Annual report as at 30 September 2019

Flossbach von Storch III SICAV

Flossbach von Storch

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

Contents

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 sub-fund ended the last financial year from 1 October 2018 to 30 September 2019 with an increase in value of 9.2%.

In comparison, the major equity indices performed as follows, including net dividends: the global MSCI World leading index gained 8.5% in euros. European equities rose 5.7%, as measured by the Stoxx Europe 600. In addition, the REXP bond index rose 4.0% during the reporting period. The price of gold rose 23.5% (in US dollars) or 31.5% (in euros).

The financial year did not start well. Global equity markets initially fell almost 14% in the final quarter of 2018, as measured by the MSCI World Index. It was one of the weakest quarters in history, triggered by rising concerns about recession, the trade conflict between the US and China, and Brexit. Under the leadership of the US Federal Reserve (Fed), it also appeared that rising interest rates – referred to as an interest rate turnaround in much of the media – was a done deal. The experts only disagreed on the number of key interest rate increases that should be expected in 2019 or 2020.

The turnaround in sentiment and conditions in the asset classes most important to the fund occurred just as quickly at the beginning of 2019 as the previous collapse in capital market prices.

Central banks were once again the main reason for the improvement in the investment environment. After nine previous increases, capital market developments in the fourth quarter led the US Federal Reserve (Fed) to change course and reduce its key interest rate during the reporting period for the first time since 2009. One might call this an interest rate turnaround in the "wrong" direction. In addition to the Fed, the European Central Bank (ECB) also signalled its intention to change to a more expansive monetary policy due to weaker inflation and economic data. In September, the ECB increased its "penalty rate" for deposits made by banks to minus 0.5% and announced a new bond purchase programme.

All of the asset classes important to the fund benefited starting in the second quarter of the financial year from the prospects of interest rates remaining very low for the long term and were able to recover the losses suffered in the first quarter. The global MSCI World equity index (incl. net dividends, in EUR) recorded double-digit gains, and the price of gold climbed to reach USD 1,552 on 4 September, its highest level in six years. The bond market also boomed. This pushed the yields on German government bonds to new negative

REPORT ON BUSINESS OPERATIONS

records in late summer, with yields trading in negative territory for all maturities up to 30 years.

For many years, our strategic world view for investments has assumed that interest rates will remain low for a long time to come. We are not surprised that the stock market is recording gains in this environment, as this is practically the only asset class still producing attractive returns. The dividends alone already make equities a far more attractive asset class than bonds over the long term. For this reason, equities had the largest weight in the portfolio at all times, in spite of all the trade and geopolitical uncertainty.

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 2019, the volume of the Feeder-UCITS was around EUR 140 million. The five largest equity positions of the Master-UCITS were Nestlé, Berkshire Hathaway, Philip Morris, Reckitt Benckiser and Unilever, which together accounted for approximately 21.9% of the sub-fund's assets. The equity allocation was approximately 63.5% at the end of the financial year.

Approximately 9.1% of the Master-UCITS' assets were invested in bonds. The precious metal ratio stood at around 9.3% 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, the Swiss franc and the pound sterling, were not hedged at the end of the financial year.

Luxembourg, October 2019
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 2018 - 30 September 2019

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:	0.88 % p.a.	0.33 % 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	99.63%
Securities holdings	**99.63%**
Cash at banks	1.15%
Balance of other receivables and payables	-0.78%
	100.00%

Breakdown by economic sector [1)]

Investment fund holdings	99.63%
Securities holdings	**99.63%**
Cash at banks	1.15%
Balance of other receivables and payables	-0.78%
	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
21 December 2017[*)]	Launch			100.00
30 September 2018	30.92	309,174	30,829.14	99.99
30 September 2019	60.18	552,371	25,408.15	108.94

Share class H

Date	**Net sub-fund assets** EUR millions	**Shares outstanding**	**Net cash inflow EUR thousands**	**Share value** EUR
19 December 2017[*)]	Launch			100.00
30 September 2018	31.20	311,162	31,058.16	100.26
30 September 2019	77.19	702,830	39,633.41	109.83

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

[*)] Date of first share value calculation

FLOSSBACH VON STORCH III SICAV – MULTIPLE OPPORTUNITIES II FEEDER

Composition of net sub-fund assets

as at 30 September 2019

	EUR
Securities holdings	136,866,584.39
(cost of acquisition of securities: EUR 124,390,019.96)	
Cash at banks	1,581,047.34
Receivables from the sales of shares	118,940.69
Other receivables [1]	4,669.22
	138,571,241.64
Payables from share redemptions	-39,653.24
Interest payable	-1,836.91
Payables from securities transactions	-78,494.38
Other liabilities [2]	-1,080,848.13
	-1,200,832.66
Net sub-fund assets	**137,370,408.98**

Allocation to the share classes

Share class R	
Proportion of net sub-fund assets	60,176,872.96 EUR
Shares in circulation	552,370.618
Share value	108.94 EUR
Share class H	
Proportion of net sub-fund assets	77,193,536.02 EUR
Shares in circulation	702,830.279
Share value	109.83 EUR

[1] The position includes amortisation of formation expenses.

[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 2018 to 30 September 2019

	Total	Share class R	Share class H
	EUR	EUR	EUR
Net sub-fund assets at the beginning of the reporting period	62,112,689.45	30,915,634.46	31,197,054.99
Ordinary net expense	-2,131,344.17	-1,108,533.39	-1,022,810.78
Income and expense equalisation	441,826.46	287,031.39	154,795.07
Cash inflows from share sales	74,575,498.64	30,296,986.93	44,278,511.71
Cash outflows from share redemptions	-9,533,939.78	-4,888,840.50	-4,645,099.28
Realised profits	123,882.22	50,694.56	73,187.66
Realised losses	-2,838.86	-1,121.45	-1,717.41
Net change in unrealised profits	11,945,839.34	4,782,481.25	7,163,358.09
Net change in unrealised losses	0,00	-83,644.67	83,644.67
Distribution	-161,204.32	-73,815.62	-87,388.70
Net sub-fund assets at the end of the reporting period	**137,370,408.98**	**60,176,872.96**	**77,193,536.02**

Changes in number of shares in circulation for share class R

	No. of shares
Shares in circulation at start of reporting period	309,174.441
Shares issued	291,169.773
Shares redeemed	-47,973.596
Shares in circulation at end of reporting period	**552,370.618**

Changes in number of shares in circulation for share class H

	No. of shares
Shares in circulation at start of reporting period	311,161.546
Shares issued	436,454.252
Shares redeemed	-44,785.519
Shares in circulation at end of reporting period	**702,830.279**

FLOSSBACH VON STORCH III SICAV – MULTIPLE OPPORTUNITIES II FEEDER

Statement of income and expenses

in the reporting period from 1 October 2018 to 30 September 2019

	Total EUR	Share class R EUR	Share class H EUR
Income			
Bank interest	-4,837.32	-2,019.02	-2,818.30
Income equalisation	-1,334.09	-688.31	-645.78
Total income	**-6,171.41**	**-2,707.33**	**-3,464.08**
Expenses			
Performance fee	-914,520.79	-366,884.43	-547,636.36
Management fee / Fund management fee	-562,163.22	-367,113.33	-195,049.89
Depositary fee	-13,081.93	-5,436.49	-7,645.44
Central administration agent fee	-5,573.50	-2,316.23	-3,257.27
Taxe d'abonnement	-293.71	-123.00	-170.71
Publication and auditing costs	-20,358.47	-8,693.86	-11,664.61
Registrar and transfer agent fee	-6,927.03	-2,866.18	-4,060.85
State fees	-12,489.80	-4,918.69	-7,571.11
Formation expenses	-1,406.90	-587.76	-819.14
Other expenses [1)]	-147,865.04	-60,543.01	-87,322.03
Expense equalisation	-440,492.37	-286,343.08	-154,149.29
Total expenses	**-2,125,172.76**	**-1,105,826.06**	**-1,019,346.70**
Ordinary net result	**-2,131,344.17**	**-1,108,533.39**	**-1,022,810.78**

Total transaction costs in the reporting period [2)]	**582.94**		
Total expense ratio as a percentage [2)]		**1.09**	**0.55**
Ongoing charges [2)]		**1.80**	**1.26**
Performance fee in percent [2)]		**0.89**	**0.94**

[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 2019

ISIN	Securities		Additions in the reporting period	Disposals in the reporting period	Quantity	Price	Market Value EUR	% share of NSFA[1]
Investment fund holdings[2]								
Luxembourg								
LU1716948093	Flossbach von Storch – Multiple Opportunities II MT	EUR	632,119	26,822	1,217,566	112.4100	136,866,584.39	99.63
							136,866,584.39	**99.63**
Investment fund holdings							**136,866,584.39**	**99.63**
Securities holdings							**136,866,584.39**	**99.63**
Cash at banks							**1,581,047.34**	**1.15**
Balance of other receivables and payables							**-1,077,222.75**	**-0.78**
Net sub-fund assets in EUR							**137,370,408.98**	**100.00**

Additions and disposals from 1 October 2018 to 30 September 2019

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 2019 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 2019 (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 6, Avenue Marie-Thérèse, L-2132 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).

2.) Master-feeder structures

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

NOTES (continued)

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	1,130,972.20	2.73%	0.80%
Flossbach von Storch - Multiple Opportunities II (unit class MT)	Flossbach von Storch III SICAV – Multiple Opportunities II Feeder (share class H)	EUR	1,264,768.76	2.17%	1.02%
Flossbach von Storch - Multiple Opportunities II	Flossbach von Storch III SICAV – Multiple Opportunities II Feeder	EUR	2,395,740.96	2.40%	1.82%

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 2019.

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 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

NOTES (continued)

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.

   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

NOTES (continued)

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 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

NOTES (continued)

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 and sub-funds' assets are subject to a tax known as the "taxe d'abonnement" in the Grand Duchy of Luxembourg, which is currently levied at a rate of 0.05% p.a., which is payable at the end of each quarter on the stated net assets of the company. Insofar as a sub-fund's assets or a part of a sub-fund's assets are invested in other Luxembourg investment funds that are already subject to the taxe d'abonnement, the portion of such assets is exempt from the tax.

The income of the investment company or its sub-funds from investing its assets is not taxed in the Grand Duchy of Luxembourg. However, such income may be subject to taxation at source in countries in which sub-fund assets are invested. In such cases, neither the depositary nor the investment company is obliged to obtain tax certificates.

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

Investors who are not resident in and/or do not maintain a business establishment in the Grand Duchy of Luxembourg are not required to pay any further income, inheritance or wealth tax in the Grand Duchy of Luxembourg in respect of their shares or of income deriving from their shares. These parties are subject to their own countries' tax regulations.

Since 1 January 2017, natural persons who are resident in the Grand Duchy of Luxembourg and are not resident in another state for tax purposes are required to pay a withholding tax of 20% on interest income accrued in Luxembourg in accordance with the Luxembourg law implementing the directive. Under certain circumstances, investment fund interest income may also be subject to the withholding tax.

Prospective investors 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 pay-out (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

NOTES (continued)

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:

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

* 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 taxe 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 taxe 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 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 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

NOTES (continued)

13.) Events during the reporting period

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

14.) Events after the reporting period

Change in the calculation of the Performance Fee from 1 January 2020.

The Management Company receives a performance fee from the net assets of the R and H share classes in the amount of up to 10% of the gross share value performance if the gross share value at the end of an accounting period exceeds the share value at the end of the preceding accounting periods from the last five years ("high-water mark principle") but does not total more than 2.5% of the average net asset value of the sub-fund in the accounting period of the relevant share class. If the share value at the start of the accounting period is lower than the maximum of the share value of the relevant share class, as achieved at the end of the five preceding accounting periods (hereinafter referred to as the "high-water mark"), the high-water mark replaces the share value at the start of the accounting period for the purposes of calculating the share performance. If there are not full accounting periods for the sub-fund for the past five years, all previous accounting periods are taken into account when calculating the fee claim. For the first accounting period of the sub-fund, the share value replaces the high-water mark at the start of the first accounting period. The performance fee attributed to and accrued for share redemptions at the time of outperformance of the share class during the year is retained for these shares ("crystallisation") and paid to the Management Company at the end of the accounting period.

Accounting period: The accounting period commences on 1 October and ends on 30 September of each calendar year. The accounting period may be reduced in the event of mergers, short financial years or the dissolution of the sub-fund. As a result of the mid-year conversion of the performance fee calculation on 1 January 2020, there will be a shortened accounting period from 1 January 2020 to 30 September 2020. When the performance fee calculation is converted as at 1 January 2020, the historical high-water mark since the creation of the sub-fund will be carried over for the respective share class as the first high-water mark for the new calculation.

The performance fee for the respective share class is calculated on each valuation date by comparing the current share value plus the performance amount contained in the current share value for each share (gross share value) to the highest share value at the end of the previous accounting periods (high-water mark) on the basis of the shares currently in circulation. In order to determine the share value performance, any distributions made in the meantime will be taken into account accordingly.

On the valuation dates on which the gross share value exceeds the high-water mark, the accrued total amount changes. On the valuation dates on which the gross share value falls below the high-water mark, the total amount accrued in the respective share class will be dissolved. The performance fee amount that has already been crystallised for share redemptions over the course of a year is also retained in the event of a future negative gross value performance.

The performance fee amount accrued on the last valuation date of the accounting period for the current shares in circulation and the crystallised assets may be taken from the sub-

NOTES (continued)

fund at the expense of the relevant share class at the end of the accounting period.

This fee is subject to value-added tax, if applicable.

15.) 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 2018 was 17. The total remuneration of these employees in relation to the present investment company was approx. EUR 2,644,000. Of this, approx. 60% was attributable to fixed remuneration components. The proportion of variable remuneration components to staff costs on the whole was approx. 40%, which was paid to 14 out of the 17 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

NOTES (continued)

Remuneration Ordinance for Institutions' general requirements.

In the 2018 financial year, the total Flossbach von Storch AG staff costs, including social security contributions and occupational pensions, came to EUR 31,564,000. Of this, approx. 69% was attributable to fixed remuneration components. The proportion of variable remuneration components to staff costs on the whole was approx. 31%.

In the 2018 financial year, 185 employees (out of a total of 197 employees as of 31 December 2018) 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. It is available for download online at www.flossbachvonstorch.de in the remuneration provision under "Legal Notice".

16.) Transparency of securities financing transactions and their reuse

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 2019, 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 2019;
- the statement of assets as at 30 September 2019;
- the statement of income and expenses for the year then ended;
- the change in net sub-fund assets for the year then ended; 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, 10 January 2020

Dr. Norbert Brühl

Management, distribution and advisory services

Investment Company

Flossbach von Storch III SICAV

Registered office
Flossbach von Storch III SICAV
6, Avenue Marie-Thérèse
L-2132 Luxembourg, Luxembourg

Board of Directors of the Investment Company
Chairman of the Board of Directors
Dirk von Velsen
(from 1 October 2019)
Member of the Executive Board
Flossbach von Storch AG,
D- Cologne, Germany

Bernd Model
(until 30 September 2019)
Authorized signatory
Flossbach von Storch AG,
CH- Zurich, Switzerland

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
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B.P. 1443
L-1014 Luxembourg, Luxembourg

Management Company
Flossbach von Storch Invest S.A.
6, Avenue Marie-Thérèse
L-2132 Luxembourg, Luxembourg

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
(from 1 October 2019)
Independent Member

Bernd Model
(until 30 September 2019)
Authorized signatory
Flossbach von Storch AG,
CH-Zurich, Switzerland

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)

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Depositary
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Central Administration Agent, Registrar and Transfer Agent
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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

MANAGEMENT, DISTRIBUTION AND ADVISORY SERVICES (continued)

Fund Manager

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Additional Information for Belgium

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