

Annual report as at 30 September 2020

Flossbach von Storch III SICAV

R.C.S. Luxembourg B 220220

Investment fund under Luxembourg law

An investment fund pursuant to Part I of the law of 17 December 2010 concerning undertakings for collective investment, in the legal form of a Société d'Investissement à Capital Variable (SICAV), as currently amended

MANAGEMENT COMPANY:

Flossbach von Storch Invest S.A.

R.C.S. Luxembourg B 171513



Flossbach von Storch

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The sales prospectus and the Articles of Association it includes, the Key Investor Information Document and the annual and semi-annual reports on the fund are available free of charge by post, fax or email from the registered offices of the investment company, the Depositary Bank, the paying agents and sales agents for each country in which it is sold. Additional information may be obtained from the management company at any time during normal business hours.

Subscriptions for fund shares are only valid if based on the latest edition of the sales prospectus, including its annexes in conjunction with the most recently available annual report or semi-annual report if one has been published thereafter.

Report on business operations

Flossbach von Storch III SICAV – Multiple Opportunities II Feeder

The sub-fund Flossbach von Storch III SICAV – Multiple Opportunities II Feeder is a Feeder-UCITS in accordance with Article 77 of the Law of 17 December 2010.

The sub-fund permanently invests at least 85% of the sub-fund's net assets in shares of the fund Flossbach von Storch – Multiple Opportunities II MT (ISIN: LU1716948093), the Master UCITS.

Share class R of the Flossbach von Storch III SICAV – Multiple Opportunities II Feeder subfund ended the last financial year from 1 October 2019 to 30 September 2020 with an increase in value of 6.1%.

In comparison, the major equity indices performed as follows, taking into account net dividends: The globally leading MSCI World Index gained 2.6% in euro. European equities fell 6.2%, based on the Stoxx Europe 600 index. In addition, the REXP bond index fell by 0.4% during the reporting period. The price of gold rose by 28.1% (in US dollars) or 19.1% (in euro).

The financial year had an initially positive start. By February 2020, global stock markets grew by 7.4% based on the MSCI World Index (including dividends in euro). It is typical for new records to be attained, especially on the US stock exchanges.

However, the stock markets rapidly responded after it became apparent that the coronavirus crisis would not be contained within China and that measures taken to protect the population would cause an economic

downturn that was unprecedented in peacetime. Within one month, the leading German stock index DAX lost 39% at its worst point, and the US stock index, S&P 500, lost approximately 34%. High-quality corporate bonds also suffered double-digit declines.

The underlying uncertainty brought with it concerns of further severe price falls in light of panic-fuelled discount sales in markets. However, the states and central banks' reaction function, as previously seen during the financial and eurozone crises, put a quick end to this development: The US central bank, Federal Reserve (Fed), responded by cutting the Federal Funds Target Rate to between 0.00% and 0.25% at a record pace, and by implementing unlimited government borrowing when needed. Notably, the European Central Bank (ECB) agreed on the EUR 1350 billion Pandemic Emergency Purchase Programme (PEPP), which prevented a significant divergence between the yields on German government bonds and the government bonds of the surrounding countries of Europe in the early stages. In the shadow of such a monumental monetary policy, governments around the world also displayed indubitable determination to (economically) combat the coronavirus pandemic. The US fiscal package alone is around USD 3000 billion to date.

As a result, the markets not only calmed down, but many market participants also experienced an unexpectedly rapid recovery. For example, the S&P 500 had risen by a staggering 60% from its low point in March by 2 September, marking a new record high. Yields on global government and corporate

REPORT ON BUSINESS OPERATIONS

bonds also shifted once more towards an all-time low in the third quarter of 2020. However, we do not share the concern that past market developments have been irrational and that they do not adequately reflect the underlying economic performance.

In the stock market, for example, there is a clear differentiation between those who have profited and those who have lost from the coronavirus pandemic. Whilst those hindered by the pandemic, such as airlines or oil and petrol producers, have still been significantly lagging behind their early-year rates until recently, companies whose business model proved to be resilient or even benefitted from the accelerated structural change brought about by the crisis, such as increased digitalisation, reached new highs. In particular, the price increase of companies with high growth potential and very good earnings prospects is a reflection of the low interest rate environment, which has now also arisen in the US and is expected to remain the case for at least the next few years.

In this turbulent year, gold once again proved to function as insurance against risks in the financial system, both known and unknown. Investment demand for gold increased significantly this year, which has helped to boost the price of gold. In addition, the opportunity costs of holding gold have become advantageous as opposed to the negative interest-bearing bank deposits.

Equity index futures used for temporary equity hedging have reduced the portfolio's loss (drawdown) in the coronavirus crisis. The sub-fund's equity holdings focus remains on globally oriented companies with strong market positions, high pricing power, stable margins and a solid balance sheet structure. This focus on quality companies has been beneficial both to the fund portfolio during

the coronavirus crisis to the same extent as our demand for diversification and flexibility.

The Master-UCITS' equity holdings focus on globally oriented companies with strong market positions, high pricing power, stable margins and a solid balance sheet structure. These quality criteria for selecting equities ensure that companies from the consumer goods sector are relatively heavily weighted in the sub-fund.

As of 30 September 2020, the volume of the Feeder-UCITS was around EUR 230 million. The five largest equity positions of the Master-UCITS were Nestlé, Reckitt Benckiser, Unilever, Alphabet und Alibaba, which together accounted for approximately 18.8% of the sub-fund's assets. The equity allocation was approximately 73.89% at the end of the financial year.

Approximately 9.00% of the Master-UCITS' assets were invested in bonds. The precious metal ratio stood at around 9.53% at the financial year end. It is held in the form of non-physical gold and serves diversification and portfolio hedging purposes. The exchange rate risks of existing equity positions in foreign currencies, predominantly the US dollar and the Yen, were partly hedged at the end of the financial year.

Luxembourg, October 2020

The fund management on behalf of the Board of Directors of Flossbach von Storch III SICAV

The data and figures contained in this report are based on past performance and are no indication of future performance.

Flossbach von Storch III SICAV – Multiple Opportunities II Feeder Sub-Fund

Annual report

1 October 2019 - 30 September 2020

The sub-fund Flossbach von Storch III SICAV – Multiple Opportunities II Feeder is a Feeder-UCITS in accordance with Article 77 of the Law of 17 December 2010.

The sub-fund permanently invests at least 85% of the sub-fund's net assets in shares of the fund Flossbach von Storch – Multiple Opportunities II MT (ISIN: LU1716948093), the Master-UCITS.

The latest valid annual and semi-annual reports for the Master-UCITS may be obtained from the homepage www.fvsinvest.lu or may also be requested from the management company Flossbach von Storch Invest S.A.

The company is entitled to create share classes with different rights in relation to the shares. Details of the current share classes are as follows for the reporting period:

	Share class R	Share class H
Securities ID No. (WKN):	A2H7AC	A2H7AD
ISIN:	LU1716946634	LU1716946808
Issue surcharge:	up to 5.00 %	up to 5.00 %
Redemption fee:	none	none
Management fee:	up to 1.53 % p.a.	up to 0.98 % p.a.
Minimum initial investment:	none	none
Minimum subsequent investment:	none	none
Use of income:	distributing	distributing
Currency:	EUR	EUR

FLOSSBACH VON STORCH III SICAV – MULTIPLE OPPORTUNITIES II FEEDER

Geographical breakdown by country ¹⁾

Luxembourg	99.30%
Securities holdings	99.30%
Cash at banks	1.08%
Balance of other receivables and payables	-0.38%
	100.00%

Breakdown by economic sector ¹⁾

Investment fund holdings	99.30%
Securities holdings	99.30%
Cash at banks	1.08%
Balance of other receivables and payables	-0.38%
	100.00%

Performance since launch

Share class R

Date	Net sub-fund assets EUR millions	Shares outstanding	Net cash inflow EUR thousands	Share value EUR
30 September 2018	30.92	309,174	30,829.14	99.99
30 September 2019	60.18	552,371	25,408.15	108.94
30 September 2020	114.70	1,000,819	49,236.04	114.61

Share class H

Date	Net sub-fund assets EUR millions	Shares outstanding	Net cash inflow EUR thousands	Share value EUR
30 September 2018	31.20	311,162	31,058.16	100.26
30 September 2019	77.19	702,830	39,633.41	109.83
30 September 2020	114.36	984,893	31,758.74	116.11

¹⁾ Due to rounding differences in individual amounts, totals may differ from the actual value.

FLOSSBACH VON STORCH III SICAV – MULTIPLE OPPORTUNITIES II FEEDER

Composition of net sub-fund assets

as at 30 September 2020

	EUR
Securities holdings	227,457,698.72
(cost of acquisition of securities: EUR 201,231,268.34)	
Cash at banks	2,477,904.75
Receivables from the sales of shares	846,723.52
Other receivables ¹⁾	3,266.16
	230,785,593.15
Payables from share redemptions	-32,679.59
Interest payable	-2,275.63
Payables from securities transactions	-805,903.32
Other liabilities ²⁾	-884,634.90
	-1,725,493.44
Net sub-fund assets	229,060,099.71

Allocation to the share classes

Share class R	
Proportion of net sub-fund assets	114,699,762.16 EUR
Shares in circulation	1,000,818.980
Share value	114.61 EUR
Share class H	
Proportion of net sub-fund assets	114,360,337.55 EUR
Shares in circulation	984,893.058
Share value	116.11 EUR

¹⁾ The position includes capitalised fund launch costs.

²⁾ This position consists primarily of performance fee payables and Belgian tax accrual.

FLOSSBACH VON STORCH III SICAV – MULTIPLE OPPORTUNITIES II FEEDER

Change in net sub-fund assets

in the reporting period from 1 October 2019 to 30 September 2020

	Total EUR	Share class R EUR	Share class H EUR
Net sub-fund assets at the beginning of the reporting period	137,370,408.98	60,176,872.96	77,193,536.02
Ordinary net income/expense	-3,189,201.41	-1,873,109.66	-1,316,091.75
Income and expense equalisation	635,578.37	424,070.66	211,507.71
Cash inflows from share sales	99,409,954.43	59,452,288.79	39,957,665.64
Cash outflows from share redemptions	-18,415,178.54	-10,216,253.69	-8,198,924.85
Realised profits	682,632.61	326,633.68	355,998.93
Net change in unrealised profits	13,749,865.95	6,934,208.81	6,815,657.14
Net change in unrealised losses	0.00	1,093.81	-1,093.81
Distribution	-1,183,960.68	-526,043.20	-657,917.48
Net sub-fund assets at the end of the reporting period	229,060,099.71	114,699,762.16	114,360,337.55

Changes in number of shares in circulation for share class R

	No. of shares
Shares in circulation at start of reporting period	552,370.618
Shares issued	540,024.640
Shares redeemed	-91,576.278
Shares in circulation at end of reporting period	1,000,818.980

Changes in number of shares in circulation for share class H

	No. of shares
Shares in circulation at start of reporting period	702,830.279
Shares issued	356,242.022
Shares redeemed	-74,179.243
Shares in circulation at end of reporting period	984,893.058

FLOSSBACH VON STORCH III SICAV – MULTIPLE OPPORTUNITIES II FEEDER

Statement of income and expenses

in the reporting period from 1 October 2019 to 30 September 2020

	Total EUR	Share class R EUR	Share class H EUR
Income			
Bank interest	-7,057.74	-3,407.39	-3,650.35
Other income	972.00	429.28	542.72
Income equalisation	-844.74	-495.50	-349.24
Total income	-6,930.48	-3,473.61	-3,456.87
Expenses			
Interest payable	-0.01	-0.01	0.00
Performance fee	-1,169,972.68	-530,641.34	-639,331.34
Management fee / Fund management fee	-1,098,164.07	-781,327.50	-316,836.57
Depositary fee	-19,748.88	-9,496.20	-10,252.68
Central administration agent fee	-8,342.83	-4,011.64	-4,331.19
Taxe d'abonnement	-519.18	-253.16	-266.02
Publication and auditing costs	-8,644.47	-4,154.22	-4,490.25
Typesetting, printing and dispatch costs for the annual and semi-annual reports	-1,584.03	-726.83	-857.20
Registrar and transfer agent fee	-9,827.50	-4,683.32	-5,144.18
State fees	-8,112.57	-3,726.51	-4,386.06
Formation expenses	-1,403.06	-671.51	-731.55
Other expenses ¹⁾	-221,218.02	-106,368.65	-114,849.37
Expense equalisation	-634,733.63	-423,575.16	-211,158.47
Total expenses	-3,182,270.93	-1,869,636.05	-1,312,634.88
Ordinary net income	-3,189,201.41	-1,873,109.66	-1,316,091.75
Total transaction costs in the reporting period ²⁾	0.00		
Ongoing charges as a percentage ²⁾		1.73	1.18
Total expense ratio as a percentage ²⁾		1.03	0.48
Performance fee in percent ²⁾		0.60	0.67

¹⁾ This position consists primarily of Belgian tax accrual and general administrative expenses.

²⁾ See the Notes to the report.

FLOSSBACH VON STORCH III SICAV – MULTIPLE OPPORTUNITIES II FEEDER

Statement of assets as at 30 September 2020

ISIN	Securities		Additions in the reporting period	Disposals in the reporting period	Quantity	Price	Market Value EUR	% share of NSFA ¹⁾
Investment fund holdings²⁾								
Luxembourg								
LU1716948093	Flossbach von Storch – Multiple Opportunities II MT	EUR	713,333	55,423	1,875,476	121.2800	227,457,698.72	99.30
							227,457,698.72	99.30
Investment fund holdings							227,457,698.72	99.30
Securities holdings							227,457,698.72	99.30
Cash at banks							2,477,904.75	1.08
Balance of other receivables and payables							-875,503.76	-0.38
Net sub-fund assets in EUR							229,060,099.71	100.00

Additions and disposals from 1 October 2019 to 30 September 2020

During the period under review, no further purchases or sales of securities, debentures or derivatives, including non-monetary transactions, that are not listed in the schedule of assets, were made.

Exchange rates

As at 30 September 2020 there were only assets in the sub-fund currency (EUR).

¹⁾ NSFA = net sub-fund assets. Due to rounding differences in individual amounts, totals may differ from the actual value.

²⁾ Neither subscription fees nor redemption fees are charged for target fund shares. A management fee of 0.65% p.a. is calculated for units held of the target fund.

Notes to the annual report as at 30 September 2020 (Appendix)

1.) Introduction

The Flossbach von Storch III SICAV investment fund is a Luxembourg investment company (“société d’investissement à capital variable”) that has been established in the form of an undertaking for collective investment in transferable securities (“UCITS”), in the form of an umbrella fund with one or more sub-funds in accordance with the UCITS Directive and in accordance with Part I of the Luxembourg Law of 17 December 2010 on undertakings for collective investment (the “Law of 17 December 2010”), as amended. The investment company was founded on 5 December 2017 and its Article of Association were published on 27 December 2017 in Mémorial, Recueil des Sociétés et Associations the official journal of the Grand Duchy of Luxembourg (‘Mémorial’). The investment company is registered in the Luxembourg Trade and Companies Register under registration number R.C.S. Luxembourg B 220220. The term of the umbrella fund is unlimited. The term of individual sub-funds may, however, be limited; this information can be found in the relevant annex specific to the sub-fund in the prospectus. The respective sub-funds are feeder UCITS within the meaning of Article 77 of the Law of 17 December 2010. The objective of the investment policy of the sub-fund Flossbach von Storch III SICAV – Multiple Opportunities II Feeder (“sub-fund”) is to reflect as far as possible as a feeder UCITS the performance of the Flossbach von Storch – Multiple Opportunities II (MT share class) (“Master-UCITS”), a legally dependent fund in accordance with Chapter 2 of the Law of

17 December 2010, in the form of an umbrella fund.

The management company of the investment company is Flossbach von Storch Invest S.A. (the “management company”), a public limited company (Aktiengesellschaft) under the law of the Grand Duchy of Luxembourg with its registered office at 2, rue Jean Monnet, L-2180 Luxembourg, Luxembourg. The management company was incorporated for an indefinite period on 13 September 2012. Its articles of association were published in the Mémorial on 5 October 2012. The most recent amendment to the articles of association came into force on 15 November 2019 and was published in Recueil électronique des sociétés et associations („RESA”), the trade and companies register of Luxembourg. The management company is registered in the Luxembourg Trade and Companies Register under registration number R.C.S. Luxembourg B 171513. The management company’s financial year ends on 31 December of each year.

The current version of the sales prospectus with integrated management regulations, the most recent annual and semi-annual reports and the key investor information documents of the individual Master-UCITS can be downloaded from the website of the management company (www.fvsinvest.lu).

The Flossbach von Storch III SICAV Fund consists of one sub-fund, the Flossbach von Storch SICAV - Multiple Opportunities II Feeder, as at 30 September 2020. Consequently, the composition of the net sub-fund assets, the statement of income and expenses and the

NOTES (continued)

statement of assets as at 30 September 2020 of Flossbach von Storch III SICAV - Multiple Opportunities II Feeder correspond to the combined assets of the fund Flossbach von Storch III SICAV.

2.) Master-feeder structures

The following sub-funds are involved in a master-feeder structure:

Master-UCITS	Feeder sub-fund	Currency	Amount of aggregate charges	Aggregate charges in %	% of ownership of the Master-UCITS
Flossbach von Storch - Multiple Opportunities II (unit class MT)	Flossbach von Storch III SICAV – Multiple Opportunities II Feeder (share class R)	EUR	2,097,580.57	2.36%	1.06%
Flossbach von Storch - Multiple Opportunities II (unit class MT)	Flossbach von Storch III SICAV – Multiple Opportunities II Feeder (share class H)	EUR	1,751,068.09	1.83%	1.06%
Flossbach von Storch - Multiple Opportunities II	Flossbach von Storch III SICAV – Multiple Opportunities II Feeder	EUR	3,848,648.66	2.09%	2.12%

The information regarding the description of the master-feeder structures, the investment objective and policy of the Master-UCITS are detailed in the prospectus of the fund.

The audited financial statements and the prospectus of the Master-UCITS and feeder UCITS are available on www.fvsinvest.lu.

The valuation of the master sub-fund for the Flossbach von Storch III SICAV – Multiple Opportunities II Feeder is dated 30 September 2020.

3.) Key accounting and valuation principles

These annual financial statements have been prepared under the responsibility of the management company in conformity with the legal provisions and regulations prevailing in

Luxembourg for the preparation and presentation of reports.

1. The net company assets of the investment company are denominated in euros (EUR) (“reference currency”).
2. The value of a share (“net asset value per share”) is denominated in the currency laid down in the annex to the sales prospectus (“sub-fund currency”) unless a currency other than the sub-fund currency has been specified in the relevant annex to the sales prospectus in relation to any other share classes which may exist (“share class currency”).
3. The net asset value per share is calculated on each valuation day by the management company or a third party appointed for this purpose under the

NOTES (continued)

supervision of the depositary. The Board of Directors may decide to apply different rules to individual funds, but the net asset value per share must be calculated at least twice per month.

4. In order to calculate the net asset value per share, the value of the assets of each sub-fund less the liabilities of each sub-fund ("net sub-fund assets") is determined on each valuation day and divided by the number of shares in circulation on the valuation day.

However, the management company can decide to calculate the net asset value per share on 24 and 31 December of a year without the calculation representing the net asset value per share on a valuation day as defined by the previous sentence 1 of this clause 4. As a result, shareholders may not request the issue, redemption and/or conversion of shares on the basis of a net asset value per share calculated on 24 and/or 31 December of a given year.

5. To the extent that information on the situation of the net assets of the company must be provided in the annual or semi-annual reports and/or other financial statistics in accordance with the applicable legislative provisions or in accordance with the conditions of these articles of association, the value of the assets of each sub-fund will be converted to the reference currency. Net sub-fund assets are calculated according to the following principles:
 - a) Securities, money market instruments, derivative financial instruments (derivatives) and other assets officially listed on a stock exchange are valued at the most recently available closing price that provides a reliable

valuation. If securities, money market instruments, derivative financial instruments or other assets are officially listed on more than one stock exchange, the price quoted on the exchange with the most liquidity is used.

- b) Securities, money market instruments, derivative financial instruments (derivatives) and other assets that are not officially listed on a stock exchange (or whose market price is not deemed representative, e.g. due to lack of liquidity) but that are traded on a regulated market shall be valued at a price that is not lower than the bid price and not higher than the offer price on the trading day preceding the valuation day and that the management company considers, to the best of its knowledge, to be the best possible price at which the securities, money market instruments, derivative financial instruments (derivatives) or other assets can be sold. The management company may specify for individual sub-funds that securities, money market instruments, derivative financial instruments (derivatives) and other assets that are not officially listed on a stock exchange (or whose market price is not deemed representative, e.g. due to lack of liquidity) but that are traded on a regulated market shall be valued at the last price available on this market that the management company considers, to the best of its knowledge, to be the best possible price at which the securities, money market instruments, derivative financial instruments (derivatives) or other assets can be sold. Details on this are contained in the annex to the sub-fund in question.

NOTES (continued)

- c) OTC derivatives are valued on a verifiable basis determined by the management company.
 - d) Shares in UCI/UCITS are generally valued at the last redemption price fixed before the valuation day or at the latest available price that affords a reliable valuation. If the redemption of investment shares has been suspended or if no redemption price has been set, these shares and all other assets are valued at their respective market values as determined by the management company, to the best of its knowledge, on the basis of generally accepted and verifiable valuation principles. If the fund is structured as a feeder UCITS, the shares of the Master-UCITS are valued at the redemption price of the Master-UCITS on the valuation day.
 - e) If the relevant prices are not market prices, if the financial instruments listed under b) are not traded on a regulated market and if no prices have been set for financial instruments other than those listed under a) to d), these financial instruments and the other legally permissible assets will be valued at their market prices as determined by the management company, to the best of its knowledge, on the basis of generally accepted, verifiable valuation models (e.g. suitable valuation models taking account of current market conditions).
 - f) Liquid funds are valued at their nominal value plus interest.
 - g) Amounts due, such as deferred interest claims and liabilities, shall in principle be rated at the nominal value.
 - h) The market value of securities, money market instruments, derivative financial instruments (derivatives) and other assets denominated in a currency other than the relevant sub-fund currency shall be converted into the relevant sub-fund currency at the exchange rate determined using WM/Reuters fixing at 5:00 p.m. (4:00 p.m. London time) on the trading day preceding the valuation day. Profits and losses from currency transactions will be added or deducted as applicable. The management company can stipulate for individual sub-funds that securities, money market instruments, derivative financial instruments (derivatives) and other assets denominated in a currency other than the relevant sub-fund currency shall be converted into the relevant sub-fund currency at the exchange rate prevailing on the valuation day. Profits and losses from currency transactions will be added or deducted as applicable. Details on this are contained in the annex to the sub-fund in question.
6. The various net sub-fund assets will be reduced by the amount of any distributions paid out to shareholders in the relevant sub-fund.
 7. The net asset value per share is calculated separately for each sub-fund on the basis of the criteria provided above. However, if there are different share classes within a sub-fund, the resulting net asset value per share is calculated separately for each share class within this sub-fund on the

NOTES (continued)

basis of the criteria provided above. The composition and allocation of assets always occurs separately for each sub-fund.

For computational reasons, the tables included in this report may contain rounding differences of up to plus or minus one unit (of currency, per cent, etc.).

Costs incurred for the establishment of the fund and the initial issue of shares will be amortised over the first five financial years to the detriment of the assets in the sub-funds that existed on establishment. The formation expenses and the above-mentioned costs, which do not relate solely to the assets of a specific sub-fund, are split between the relevant sub-fund assets on a pro rata basis by the Management Company. Expenses which are incurred in connection with the issue of other sub-funds are charged to the relevant sub-fund assets to which they are attributable and depreciated within a period of a maximum of five years after the sub-funds have been issued.

4.) Taxation of the Master-UCITS

Taxation of the investment company and its sub-funds

The Company's assets are not subject to taxation on their income and profits in the Grand Duchy of Luxembourg. The Company's assets are only subject to the "taxe d'abonnement" currently amounting to 0.05% p.a. A reduced "taxe d'abonnement" of 0.01% p.a. is applied to (i) the sub-funds or share classes, the shares of which are issued exclusively to institutional shareholders within the meaning of Article 174 of the Law of 17 December 2010, (ii) sub-funds whose sole purpose is to invest in money market instruments, in time deposits with credit institutions or both. The "taxe d'abonnement"

is payable quarterly, based on the Company's net assets reported at the end of each quarter. The amount of the "taxe d'abonnement" is specified for each sub-fund or share class in the relevant Annex to the Sales Prospectus. An exemption from the "taxe d'abonnement" applies, inter alia, to the extent that the fund assets are invested in other Luxembourg investment funds, which in turn are already subject to the "taxe d'abonnement".

Income received by the investment company (in particular interest and dividends) may be subject to withholding or investment tax in the countries in which the relevant (sub-)fund assets are invested. The investment company may also be taxed on realised or unrealised capital gains of its investments in the source country. Neither the Depositary nor the Management Company are obliged to collect tax certificates.

Interested parties and investors are recommended to find out about laws and regulations which are applied to the taxation of corporate assets, the subscription, the purchase, the ownership, the redemption or the transfer of shares and to call on the advice of external third parties, especially a tax adviser.

Taxation of earnings from shares in the investment company held by the shareholder

Natural persons resident for tax purposes in the Grand Duchy of Luxembourg are subject to Luxembourg progressive income tax.

Companies resident for tax purposes in the Grand Duchy of Luxembourg are subject to corporation tax on the income from the fund shares.

Shareholders who are or were not resident for tax purposes in the Grand Duchy of Luxembourg and do not maintain a

NOTES (continued)

permanent establishment or have a permanent representative, are not subject to Luxembourg income tax with respect to their income or capital gains from their shares in the Fund.

Prospective investors and shareholders should inform themselves of the laws and regulations applicable to the purchase, holding and redemption of shares and, where appropriate, seek professional advice.

5.) Use of income

The R and H share classes make a yearly payout (annual dividend) in accordance with Article 35 (6) of the Articles of Association. In this context, income may arise from claims within the meaning of the Belgian regime of taxable income per share (abbreviation: BTIS regime) not only directly but also indirectly (i.e. via holding shares in investment companies or units in investment funds such as the master vehicle, regardless of whether they make distributions themselves). To avoid misunderstandings, it should be made clear that income from claims within the meaning of the BTIS regime in its currently valid version includes the sum of both interest and capital gains and capital losses on claims.

Detailed information regarding the use of income will, in principle, be published on the management company's website (www.fvsinvest.lu).

6.) Information on fees and expenses

Details of management and depositary fees can be found in the current sales prospectus.

7.) Transaction costs

Transaction costs include all costs which were accounted for and/or settled separately on account of the fund in the financial year and

are directly connected with a purchase or sale of securities, money market instruments, derivatives or other assets. These costs primarily comprise commissions, processing fees and tax.

8.) Total Expense Ratio (TER)

In calculating the total expense ratio (TER), the following BVI calculation method was applied:

$$\text{TER} = \frac{\text{Total cost in fund currency}}{\text{Average fund volume (basis: NFA calculated daily *)}} \times 100$$

* NFA = net fund assets

The TER indicates the level of expenses charged to the fund assets. In addition to management and depositary fees and the tax d'abonnement, all other costs are included, with the exception of transaction costs incurred by the fund. It shows the total amount of these costs as a percentage of the average fund volume in a financial year. (Any performance fees are shown separately in direct relation to the TER.)

9.) Ongoing charges

"Ongoing charges" is a figure calculated pursuant to Article 10 (2) (b) of Commission Regulation (EU) No. 583/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament.

The ongoing charges indicate the level of expenses charged to the fund assets in the past financial year. In addition to management and depositary fees and the tax d'abonnement, all other costs are included, with the exception of applicable performance fees. The figure shows the total amount of these charges as a percentage of the average fund volume in the financial year. In the case

NOTES (continued)

of investment funds which invest more than 20 % of their assets in other fund products / target funds, the charges for the target funds are also included – any retrocession receipts (trailer fees) for these products are off set against the charges.

For share classes without a full financial year, the figure is based on a cost estimate.

10.) Income and expense equalisation

The ordinary net income includes an income adjustment and an expenditure adjustment. These include, during the reporting period, accrued net income which is paid by the party acquiring the shares as part of the issue price and passed on to the party selling the shares in the redemption price.

11.) Fund current accounts (cash at banks and/or liabilities to banks)

All of the fund's current accounts (including those in different currencies) that actually and legally form only part of a single current account are designated as a single current account in connection with net fund assets. Current accounts in foreign currencies, if applicable, are converted into the currency of the fund. Interest is calculated on the basis of the terms of the relevant individual account.

12.) Risk management

The management company applies a risk management procedure which enables it to monitor and measure at all times the risk contained in the investment positions and their contribution to the overall risk profile of the investment portfolio of the funds managed by the management company. In accordance with the Law of 17 December 2010 and the applicable supervisory requirements of the Commission de Surveillance du Secteur Financier ("CSSF"), the management company

reports regularly to the CSSF on the risk management procedure it applies. As part of its risk management procedure, the management company ensures, through the use of effective and appropriate methods, that the overall risk connected with derivatives in the funds managed does not exceed the total net value of their portfolios. To do this, the management company uses the following methods:

Commitment Approach:

Under the commitment approach, positions in derivative financial instruments are converted into their underlying equivalent using the delta method. This takes account of netting and hedging effects between derivative financial instruments and their underlyings. Equivalent to underlyings, their total value must not exceed the total net value of the fund portfolio.

VaR Approach:

The Value-at-Risk (VaR) figure is a statistical concept and is used as a standard measure of risk in the financial sector. The VaR indicates the potential loss on a portfolio during a given period (the holding period) which has a given probability (the confidence level) of not being exceeded.

Relative VaR Approach:

In the relative VaR approach, the VaR for the fund must not exceed the VaR for a reference portfolio by a factor contingent on the level of the fund's risk profile. The maximum factor permitted by the supervisory authorities is 200%. The benchmark portfolio provides a correct representation of the fund's investment policy.

Absolute VaR Approach:

In the absolute VaR approach, the VaR for the fund (99% confidence level, 20-day holding period) must not exceed a portion of the fund's assets contingent on the level of the fund's risk profile. The maximum limited

NOTES (continued)

permitted by the supervisory authorities is 20% of the fund's assets. For funds which use the VaR approaches to ascertain the total risk, the management company estimates the expected degree of leverage effect. The extent of this leverage effect may deviate from the actual value depending on prevailing market conditions, falling below or exceeding it. Investors' attention is drawn to the fact that no conclusions can be drawn from this information with respect to the risk entailed in the fund. Furthermore, the expected leverage published is explicitly not to be understood as an investment limit. The method used to determine the overall risk and, if applicable the publication of the reference portfolio and the expected degree of leverage, as well as the calculation method, are stated in the fund-specific appendix. In accordance with the Prospectus valid at the end of the financial year, the sub-fund is subject to the following risk management procedure:

Sub-fund	Risk Management Method
Flossbach von Storch III SICAV – Multiple Opportunities II Feeder	Commitment Approach

13.) Events during the reporting period

Since the beginning of the year, the coronavirus Covid-19 has spread to most continents; in the meantime, Covid-19 has been classified as a pandemic by the WHO. It is not yet possible to predict the future impact of the resulting risk on the assets and liabilities in the portfolio. However, global economic activity is likely to be significantly affected. The Management Company and the Management are closely monitoring the measures taken to contain the virus and the economic impact. At present, there are no indications that speak against the continuation of the Fund.

With effect from 1 January 2020 the following amendments were made to the Articles of Association and the Sales Prospectus of the Investment Company:

- Regulatory adjustments
- Amendment of the Performance Fee
- Amendment of distribution possibilities
- Change within the supervisory board of the investment company

There were no other significant changes and no other significant events during the reporting period.

14.) Events after the reporting period

With effect from 30 October 2020, the revised sales prospectus and the Articles of Association it includes came into effect. Editorial changes and model adaptations have been made to the Articles of Association and the address of the Management Company has been deleted from Article 32.

On 30 October 2020, the investment company's headquarters were moved from 6, Avenue Marie-Thérèse, 2132 Luxembourg to 2, rue Jean Monnet, 2180 Luxembourg.

As of 1 November 2020, the Management Company assumed the functions of the central administration unit. Under its responsibility and control, the Management Company has delegated various administrative tasks, in particular the tasks of the Registrar and Transfer agent as well as fund accounting, to DZ PRIVATBANK S.A., based in 4, rue Thomas Edison, 1445 Strassen, Luxembourg. DZ PRIVATBANK S.A. has in turn transferred under its responsibility and control, e.g. the calculation of the net asset values, to Union Investment Financial Services S.A. with registered office at 308, route d'Esch, L-1474 Luxembourg.

NOTES (continued)

There were no other significant changes and no other significant events after the reporting period.

15.) Measures taken by Flossbach von Storch Invest S.A. in light of the COVID-19 pandemic (unaudited)

In order to protect against the coronavirus crisis, the Management Company Flossbach von Storch Invest S.A. has taken various measures that involve its employees across various locations and protect its business processes, even in a crisis scenario.

In addition to extensive hygiene measures on the premises and restrictions on business trips and events, further measures have been taken to enable the Management Company to ensure reliable and smooth operation of its business processes in the event of a suspected coronavirus infection within the workforce. By expanding the possibilities for remote working, Flossbach von Storch Invest S.A. has established a work environment where the technology that we now have available does not require employees to be continually present at the respective locations. This significantly reduces the potential risk of the coronavirus being transmitted within the Management Company.

Emergency management is continuously coordinated between Flossbach von Storch Invest S.A. and Flossbach von Storch AG, taking into account the current situation at the various locations. In addition, communications with DZ PRIVATBANK S.A. take place regularly. The measures are constantly reviewed and adjusted as necessary.

16.) Remuneration policy (unaudited)

The approved Flossbach von Storch Invest S.A. remuneration policy applies to all employees and takes into account the local and European

requirements regarding UCITS and AIFMD regulations. Due to the structure and size of the company, all employees are classified as risk takers. For the time being, members of the Supervisory Board shall not receive any remuneration for their work for the Flossbach von Storch Invest S.A. Supervisory Board.

The remuneration policy serves to put in place appropriate practices that guarantee solid and effective risk management. An additional objective is to discourage excessive risk-taking and to prevent conflicts of interest. Flossbach von Storch Invest S.A. aims to pay all employees a suitable fixed salary so that the variable components merely constitute additional remuneration and mainly relate to the Company's overall performance. The remuneration policy also aims to ensure an appropriate balance between fixed and variable remuneration components.

The principle of proportionality is applied in accordance with Section 7 of ESMA Guideline 2016/575. This includes the following procedure:

- No remuneration committee shall be appointed.
- The variable remuneration shall not be paid in the management company's AIF/UCITS instruments.
- The payment shall be made subsequently as part of the salary, and no vesting period or deferral shall be applied. However, the management company reserves the right to reclaim parts of the variable remuneration under special circumstances.

The number of remunerated employees at the end of the management company's financial year 2019 was 25. The total remuneration of these employees in relation to the present investment company was approx. EUR 3,675,000. Of this, approx. 57% was attributable to fixed remuneration components. The proportion of variable

NOTES (continued)

remuneration components to staff costs on the whole was approx. 43%, which was paid to 19 out of the 25 employees in total. The total remuneration covers the paid remuneration components and the related social security contributions.

The remuneration policy was drawn up without the involvement of external advisors. It is available for download online at www.fvsinvest.lu in the remuneration policy under "Legal Notice".

Management of the Sub-fund's portfolio was outsourced to Flossbach von Storch AG with its registered office in Cologne (Germany). As a financial service institution, Flossbach von Storch AG is required to have an appropriate remuneration system in accordance with Section 25a (1) sentence 6 KWG (Kreditwesengesetz [German Banking Act]) in conjunction with the InstitutsVergV (Ordinance on the Supervisory Requirements for Institutions' Remuneration Systems).

The Company's total assets were well below EUR 15 billion on average over the last three complete financial years. The Company independently established that, on the basis of a risk analysis, it should not be classified as a major institution. For this reason, the Company has not applied the special regulations for major institutions. Flossbach von Storch AG is therefore subject to the Remuneration Ordinance for Institutions' general requirements.

In the 2019 financial year, the total Flossbach von Storch AG staff costs, including social security contributions and occupational pensions, came to EUR 36,500,000. Of this, approx. 64% was attributable to fixed remuneration components. The proportion of variable remuneration components to staff costs on the whole was approx. 36%.

In the 2019 financial year, 182 employees (out of a total of 204 employees as of 31 December 2019) received a variable remuneration. Each of the three executive board members received a bonus.

The Flossbach von Storch AG remuneration provision was drawn up without the involvement of external advisors.

17.) Transparency of securities financing transactions and their reuse (unaudited)

As a management company of undertakings for collective investment in transferable securities (UCITS) and alternative investment fund manager (AIFM), Flossbach von Storch Invest S.A. falls by definition within the scope of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (SFTR).

No securities financing transactions or total return swaps as defined in this Regulation were used during the investment company's financial year. Consequently, none of the disclosures specified in Article 13 of this Regulation must be provided in the annual report for shareholders.

Detailed information on the investment company's investment strategy and the financial instruments used is available in the current sales prospectus.



Audit report

To the Shareholders of
Flossbach von Storch III SICAV

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Flossbach von Storch III SICAV (the "Fund") as at 30 September 2020, and of the results of its operations and changes in its 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.

What we have audited

The Fund's financial statements comprise:

- the composition of net sub-fund assets as at 30 September 2020;
- the change in net sub-fund assets for the year then ended;
- the statement of income and expenses for the year then ended;
- the statement of assets as at 30 September 2020; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

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

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with



the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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



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

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

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 14 January 2021

Dr. Norbert Brühl

Management, distribution and advisory services

Investment Company

Flossbach von Storch III SICAV

Registered office

Flossbach von Storch III SICAV
2, rue Jean Monnet
L-2180 Luxembourg, Luxembourg
(from 30 October 2020)

6, Avenue Marie-Thérèse
L-2132 Luxembourg, Luxembourg
(until 29 October 2020)

Board of Directors of the Investment Company

Chairman of the Board of Directors
Dirk von Velsen
Member of the Executive Board
Flossbach von Storch AG,
D-Cologne, Germany

Member of the Board of Directors
Matthias Frisch
Independent Member

Member of the Board of Directors
Matthias Schirpke
Sous Directeur
IPConcept (Luxembourg) S.A.,
L-Strassen, Luxembourg

Auditor of the Investment Company

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

Management Company

Flossbach von Storch Invest S.A.
2, rue Jean Monnet
L-2180 Luxembourg, Luxembourg
(from 3 July 2020)

6, Avenue Marie-Thérèse
L-2132 Luxembourg, Luxembourg
(until 2 July 2020)

Supervisory Board of the Management Company

Chairman of the Supervisory Board
Dirk von Velsen
(from 1 January 2020)
Member of the Executive Board
Flossbach von Storch AG,
D- Cologne, Germany

Kurt von Storch
(until 31 December 2019)
Member of the Executive Board
Flossbach von Storch AG,
D- Cologne, Germany

Deputy Chairman of the
Supervisory Board
Julien Zimmer
Investment Funds
Chief Representative
DZ PRIVATBANK S.A., L-Strassen,
Luxembourg

Member of the Supervisory Board
Matthias Frisch
Independent Member

Executive Board of the Management Company (management body)

Karl Kempen
Markus Müller
Christian Schlosser
(from 1 January 2020)
Dirk von Velsen
(until 31 December 2019)

Auditor of the Management Company

Deloitte Audit S.à r.l.
20, Boulevard de Kockelscheuer
L-1821 Luxembourg,
Luxembourg

Depository

DZ PRIVATBANK S.A.
4, rue Thomas Edison
L-1445 Strassen, Luxembourg

Registrar and Transfer Agent and various sub-services of central administration tasks

DZ PRIVATBANK S.A.
4, rue Thomas Edison
L-1445 Strassen, Luxembourg

Paying Agent Grand Duchy of Luxembourg

DZ PRIVATBANK S.A.
4, rue Thomas Edison
L-1445 Strassen, Luxembourg

Fund Manager

Flossbach von Storch AG
Ottoplatz 1
D-50679 Cologne, Germany

MANAGEMENT, DISTRIBUTION AND ADVISORY SERVICES (continued)

**Additional Information for
Belgium**

**Sales, paying and information
agent**

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Boite 320
B-1000 Brussels, Belgium