01/29	USD	72,000.00	48,547.26	0.13
			48,547.26	0.13
TOTAL II.			**48,547.26**	**0.13**
III. UNITS OF INVESTMENT FUNDS				
GUERNSEY				
BAKER STEEL RESOURCES TRUST GBP	GBP	235,084.00	194,350.53	0.52
			194,350.53	0.52
TOTAL III.			**194,350.53**	**0.52**
TOTAL INVESTMENTS			**36,249,320.49**	**97.13**
CASH AT BANKS			1,140,277.15	3.06
OTHER NET LIABILITIES			-69,938.29	-0.19
TOTAL NET ASSETS			**37,319,659.35**	**100.00**

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

PROTEA UCITS II - IW PRECIOUS METAL MINING EQUITIES

Geographical and industrial classification of investments as at December 31, 2020

Geographical classification

(in % of net assets)	
Canada	45.19
United States	14.75
Australia	12.99
South Africa	10.73
Russia	5.28
Cayman Islands	3.76
Mexico	2.93
Jersey	0.98
Guernsey	0.52
	97.13

Industrial classification

(in % of net assets)	
Precious metals and stones	60.58
Metals and minings	17.76
Mining and steelworks	16.13
Gold	2.01
Units of investment funds	0.52
Rights	0.13
	97.13

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

PROTEA UCITS II - VICTORY FAR EAST OPPORTUNITY

Statement of investments and other net assets as at December 31, 2020 (expressed in USD)

Description	Currency	Quantity	Market value (note 2)	% of net assets
TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET				
SHARES				
CAYMAN ISLANDS				
ALIBABA GROUP HOLDING	HKD	68,000.00	2,040,342.97	4.11
ANTA SPORTS PRODUCTS	HKD	62,000.00	982,942.53	1.98
BEIGENE	HKD	22,000.00	445,560.71	0.90
BILIBILI ADR -SPONS.-	USD	20,000.00	1,887,000.00	3.80
COUNTRY GARDEN SERVICES HOLDINGS	HKD	220,000.00	1,488,513.32	3.00
INNOVENT BIOLOGICS 144A/S	HKD	100,000.00	1,058,432.43	2.13
PEIJIA MEDICAL	HKD	180,000.00	654,796.22	1.32
SEA 'A' ADR -SPONS.-	USD	12,000.00	2,361,000.00	4.76
TENCENT HOLDINGS	HKD	3,000.00	218,265.41	0.44
WUXI BIOLOGICS (CAYMAN)	HKD	210,000.00	2,784,818.93	5.61
			13,921,672.52	28.05
CHINA				
CANSINO BIOLOGIGS 'H'	HKD	22,000.00	500,901.05	1.01
CHINA FEIHE	HKD	300,000.00	702,783.65	1.42
CONTEMPORARY AMPEREX TECHNOLOGY 'A'	CNY	49,902.00	2,679,157.09	5.40
GUANGZHOU KINGMED DIAGNOSTICS 'A'	CNY	38,100.00	746,412.55	1.50
HANGZHOU HIKVISION DIGITAL TECHNOLOGY 'A'	CNY	180,000.00	1,335,183.04	2.69
JIANGSU HENGRUI MEDICINE 'A'	CNY	60,000.00	1,022,603.60	2.06
KWEICHOW MOUTAI CO LTD 'A'	CNY	3,000.00	916,544.94	1.85
NONGFU SPRING 'H' 144A/S	HKD	142,000.00	1,005,646.26	2.03
SHANGHAI INTERNATIONAL AIRPORT 'A'	CNY	2,000.00	23,138.40	0.05
SHENZHEN MINDRAY BIO-MEDICAL 'A'	CNY	11,000.00	716,538.14	1.44
TAL EDUCATION GROUP 'A' ADR-SPONS.-	USD	26,000.00	1,865,760.00	3.76
VENUS MEDTECH HANGZHOU 'H'	HKD	82,000.00	836,180.97	1.69
WANHUA CHEMICAL GROUP 'A'	CNY	64,975.00	904,514.57	1.82
			13,255,364.26	26.72
HONG KONG				
CHINA RESOURCES BEER HOLDINGS	HKD	120,000.00	1,105,258.87	2.23
HONG KONG EXCHANGES AND CLEARING	HKD	28,000.00	1,535,081.77	3.09
			2,640,340.64	5.32
JAPAN				
SONY ADR -SPONS.-	USD	12,800.00	1,289,984.00	2.60
			1,289,984.00	2.60
SOUTH KOREA				
KAKAO	KRW	5,000.00	1,792,787.41	3.61
LG HOUSEHOLD & HEALTHCARE	KRW	900.00	1,342,174.09	2.70
NAVER	KRW	3,200.00	861,642.63	1.74
SAMSUNG ELECTRONICS	KRW	30,000.00	2,236,956.82	4.51
SOULBRAIN	KRW	3,130.00	784,590.97	1.58
			7,018,151.92	14.14

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

PROTEA UCITS II - VICTORY FAR EAST OPPORTUNITY

Statement of investments and other net assets as at December 31, 2020 (expressed in USD) (continued)

Description	Currency	Quantity	Market value (note 2)	% of net assets
TAIWAN				
TAIWAN SEMICONDUCTOR ADR -SPONS.-	USD	18,000.00	1,960,200.00	3.95
			1,960,200.00	3.95
UNITED STATES				
AMAZON.COM	USD	380.00	1,248,623.00	2.52
APPLE	USD	7,000.00	936,040.00	1.89
EAST-WEST BANCORP	USD	10,000.00	506,600.00	1.02
MICROSOFT	USD	5,200.00	1,152,736.00	2.32
NIKE 'B'	USD	8,000.00	1,132,640.00	2.28
			4,976,639.00	10.03
TOTAL INVESTMENTS			**45,062,352.34**	**90.81**
CASH AT BANKS			25,530.65	0.05
BANK DEPOSITS			5,583,815.59	11.25
OTHER NET LIABILITIES			-1,047,818.71	-2.11
TOTAL NET ASSETS			**49,623,879.87**	**100.00**

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

Geographical and industrial classification of investments as at December 31, 2020

Geographical classification

(in % of net assets)	
Cayman Islands	28.05
China	26.72
South Korea	14.14
United States	10.03
Hong Kong	5.32
Taiwan	3.95
Japan	2.60
	90.81

Industrial classification

(in % of net assets)	
Electronics and electrical equipment	15.33
Pharmaceuticals and cosmetics	12.24
Internet, software and IT services	10.55
Biotechnology	8.12
Construction of machines and appliances	5.40
Real Estate Shares	5.23
Textiles and clothing	4.26
Computer and office equipment	4.21
Banks and credit institutions	4.11
Utilities	4.11
Publishing and graphic arts	3.80
Healthcare & social services	3.76
Retail and supermarkets	2.52
Food and soft drinks	2.03
Tobacco and alcohol	1.85
Chemicals	1.82
Miscellaneous	1.42
Transport and freight	0.05
	90.81

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

PROTEA UCITS II - GENESIS BOND FUND

Statement of investments and other net assets as at December 31, 2020 (expressed in USD)

Description		Currency	Nominal	Market value (note 2)	% of net assets
TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET					
BONDS					
ARGENTINA					
6.50%	PROV. BUENOS AIRES 17/23 -SR-S	USD	800,000.00	327,399.44	2.67
				327,399.44	2.67
AUSTRIA					
5.00%	SUZANO AUSTRIA 19/30 -SR-	USD	350,000.00	398,420.05	3.24
				398,420.05	3.24
BAHAMAS					
5.75%	BAHAMAS 14/24 -SR- REG.S	USD	500,000.00	498,032.05	4.05
				498,032.05	4.05
BRAZIL					
4.625%	CENTRAIS ELETRICAS 20/30 -SR-S	USD	500,000.00	536,260.90	4.37
4.75%	BNDES 17/24 -SR-S	USD	400,000.00	437,084.12	3.56
4.75%	JSM GLOBAL 20/30 -SR-	USD	300,000.00	323,768.52	2.64
5.75%	PETROBRAS GLOBAL FINANCE 18/29 -SR-	USD	500,000.00	583,331.40	4.74
6.50%	SUB. ITAU UNIBANCO 18/PERP -JR-S	USD	500,000.00	520,434.45	4.24
8.25%	SUB. BANCO VOTORANTIM 17/PERP -JR-S	USD	600,000.00	642,066.36	5.22
				3,042,945.75	24.77
BRITISH VIRGIN ISLANDS					
5.875%	ARCOS DORADOS 17/27 -SR-S	USD	400,000.00	423,053.60	3.44
				423,053.60	3.44
CHILE					
3.00%	CODELCO 19/29 -SR-S	USD	500,000.00	543,969.50	4.43
6.35%	SUB. AES GENER 19/79 -JR-S	USD	200,000.00	221,359.92	1.80
				765,329.42	6.23
COLOMBIA					
4.125%	ECOPETROL 14/25	USD	500,000.00	545,541.15	4.44
				545,541.15	4.44
COSTA RICA					
5.625%	COSTA RICA 13/43 -SR-S	USD	300,000.00	253,540.65	2.06
				253,540.65	2.06
MEXICO					
5.35%	PETROLEOS MEXICANOS 18/28 -SR-	USD	500,000.00	494,907.40	4.03
5.375%	BANCO SANTANDER MEXICO 20/25 -SR-S	USD	250,000.00	287,453.65	2.34
5.45%	CEMEX 19/29 -SR-S	USD	500,000.00	550,443.10	4.48
6.375%	AXTEL 17/24 -SR-S	USD	200,000.00	209,512.44	1.71
				1,542,316.59	12.56

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

Statement of investments and other net assets as at December 31, 2020 (expressed in USD) (continued)

Description		Currency	Nominal	Market value (note 2)	% of net assets
PANAMA					
3.16%	PANAMA 19/30 -SR-	USD	200,000.00	222,459.52	1.81
3.875%	PANAMA 16/28 -SR-	USD	300,000.00	344,925.12	2.81
				567,384.64	4.62
PERU					
2.392%	PERU 20/26 -SR-	USD	500,000.00	534,133.55	4.35
2.70%	BANCO CREDITO DEL PERU 19/25 -SR-S	USD	500,000.00	523,132.80	4.26
4.75%	COFIDE 15/25	USD	400,000.00	452,676.88	3.68
5.375%	NEXA RESOURCES 17/27 -SR-S	USD	400,000.00	447,019.92	3.64
				1,956,963.15	15.93
SUPRANATIONAL					
2.375%	BCO LATINOAMERICANO 20/25 -SR-	USD	300,000.00	308,309.85	2.51
				308,309.85	2.51
URUGUAY					
4.50%	URUGUAY 13/24 -SR-	USD	400,000.00	441,780.52	3.60
				441,780.52	3.60
TOTAL INVESTMENTS				**11,071,016.86**	**90.12**
CASH AT BANKS				6,031.79	0.05
BANK DEPOSITS				1,080,000.00	8.79
OTHER NET ASSETS				127,952.04	1.04
TOTAL NET ASSETS				**12,285,000.69**	**100.00**

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

Geographical and industrial classification of investments as at December 31, 2020

Geographical classification

(in % of net assets)	
Brazil	24.77
Peru	15.93
Mexico	12.56
Chile	6.23
Panama	4.62
Colombia	4.44
Bahamas	4.05
Uruguay	3.60
British Virgin Islands	3.44
Austria	3.24
Argentina	2.67
Supranational	2.51
Costa Rica	2.06
	90.12

Industrial classification

(in % of net assets)	
Bonds issued by companies	66.26
Bonds issued by countries or cities	21.35
Bonds issued by supranational institutions	2.51
	90.12

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

PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE RETURN

Statement of investments and other net assets as at December 31, 2020 (expressed in EUR)

Description	Currency	Quantity	Market value (note 2)	% of net assets
TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET				
SHARES				
BELGIUM				
AGEAS REG.	EUR	25,495.00	1,111,072.10	0.85
ELIA SYSTEM OPERATOR	EUR	11,810.00	1,151,475.00	0.88
			2,262,547.10	1.73
BERMUDA				
AXALTA COATING SYSTEMS	USD	20,628.00	481,328.44	0.37
			481,328.44	0.37
CANADA				
ARC RESOURCES	CAD	106,125.00	408,486.42	0.31
TELUS -NON CANADIAN-	CAD	59,793.00	967,011.99	0.74
WHEATON PRECIOUS METALS	CAD	32,303.00	1,101,979.69	0.84
			2,477,478.10	1.89
CAYMAN ISLANDS				
XPENG 'A' ADR -SPONS.-	USD	18,955.00	663,514.09	0.50
			663,514.09	0.50
DENMARK				
JYSKE BANK	DKK	36,530.00	1,143,975.51	0.87
NKT	DKK	32,516.00	1,184,708.71	0.90
			2,328,684.22	1.77
FINLAND				
METSO OUTOTEC	EUR	140,463.00	1,148,285.03	0.87
NESTE	EUR	20,994.00	1,242,005.04	0.94
VALMET CORPORATION	EUR	24,158.00	564,330.88	0.43
			2,954,620.95	2.24
GERMANY				
PUMA	EUR	6,443.00	594,560.04	0.45
SAP	EUR	7,166.00	768,338.52	0.58
			1,362,898.56	1.03
JERSEY				
APTIV	USD	10,976.00	1,168,781.88	0.89
JANUS HENDERSON GROUP	USD	41,499.00	1,102,637.83	0.84
			2,271,419.71	1.73
NORWAY				
ORKLA 'A'	NOK	137,402.00	1,141,084.79	0.87
TELENOR	NOK	78,295.00	1,090,422.81	0.83
			2,231,507.60	1.70

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

PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE RETURN

Statement of investments and other net assets as at December 31, 2020 (expressed in EUR) (continued)

Description	Currency	Quantity	Market value (note 2)	% of net assets
PORTUGAL				
GALP ENERGIA 'B'	EUR	58,542.00	512,476.67	0.39
			512,476.67	0.39
SPAIN				
BANCO BILBAO VIZCAYA ARGENTARIA	EUR	272,545.00	1,099,719.08	0.84
			1,099,719.08	0.84
UNITED KINGDOM				
COCA-COLA EUROPEAN PARTNERS	EUR	28,608.00	1,165,082.48	0.89
			1,165,082.48	0.89
UNITED STATES				
AMERICAN EXPRESS	USD	11,330.00	1,119,619.41	0.85
AMN HEALTHCARE SERVICES	USD	11,439.00	638,071.00	0.49
ANTHEM	USD	4,346.00	1,140,498.69	0.87
APPLIED MATERIALS	USD	21,854.00	1,541,416.57	1.16
BAKER HUGHES 'A'	USD	62,712.00	1,068,648.79	0.81
BOISE CASCADE	USD	28,277.00	1,104,687.69	0.84
BUNGE	USD	20,862.00	1,118,164.35	0.85
DECKERS OUTDOOR	USD	4,492.00	1,052,850.96	0.80
HALLIBURTON	USD	66,143.00	1,021,701.38	0.78
HP ENTERPRISE	USD	110,881.00	1,073,875.10	0.82
KAR AUCTION SERVICES	USD	70,889.00	1,078,210.39	0.82
NEXTERA ENERGY	USD	18,113.00	1,142,101.25	0.87
SALESFORCE.COM	USD	5,317.00	967,015.68	0.74
THERMO FISHER SCIENTIFIC	USD	2,945.00	1,121,100.18	0.85
TREX COMPANY	USD	16,564.00	1,133,372.65	0.86
UGI CORP	USD	37,768.00	1,079,129.83	0.82
			17,400,463.92	13.23
TOTAL INVESTMENTS			**37,211,740.92**	**28.31**
CASH AT BANKS			25,450,412.18	19.36
BANK DEPOSITS			67,814,197.25	51.59
OTHER NET ASSETS			963,543.97	0.74
TOTAL NET ASSETS			**131,439,894.32**	**100.00**

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

PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE RETURN

Geographical and industrial classification of investments as at December 31, 2020

Geographical classification

(in % of net assets)	
United States	13.23
Finland	2.24
Canada	1.89
Denmark	1.77
Belgium	1.73
Jersey	1.73
Norway	1.70
Germany	1.03
United Kingdom	0.89
Spain	0.84
Cayman Islands	0.50
Portugal	0.39
Bermuda	0.37
	28.31

Industrial classification

(in % of net assets)	
Banks and credit institutions	3.41
Public utilities	2.57
Paper and forest products	2.14
Electronics and electrical equipment	1.75
Oil	1.64
Energy equipment & services	1.59
Communications	1.57
Utilities	1.56
Construction of machines and appliances	1.53
Automobiles	1.39
Healthcare & social services	1.36
Textiles and clothing	1.25
Consumer products	0.89
Stainless steel	0.87
Construction and building materials	0.86
Food and beverage	0.85
Metals and minings	0.84
Holding and finance companies	0.84
Computer and office equipment	0.82
Internet, software and IT services	0.58
	28.31

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

Notes to the financial statements as at December 31, 2020

NOTE 1 GENERAL

PROTEA UCITS II (the "SICAV") is an open-ended investment fund organised as a *Société d'Investissement à Capital Variable* (SICAV), governed by Luxembourg law, established in accordance with the provisions of Part I of the amended law of December 17, 2010 (the "2010 Law") relating to undertakings for collective investment ("UCI").

The SICAV was incorporated for an indefinite period on October 21, 2009 under the name of "Axiom Fund", with an initial capital of EUR 300,000. The Articles of Incorporation of the SICAV were last amended on September 11, 2019, by notarial deed, and were published in the *Recueil électronique des sociétés et associations* of the Grand Duchy of Luxemburg on October 7, 2019. A legal statement giving notice *(Notice légale)* of the issue and sale of shares by the SICAV has been filed with the *Registre de Commerce et des Sociétés* of Luxembourg.

The SICAV is registered at the Trade and Companies Register of Luxembourg under Number B148792.

FundPartner Solutions (Europe) S.A., a public limited company *(société anonyme)* with registered office at 15, avenue J.F. Kennedy, L-1855 Luxembourg, was appointed as management company of the SICAV as of January 1, 2013. It is a management company within the meaning of Chapter 15 of the 2010 Law.

Technical pooling (performance fees and hedged share classes)

The investments, other net assets and operations (such as dividends, interest, realised results on investments, …) common to all share classes are held in the sub-fund via the investments in the pool of investments, while items specific to each share class (such as depositary, service, management fees and performance fees) and items specific to hedged share classes (such as forward foreign exchange contracts and other contractual fees linked to the hedging) are recorded in dedicated "feeder" accounts.

Each "feeder" is allocated a portion of the pool (percentage participation) according to its initial contribution. Subsequently, the portion of the percentage participation of each feeder is determined on each NAV calculation based on the size of each feeder as converted in the reference currency of the pool at the exchange rate applicable on the NAV calculation date.

Presentation and impact of pooling in the financial statements

The data recorded in the statement of operations and changes in net assets under "Net realised gain/loss on pool - pooling effect" represent:

- the currency effect due to differences between the exchange rates used as at the closing date and those used at each NAV calculation;

- the effect of the difference between the percentage participation in the pool(s) as at the closing date and the percentage participation applicable as at each NAV calculation.

Notes to the financial statements as at December 31, 2020 (continued)

a) Sub-funds in activity

As at December 31, 2020, the SICAV comprises six sub-funds:

- PROTEA UCITS II - GLOBAL OPPORTUNITIES, denominated in Euro (EUR),
- PROTEA UCITS II - GLOBAL BALANCED, denominated in Euro (EUR),
- PROTEA UCITS II - IW PRECIOUS METAL MINING EQUITIES, denominated in Euro (EUR),
- PROTEA UCITS II - VICTORY FAR EAST OPPORTUNITY, denominated in US dollar (USD),
- PROTEA UCITS II - GENESIS BOND FUND, denominated in US dollar (USD),
- PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE RETURN, denominated in Euro (EUR).

The Board of Directors of the SICAV is entitled to create new sub-funds.

b) Significant events and material changes

A new Prospectus came into force as at January 2020.

c) Share classes

The appendix to the current prospectus of the SICAV lists the different categories of shares in each of the above mentioned sub-funds.

"Restricted" Shares shall be reserved for Shareholders expressly approved by Banque Pictet & Cie S.A., in its sole discretion. Other shares shall be subscribed by all other investors.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) General

The financial statements are prepared in accordance with generally accepted accounting principles and presented in accordance with the legal reporting requirements applicable in Luxembourg relating to UCIs.

b) Foreign exchange translation

Cash at banks, other net assets as well as the market value of the investment portfolio in currencies other than the base currency of a sub-fund are converted into the base currency of the sub-fund at the exchange rate prevailing at the year-end.

Income and expenses in currencies other than the base currency of the sub-fund are converted into the base currency of the sub-fund at the exchange rate prevailing at the transaction date.

Resulting net realised gain/loss on foreign exchange is recorded in the statement of operations and changes in net assets.

Notes to the financial statements as at December 31, 2020 (continued)

c) Combined financial statements

The combined financial statements of the SICAV are expressed in Euro ("EUR") and are equal to the sum of the corresponding items in the financial statements of the different sub-funds, converted into EUR at the exchange rate prevailing at the end of the year.

d) Valuation of assets

1) Securities and other assets listed or dealt in on a stock exchange or any other regulated market are valued at the last available price; where such securities or other assets are listed or dealt in one or by more than one stock exchange or any other regulated market, the Board of Directors of the SICAV shall make regulations for the order of priority in which stock exchanges or other regulated markets are used for the provisions of prices of securities or assets;

2) Assets not listed on an official stock exchange or not traded on any regulated market and assets so listed or dealt in with an official listing for which the last available price is not representative of a fair market value are valued, prudently and in good faith by the Management Company, on the basis of their estimated sale prices;

3) Cash and other liquid assets are valued at their face value with interest accrued;

4) The units/shares of open-ended UCIs are valued on the basis of the last known NAV or, if the price so determined is not representative of their fair market value, are valued as the Board of Directors of the SICAV may deem fair and reasonable. The units/shares of closed-ended UCIs are valued on the basis of the last known market value;

5) Liquidities and money market Instruments not listed on stock exchanges or not traded on any regulated market and with remaining maturity of less than 12 months are valued at their nominal value, increased by any interest accrued thereon, if any; the total value being amortised in accordance with the amortised cost method;

6) Futures contracts, CFD, forward foreign exchange contracts and options contracts not dealt in on a stock exchange or another regulated market are valued at their liquidating value determined pursuant to the policies established in good faith by the Board of Directors of the SICAV, on a basis consistently applied for each different variety of contracts. The liquidating value of futures contracts, forward foreign exchange contracts and options contracts dealt in on a stock exchange or another organised market is based on the last available settlement prices published by such stock exchange or other regulated market where these particular futures contracts, forward foreign exchange contracts or options contracts are traded. If a futures contract forward foreign exchange contract or options contract could not be liquidated on the valuation day of the relevant assets, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors of the SICAV may deem fair and reasonable;

7) Cash flows which result from swap transactions are calculated at the date of valuation of the zero-coupon swap rate corresponding to the maturity date of these cash flows. The value of the swaps is therefore derived from the difference between these two calculations;

8) Any other security, instrument or asset is valued, prudently and in good faith, on the basis of their estimated sale prices by the Board of Directors of the SICAV.

Notes to the financial statements as at December 31, 2020 (continued)

e) Net realised gain/loss on sales of investments

The net realised gain/loss on sales of investments is calculated on the basis of the weighted average cost of the investments sold.

f) Cost of investment securities

Cost of investment securities in currencies other than the base currency of the sub-fund is converted into the base currency of the sub-fund at the exchange rate applicable at purchase date.

g) Forward foreign exchange contracts

The net unrealised gain/loss resulting from outstanding forward foreign exchange contracts, if any, is determined on the basis of the forward rates applicable at the year-end and is recorded in the statement of net assets.

h) Recognition of futures contracts and CFD

At the time of each NAV calculation, the margin call on futures contracts and CFD is recorded directly in the realised capital gain/loss accounts relating to futures contracts by the bank account counterparty.

i) Income

Dividends are recorded net of withholding tax at ex-date. Interest is recorded on an accrual basis.

j) Formation expenses

Formation expenses are amortised over a maximum period of five years.

k) Transaction fees

The transaction fees represent the costs incurred by each sub-fund in connection with purchases and sales of investments. Transactions fees include brokerage fees, bank commission, foreign tax, depositary fees and other fees. They are included in the statement of operations and changes in net assets.

NOTE 3 DILUTION LEVY

Under certain circumstances (for example, large volumes of deals) the Board of Directors of the SICAV has the power to charge a "dilution levy" on the issue, redemption and/or conversion of shares. If charged, the dilution levy will be paid into the relevant sub-fund and will become part of the relevant sub-fund.

The dilution levy for each sub-fund is calculated by reference to the costs of dealing in the underlying investments of that sub-fund, including any dealing spreads, commission and transfer taxes.

Notes to the financial statements as at December 31, 2020 (continued)

In particular, the dilution levy method may be charged in the following circumstances:

- A sub-fund is in constant decline (large volume of redemption requests);
- A sub-fund is experiencing substantial issues in relation to its size;
- Net redemptions and/or subscriptions are exceeding 5% of the compartment's entire assets;
- In all other cases where the Board of Directors considers the interests of Shareholders require the imposition of a dilution levy.

In any case the dilution levy shall not exceed 2.00% of the NAV per share.

During the year, none of the sub-fund of the SICAV used a dilution levy mechanism.

NOTE 4 MANAGEMENT AND DISTRIBUTION FEES

The SICAV pays to the Investment Managers and to the Distributors, fees based on the average net assets attributable to this type of shares out of the assets of the sub-fund for the quarter/month at the following annual rates:

Sub-Fund	Share Class	Rate (Max.)	Frequency payment
PROTEA UCITS II - GLOBAL OPPORTUNITIES	A restricted special	0.45%	quarterly
PROTEA UCITS II - GLOBAL BALANCED	A restricted		
• Banque Pictet & Cie SA		0.45%	quarterly
• ACPI Investments Limited		0.65%	quarterly
• Stanhope Capital LLP		0.75%	quarterly
PROTEA UCITS II - IW PRECIOUS METAL MINING EQUITIES	S1-EUR-Cap	1.00%	monthly
	S2-EUR-Cap	1.00%	monthly
	P2-EUR-Cap	3.00%	monthly
PROTEA UCITS II - VICTORY FAR EAST OPPORTUNITY	A	1.75%	quarterly
	B	1.00%	quarterly
PROTEA UCITS II - GENESIS BOND FUND	P	1.50%	monthly
PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE	F	0.60%	monthly
	M	1.10%	monthly
	P	0.60%	monthly

When a sub-fund invests in the units of other UCITS and/or other UCIs linked to the SICAV by common management or control, or by a substantial direct or indirect holding, or managed by a management company linked to the relevant Investment Manager, no subscription or redemption fees may be charged to the SICAV on account of its investment in the units of such other UCITS and/or UCIs.

In respect of a sub-fund's investments in UCITS and other UCIs linked to the SICAV as described in the preceding paragraph, the total management fees (excluding any performance fee, if any) charged to such sub-fund and each of the UCITS or other UCIs concerned shall not exceed 2.5% of the relevant net assets under management.

Notes to the financial statements as at December 31, 2020 (continued)

NOTE 5 "TAXE D'ABONNEMENT"

The SICAV's net assets are subject to a subscription tax of 0.05% per annum payable at the end of each calendar quarter and calculated on the basis of the SICAV's total net assets at the end of the relevant quarter; such tax is reduced to 0.01% per annum in respect of Share Categories comprising of Institutional Investors only (as per article 174 of the 2010 Law), as well as in respect of money market SICAVs. This subscription tax is not applicable for the portion of the assets of a sub-fund invested in other Luxembourg undertakings for collective investment already subject to this *taxe d'abonnement*.

NOTE 6 DEPOSITARY, CENTRAL ADMINISTRATION, AGENT AND MANAGEMENT COMPANY FEES

The Depositary Bank, the Management Company and the Central Administration are entitled to receive from the SICAV fees, payable on a quarterly basis at a total annual rate which could vary according to the sub-funds.

As at December 31, 2020, these rates are the following:

	Central Administration* (max %)	Depositary Bank** (max %)	Management Company*** (max %)	Central Administration, Depositary Bank, Agent and Management Company (max %)
PROTEA UCITS II - GLOBAL OPPORTUNITIES	-	-	-	0.20%
PROTEA UCITS II - GLOBAL BALANCED	-	-	-	0.20%
PROTEA UCITS II - IW PRECIOUS METAL MINING EQUITIES	0.22%	0.07%	0.05%	-
PROTEA UCITS II - VICTORY FAR EAST OPPORTUNITY	0.15%	0.09%	0.10%	-
PROTEA UCITS II - GENESIS BOND FUND	0.48%	0.48%	0.085%	-
PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE	0.15%	0.10%	0.05%	-

** with a minimum of EUR 25,000 for PROTEA UCITS II - IW PRECIOUS METAL MINING EQUITIES, USD 50,000 for PROTEA UCITS II - VICTORY FAR EAST OPPORTUNITY and EUR 40,000 for PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE.*
*** with a minimum of EUR 25,000 for PROTEA UCITS II - IW PRECIOUS METAL MINING EQUITIES, USD 50,000 for PROTEA UCITS II - VICTORY FAR EAST OPPORTUNITY and EUR 30,000 for PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE.*
**** with a minimum of EUR 20,000 for PROTEA UCITS II - IW PRECIOUS METAL MINING EQUITIES, USD 50,000 for PROTEA UCITS II - VICTORY FAR EAST OPPORTUNITY, EUR 20,000 for PROTEA UCITS II - GENESIS BOND FUND and EUR 30,000 for PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE. These fees are included in the statement of operations and changes in net assets under the caption "Professional fees, audit fees and other expenses".*

NOTE 7 PROFESSIONAL FEES AND OTHER EXPENSES

As at December 31, 2020, the professional fees, audit fees and other expenses included management company, professional, domiciliation, legal, audit, reporting publishing, registration fees and other financial expenses.

Notes to the financial statements as at December 31, 2020 (continued)

NOTE 8 PERFORMANCE FEES

The classes of shares S2-EUR-Cap, P1-EUR-Cap and P2-EUR-Cap of the sub-fund PROTEA UCITS II - IW PRECIOUS METAL MINING EQUITIES are subject to performance fees accrued on each calculation day and paid yearly, equal to up to 20% of the positive outperformance of the NAV per share (measured against the high water mark) over the return of the Euromoney Global Gold Index, calculated since the last performance fees payment.

The class B of shares of the sub-fund PROTEA UCITS II - VICTORY FAR EAST OPPORTUNITY is subject to performance fees accrued on each valuation date, paid yearly, based on the NAV, equivalent to 10% of the performance of the NAV per share (measured against the high water mark) over the performance of the USD Libor 3 Months during the current year.

The class P of shares of the sub-fund PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE RETURN are subject to performance fees accrued on each calculation day and paid yearly, equal to 15% of the performance of the NAV per share (measured against the high water mark) over the performance of the Libor 3 Months relevant to the base currency of the share class during the current year. The below table outlines the rate benchmarks use following the base currency of each share class:

Base currency of share class	Hurdle rate index
EUR	Euribor 3 Month ACT/360
GBP	ICE LIBOR GBP 3 Month
CHF	ICE LIBOR CHF 3 Month
SEK	Stockholm Interbank Offered Rates 3 Month
USD	ICE LIBOR USD 3 Month

For the sub-fund PROTEA UCITS II - IW PRECIOUS METAL MINING EQUITIES and the sub-fund PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE RETURN, the high water mark means the greater of the following two figures:

- The last highest NAV per share on which a performance fee has been paid and;
- The initial NAV per share.

For the sub-fund PROTEA UCITS II - VICTORY FAR EAST OPPORTUNITY, the high water mark means the greater of the following two figures:

- The latest NAV per share after deduction of performance fee during the previous calculation period and;
- The latest high water mark.

For the year ended December 31, 2020, the sub-fund PROTEA UCITS II - IW PRECIOUS METAL MINING EQUITIES paid EUR 9,620.85 in performance fees.

For the year ended December 31, 2020, the sub-fund PROTEA UCITS II - VICTORY FAR EAST OPPORTUNITY paid USD 873,250.00 in performance fees.

For the year ended December 31, 2020, the sub-fund PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE RETURN paid EUR 1,063.26 in performance fees.

Notes to the financial statements as at December 31, 2020 (continued)

The other sub-funds are not subject to performance fees.

NOTE 9 EXCHANGE RATE AS AT DECEMBER 31, 2020

The following exchange rate was used for the conversion of the net assets of the sub-funds into EUR as at December 31, 2020:

1 EUR = 1.223550 USD

NOTE 10 OTHER FEES PAYABLE

As at December 31, 2020, the other fees payable included mainly administration, professional, management company, depositary bank, and service fees.

NOTE 11 CONTRACT FOR DIFFERENCE ("CFD")

The SICAV had the following CFD outstanding as at December 31, 2020:

PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE RETURN

Description	Quantity	Currency	Commitment in EUR
1Life Healthcare	11,659	USD	415,933.43
Acm Research 'A'	-9,648	USD	-640,676.72
Adobe	2,752	USD	1,124,866.36
Adyen	-588	EUR	-1,120,140.00
Agilent Technologies	6,140	USD	594,604.72
Akzo Nobel	15,204	EUR	1,335,823.44
Alibaba Health Info. Technology	288,000	HKD	695,166.53
Ambarella	-11,995	USD	-900,151.93
Amcor	98,403	USD	946,592.55
Anglogold Ashanti Reg.	-59,824	USD	-1,105,977.59
Apollo Global Management 'A'	-28,331	USD	-1,134,119.88
Asahi Kasei	169,200	JPY	1,412,395.07
Astec Industries	22,483	USD	1,063,557.71
Atlantia	-73,320	EUR	-1,078,903.80
Avanza Bank Holding	53,853	SEK	1,248,722.90
B2W Companhia Digital	84,100	USD	1,000,540.90
Banco Santander (Brasil)	152,100	USD	1,072,895.85
Barclays	-691,614	GBP	-1,133,354.01
Bayer Reg.	-24,798	EUR	-1,194,147.69
Best Buy	13,027	USD	1,062,452.97
Bgc Partners 'A'	-310,422	USD	-1,014,824.08
Biomerieux	7,023	EUR	810,454.20
Boc Aviation 144A/S	-157,000	HKD	-1,108,754.35
Boeing	-4,046	USD	-707,847.46
Bollore	-322,593	EUR	-1,091,009.53
Boston Beer A	-1,411	USD	-1,146,616.97
Broadcom	-3,326	USD	-1,190,216.26
Carpenter Technology	-30,570	USD	-727,553.76
Casella Waste Systems 'A'	-24,688	USD	-1,249,987.01
CCC	33,060	PLN	634,666.52
Central Garden & Pet 'A'	-32,238	USD	-957,220.01
China Eastern Airlines 'H'	3,012,000	HKD	1,063,556.72
China Gas Holdings	354,000	HKD	1,149,250.92
China Resources Power Holdings	-1,210,000	HKD	-1,064,958.61
China Taiping Insurance Holdings	-290,000	HKD	-427,332.63
Churchill Downs	-6,622	USD	-1,054,226.95
Cia Vale Do Rio Doce	-54,326	USD	-744,149.21
Cisco Systems	30,150	USD	1,102,703.20

Notes to the financial statements as at December 31, 2020 (continued)

PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE RETURN (continued)

Description	Quantity	Currency	Commitment in EUR
Clean Energy Fuels	160,797	USD	1,032,948.73
Clorox	1,992	USD	328,735.76
Cnooc	-4,426	USD	-331,529.48
Cogeco Communications	17,267	CAD	1,084,004.17
Comfort Systems Usa	19,034	USD	819,198.59
Comstock Resources	-198,335	USD	-708,368.23
Costar Group	-1,565	USD	-1,182,214.21
Cowen 'A'	32,995	USD	700,862.29
DBS Group Holdings	399	SGD	6,178.30
Dell Technologies 'C'	-18,238	USD	-1,092,446.59
Diodes	-19,879	USD	-1,145,412.53
Dish Network 'A'	-42,756	USD	-1,130,096.06
Domino's Pizza Enterprises	-23,673	AUD	-1,294,108.95
EDP - Energias do Brasil	138,000	USD	426,678.98
Electronic Arts	7,889	USD	925,879.94
Element Solutions	-78,510	USD	-1,137,658.70
Embracer Group 'B'	-60,807	SEK	-1,189,699.67
EMS - Chemie Holding Nom.	-1,460	CHF	-1,151,469.57
Enel Spa	72,190	EUR	597,444.44
Evergreen Marine (Taiwan)	1,242,000	USD	1,470,343.74
Fairfax Financial Holdings	-3,560	CAD	-990,828.41
Fastenal	27,255	USD	1,087,705.16
Faurecia	-26,450	EUR	-1,108,519.50
Fiat Chrysler Automobiles	-51,194	USD	-750,504.04
Fleetcor Technologies	-4,816	USD	-1,073,882.78
Frontline	-160,439	USD	-815,602.62
Fujitsu General	-50,000	JPY	-1,106,269.82
Galapagos	-662	EUR	-53,277.76
Games Workshop Group	9,863	GBP	1,234,121.63
Glencore International	-260,325	GBP	-670,200.44
Gmo Internet	-48,100	JPY	-1,127,438.17
H.U. Group Holdings	47,800	JPY	1,051,539.75
Haitong Securities 'H'	1,546,400	HKD	1,129,577.31
Hargreaves Lansdown	-16,588	GBP	-282,614.72
Hasbro	14,091	USD	1,077,252.37
Hitachi Transport System	31,300	JPY	760,662.42
Hologic	18,312	USD	1,089,994.65
Home Bancshares	-68,353	USD	-1,088,240.32
Home Depot	5,529	USD	1,200,288.49
HomeServe	87,683	GBP	1,004,084.29
Hua Hong Semiconductor 144A S	-252,000	HKD	-1,168,729.75
Huaneng Power International 'H'	-3,898,000	HKD	-1,162,757.51
Huatai Securities 'H'	911,000	HKD	1,171,491.36
Ibiden	33,600	JPY	1,280,692.36
IBM - International Business Machines Corporation	10,739	USD	1,104,838.64
Inditex Industria De Diseno Textil	20,820	EUR	542,152.80
Investec	370,867	GBP	776,044.95
ITV	892,080	GBP	1,064,402.69
J2 Global	-13,664	USD	-1,090,953.50
James River Group Holdings	-27,195	USD	-1,092,423.07
Jardine Strategic Holdings	-52,700	USD	-1,071,616.20
JBS	-342,700	USD	-1,275,817.21
Jiangxi Copper 'H'	-413,000	HKD	-530,222.59
Johnson Matthey	47,689	GBP	1,291,995.10
Kimberly-Clark	9,913	USD	1,092,370.39
Kingfisher	366,815	GBP	1,108,114.61
Kirby	-26,028	USD	-1,102,555.06
Kogan.Com	-64,984	AUD	-778,679.39
Koninklijke Kpn	462,146	EUR	1,149,357.10
Landstar Systems	10,056	USD	1,106,731.20
Lasertec	-9,000	JPY	-862,771.72
Lending Tree	-1,256	USD	-281,051.24
Liberty Media Sirusxm Group 'C'	-31,128	USD	-1,106,925.98
LS Electric	24,264	USD	1,151,914.53
Macom Technology Solutions	-27,250	USD	-1,225,810.14

Notes to the financial statements as at December 31, 2020 (continued)

PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE RETURN (continued)

Description	Quantity	Currency	Commitment in EUR
Marriott International 'A'	-10,328	USD	-1,113,538.28
Marubeni	203,800	JPY	1,106,880.79
Microsoft Corp	4,765	USD	866,193.70
Mirae Asset Daewoo	101,000	USD	717,334.75
Mitsubishi Motors	-465,700	JPY	-799,972.80
MMC Norilsk Nickel	-40,706	USD	-1,037,985.53
Monster Beverage	-15,003	USD	-1,133,976.90
Mr. Cooper Group	45,398	USD	1,151,321.92
MTR	21	HKD	95.96
National Beverage	-15,964	USD	-1,107,714.11
New Oriental Education Technology Group	-8,119	USD	-1,232,962.60
News 'A'	-75,815	USD	-1,113,477.63
Nextdc	145,985	AUD	1,125,986.88
Nike 'B'	-9,739	USD	-1,126,048.24
Nine Dragons Paper	-995,000	HKD	-1,153,656.85
Nippon Gas	-25,300	JPY	-1,107,528.48
NOF	-27,400	JPY	-1,134,387.68
Nomura Research Institute	41,700	JPY	1,219,718.88
Nvidia	2,363	USD	1,008,506.89
Ollie's Bargain Outlet Holdings	-4,168	USD	-278,547.96
Oracle	-22,121	USD	-1,169,553.75
Palo Alto Networks	-4,539	USD	-1,318,389.29
Persol Holdings	69,000	JPY	1,016,493.75
Pigeon	-31,000	JPY	-1,044,168.31
Ping An Insurance 'H'	77,000	HKD	771,036.99
Planet Fitness 'A'	17,999	USD	1,141,974.07
Polyus Pjsc	13,517	USD	1,113,574.11
Porsche Automobile Holding Vorz. -OSR-	-19,057	EUR	-1,074,814.80
Pro Medicus	-57,145	AUD	-1,231,103.99
RBC Bearings	-8,396	USD	-1,228,572.47
Rea Group	12,115	AUD	1,137,365.56
Red Electrica	66,293	EUR	1,112,065.07
Repay Holdings	-54,215	USD	-1,207,436.35
Resorttrust	86,500	JPY	1,009,305.97
Ritchie Brothers Auctioneers	12,158	USD	690,106.48
Ryder System	21,247	USD	1,072,465.14
Securitas 'B'	-83,120	SEK	-1,098,096.02
Sei Investments	-23,694	USD	-1,112,904.40
SG Holdings	47,900	JPY	1,066,252.54
Shockwave Medical	15,031	USD	1,274,173.77
Silvercrest Metals	-141,963	USD	-1,292,309.14
SJM Holdings	-1,157,000	HKD	-1,057,336.78
SMC Corporation	-2,200	JPY	-1,096,295.59
Soitec	-7,112	EUR	-1,132,941.60
Southern Copper	-21,810	USD	-1,160,775.78
Steel Dynamics	45,042	USD	1,357,278.85
Stericycle	-19,296	USD	-1,093,369.03
Suzuki Motor	-26,400	JPY	-999,361.81
Switch 'A'	-82,506	USD	-1,103,856.17
Taiwan Semiconductor Manufacturing	16,830	USD	1,499,851.42
Tal Education Group 'A'	-19,326	USD	-1,129,502.07
Tenaris	-130,761	EUR	-866,160.86
The Swatch Group	-26,294	CHF	-1,136,793.91
Thor Industries	10,544	USD	801,345.72
Tianneng Power International	618,000	HKD	1,218,122.50
Tootsie Roll Industries	-45,619	USD	-1,107,338.73
Toyota Industries	-17,300	JPY	-1,121,603.24
Tradeweb Markets 'A'	-10,877	USD	-555,162.15
Twitter	-25,204	USD	-1,115,439.99
Tyro Payments	552,722	AUD	1,111,977.69
Tyson Foods 'A'	-20,650	USD	-1,087,561.60
Uniper	-39,169	EUR	-1,106,132.56
United Internet Reg.	-30,964	EUR	-1,066,090.52
Universal Health Services 'B'	-9,789	USD	-1,100,067.43
Wacom	-119,500	JPY	-818,263.66

Notes to the financial statements as at December 31, 2020 (continued)

PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE RETURN (continued)

Description	Quantity	Currency	Commitment in EUR
Weibo 'A'	-30,309	USD	-1,015,378.13
Westlake Chemical	-14,630	USD	-975,692.04
Worley	179,910	AUD	1,303,688.91
Wynn Resorts	-11,692	USD	-1,078,181.00
Yamato Holdings	54,100	JPY	1,126,749.47
Zions Bancorporation	30,352	USD	1,077,594.61

NOTE 12 FORWARD FOREIGN EXCHANGE CONTRACTS

Forward foreign exchange contracts on identical currency pairs listed below are aggregated. Only the longest maturity date is shown.

The following forward foreign exchange contracts were outstanding as at December 31, 2020:

PROTEA UCITS II - GLOBAL OPPORTUNITIES

Currency	Purchase	Currency	Sale	Maturity date
EUR	343,767.81	USD	418,000.00	14/04/2021

The net unrealised gain on this contract as at December 31, 2020 was EUR 2,925.07 and is included in the statement of net assets.

PROTEA UCITS II - GLOBAL BALANCED

Currency	Purchase	Currency	Sale	Maturity date
EUR	498,900.50	CHF	540,264.92	19/03/2021
EUR	1,188,551.97	GBP	1,079,251.95	19/03/2021
EUR	904,723.57	HKD	8,597,000.00	19/03/2021
EUR	878,739.31	JPY	111,165,000.00	19/03/2021
EUR	13,156,053.30	USD	16,067,473.61	14/04/2021

The net unrealised gain on these contracts as at December 31, 2020 was EUR 30,082.25 and is included in the statement of net assets.

PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE RETURN

Currency	Purchase	Currency	Sale	Maturity date
CHF	3,067,398.13	EUR	2,822,750.36	29/01/2021
EUR	22,300,000.00	USD	26,666,611.84	10/02/2021
GBP	34,863,178.45	EUR	38,356,496.36	29/01/2021
USD	3,767,781.42	EUR	3,075,137.46	29/01/2021

The net unrealised gain on these contracts as at December 31, 2020 was EUR 1,116,847.91 and is included in the statement of net assets.

Notes to the financial statements as at December 31, 2020 (continued)

NOTE 13 OPTIONS CONTRACTS

The SICAV had the following options contracts outstanding as at December 31, 2020:

PROTEA UCITS II - GLOBAL BALANCED

Name	Quantity	Strike	Maturity date	Currency	Commitment in EUR	Market value in EUR
CALL Uber Technologies	-176	38	15/01/2021	USD	-706,459.73	-186,996.86
PUT American Express	-72	95	15/01/2021	USD	13,518.44	-500.18
PUT Micron Technology	-164	42	15/01/2021	USD	5,038.42	-335.09
PUT S&P E-Mini 500	43	3250	19/03/2021	USD	-862,939.41	62,379.96

The market value on these contracts as at December 31, 2020, was EUR 125,452.17 and is included in the liabilities part of the statement of net assets.

NOTE 14 COLLATERAL ON OTC DERIVATIVES PRODUCTS

In the framework of their transactions on OTC derivatives products (forward foreign exchange contracts and CFD), the sub-funds of the SICAV have not received any collateral from the various counterparties with which they deal.

NOTE 15 COVID-19

The Board of Directors of the SICAV acknowledges that the worldwide COVID-19 outbreak is an event during the year as of December 31, 2020.

The COVID-19 outbreak and the consequences of all the measures taken in response to the virus by the world community has affected the global economy, the financial markets worldwide and therefore also the asset management industry.

There are still a lot of uncertainties in relation to the duration of this outbreak.

Although the potential impacts arising from the situation are still difficult to accurately assess, the following key elements should be noted in relation to the SICAV, since the COVID-19 outbreak and until the closing date as at December 31, 2020:
− No specific liquidity risk management measures were triggered, such as: NAV suspension, gating, deferred redemptions.
− The SICAV did not suffer from any significant operational service disruptions. The SICAV has therefore been continuing its usual operations in accordance with its investment strategy and prospectus. The published unaudited sub-funds net assets values and financial information are available on Fundsquare or upon request at the registered office of the SICAV.

NOTE 16 SUBSEQUENT EVENT

No subsequent event occurred after the year end.

Total Expense Ratio ("TER") (unaudited appendix)

Pursuant to the "Guidelines on the calculation and disclosure of the total expense ratio (TER) of collective investment schemes" of May 16, 2008 (version of April 20, 2015) of the Swiss Funds & Asset Management Association* ("SFAMA"), the SICAV is obliged to publish a TER for the latest 12-month period.

* As at September 25, 2020, the SFAMA merged with the AMP ("Asset Management Platform") to become the AMAS ("Asset Management Association Switzerland").

The TER is defined as the ratio between the total operating expenses (operating charges primarily consist of management and investment advisory fees, depositary fees, bank charges and interest, service fees, performance fees, taxes and duties) and the relevant sub-fund's / share class' average NAV (calculated on the basis of the daily average of the total net assets for the relevant year) expressed in its reference currency.

As much as the sub-fund invests more than 10% of its assets in other investment funds, a synthetic TER is calculated :

- by adding to the TER the sum of the TER of underlying funds weighted according to their share in the net assets of the related sub-fund at the reference date. If one of the target funds does not publish any TER, no synthetic TER will be calculated for this fraction of investment.
- by subtracting the impact of the retrocession received calculated by dividing the amount of retrocessions by the average assets.

Moreover, for the new share classes launched during the year, operating fees were annualised as stated in point 8 of the Guidelines. The amounts were annualised whereas certain fixed costs were not split equally over the year.

For the period from January 1, 2020 to December 31, 2020, the TER was:

Share class	Currency	Annualised TER including performance fees	Annualised TER excluding performance fees	Synthetic TER
PROTEA UCITS II - GLOBAL OPPORTUNITIES				
A restricted special	EUR	0.79%	0.79%	1.01%
PROTEA UCITS II - GLOBAL BALANCED				
A restricted	EUR	0.82%	0.82%	1.13%
PROTEA UCITS II - IW PRECIOUS METAL MINING EQUITIES				
S1-EUR-Cap	EUR	1.34%	1.34%	-
S2-EUR-Cap	EUR	2.81%	1.32%	-
P2-EUR-Cap	EUR	3.76%	2.38%	-
PROTEA UCITS II - VICTORY FAR EAST OPPORTUNITY				
A	USD	2.59%	2.59%	-
B	USD	5.43%	1.85%	-
PROTEA UCITS II - GENESIS BOND FUND				
P Acc USD	USD	2.28%	2.28%	-
PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE RETURN				
F ACC EUR	EUR	1.03%	1.03%	-
F ACC GBP	GBP	1.12%	1.12%	-
F ACC USD	USD	1.10%	1.10%	-
M ACC EUR	EUR	1.21%	1.21%	-
M ACC GBP	GBP	1.24%	1.24%	-

Total Expense Ratio ("TER") (unaudited appendix) (continued)

Share class	Currency	Annualised TER including performance fees	Annualised TER excluding performance fees	Synthetic TER
PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE RETURN (continued)				
M ACC CHF	CHF	1.29%	1.29%	-
M ACC USD	USD	1.28%	1.28%	-
P ACC EUR	EUR	1.11%	1.08%	-

Performance (unaudited appendix)

The performance per share class was calculated by comparing the net assets per share as at December 31, 2019 with the net assets per share as at December 31, 2020.

The performance was calculated at the end of each financial year according to the "Guidelines on the calculation and publication of the performance data of collective investment schemes" of May 16, 2008 (version of July 1, 2013) of the Swiss Funds & Asset Management Association ("SFAMA").

The performance given is based on historical data, which is no guide to current or future performance. Commissions and fees levied for the issue or redemption of shares, as applicable, have not been taken into account in this performance calculation.

As at December 31, 2020, performances were the following:

Share class	Currency	Performance for the financial year ending December 31, 2020	Performance for the financial year ending December 31, 2019	Performance for the financial year ending June 30, 2019
PROTEA UCITS II - GLOBAL OPPORTUNITIES				
A restricted special	EUR	3.14%	5.78%	4.10%
PROTEA UCITS II - GLOBAL BALANCED				
A restricted	EUR	6.21%	5.33%	2.35%
PROTEA UCITS II - IW PRECIOUS METAL MINING EQUITIES				
S1-EUR-Cap	EUR	24.75%	23.15%	23.11%
S2-EUR-Cap	EUR	23.15%	-	22.89%
P2-EUR-Cap	EUR	21.95%	21.49%	21.77%
PROTEA UCITS II - VICTORY FAR EAST OPPORTUNITY				
A	USD	57.86%	7.71%	-11.49%
B	USD	54.30%	8.11%	-10.84%
PROTEA UCITS II - GENESIS BOND FUND				
P Acc USD	USD	2.26%	-1.19%	6.98% *
PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE RETURN				
F ACC EUR	EUR	3.04%	1.63% *	-
F ACC GBP	GBP	3.72%	2.08% *	-
F ACC USD	USD	4.08%	-2.13% *	-
M ACC EUR	EUR	-2.29% *	-	-
M ACC GBP	GBP	-2.09% *	-	-
M ACC CHF	CHF	-0.91% *	-	-
M ACC USD	USD	-0.69% *	-	-
P ACC EUR	EUR	2.26% *	-	-

** The performance of share classes launched during the year/period was calculated by comparing the net assets per share as at the launch date of the share class with the net assets per share at the end of the year/period.*

Past performance is not an indicator of current or future returns.

Other information to Shareholders (unaudited appendix)

1. Remuneration of the members of the Management Company of the SICAV

The Management Company has adopted a Remuneration Policy which is in accordance with the principles established by the law of 10 May 2016, amending the law of 17 December 2010 ("the Law").

The financial year of the Management Company ends on 31 December of each year.

The table below shows the total amount of the remuneration for the financial year ended as at December 31, 2020, split into fixed and variable remuneration, paid by the Management Company to its staff.

The table has been prepared taking into consideration point 162 of section 14.1 of the ESMA remuneration guidelines relating to the confidentiality and data protection in presenting the remuneration information.

	Number of Beneficiaries	Total remuneration (EUR)	Fixed remuneration (EUR)	Variable remuneration (target or discretionary bonuses, parts remuneration) (EUR)
Total remuneration paid by the Management Company during 2020	21	28,362	19,512	8,850

Additional explanation

The beneficiaries reported are composed of the risk takers (including the 4 Conducting Officers) and the staff of the Management Company dedicated to Management Company activities for all the Funds under management, remunerated by the Management Company. In addition, the Management Company did not remunerate directly the staff of the Investment Manager, but rather ensured that the Investment Manager complies with the Remuneration Policy requirements itself.

The benefits have been attributed according to criteria such as level of seniority, hierarchic level, or other eligibility criteria, not taking into account performance criteria, and are thus excluded from the fixed or variable remuneration figures provided above.

Total fixed and variable remuneration disclosed is based on apportionment of Asset Under Management represented by the SICAV.

The 2020 annual review outcome showed no exception.

There have been no changes to the adopted remuneration policy since its implementation.

Other information to Shareholders (unaudited appendix) (continued)

2. Securities Financing Transactions Regulation ("SFTR")

As at December 31, 2020, the SICAV is currently in the scope of the requirements of the Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse. Nevertheless, no corresponding transactions were carried out during the year referring to the financial statements.

3. Information on risk measurement

Introduction

With the exception of the Protea UCITS II - Global Balanced, Protea UCITS II - Global Opportunities and Protea Ucits II - Eco Advisors ESG Absolute Return sub-funds using VaR approach, Absolute VaR option, all the other sub-funds used Commitment approach to monitor their Global Risk Exposure.

The following table (table 1.1) provides the information required as per CSSF circular 11/512 for the sub-funds monitored through the VaR approach .

Other information to Shareholders (unaudited appendix) (continued)

Table 1.1 – Summary risk disclosures

					VaR Limit ratio							
Sub funds	Average leverage	Leverage Computation approach	GRE monitoring approach	VaR optional Regime	Average	Minimum	Maximum	Sub fund Average VaR	Benchmark Average VaR	Benchmark	Legal limit	VaR Models and Inputs
Protea Ucits II - Global Balanced	28.67%	notionals of the derivatives	VaR	Absolute	6.66%	3.39%	11.64%	6.66%	n/a	n/a	20%	1 month holding period, 99% CI, Monte Carlo, observation period 3.5 years
Protea Ucits II - Global Opportunities	17.31%	notionals of the derivatives	VaR	Absolute	6.55%	4.06%	8.40%	6.55%	n/a	n/a	20%	1 month holding period, 99% CI, Monte Carlo, observation period 3.5 years
Protea Ucits II - Eco Advisors ESG Absolute Return	127.81%	notionals of the derivatives	VaR	Absolute	2.48%	1.66%	4.73%	2.48%	n/a	n/a	20%	1 month holding period, 99% CI, Monte Carlo, observation period 3.5 years

Other information to Shareholders (unaudited appendix) (continued)

General comments

All VaR figures are calculated by taking into consideration the following parameters

- 1 month holding horizon
- 99% confidence interval (this means that there is a 1% probability that the value of the portfolio could have a monthly decline larger than the percentage displayed)
- Monte Carlo simulations
- 3,5 years of data history to determine the risk factors

The treatment and presentation of VaR figures is slightly different depending on the VaR option used (relative or absolute).

Absolute VaR option

For sub fund using the Absolute VaR option, we present the figures (average, min and max) in absolute terms. In other words they are not measured against any benchmark nor limit. We consider that way of presenting the figures as more relevant and easier to understand.

The leverage level is included as well. It has been calculated as the sum of the notionals of the derivatives used (CESR/10-788 box25). The presented figure is based on daily observations covering the year under review.

Sub-funds using the Commitment approach

For the sub-funds using the Commitment approach to monitor the global risk exposure, financial derivatives instruments are converted into their equivalent position in the underlying asset.

The global risk exposure shall not exceed the sub-fund's net asset value.