
 **KAS Trust & Depositary Services**

Annual Report 2018

KAS Trust & Depositary Services B.V.

Amsterdam

Report of the Managing Board

General

KAS Trust is a 100% subsidiary of KAS BANK and independently acts as depositary for Investment funds. KAS Trust has over 20 years of experience in acting as a supervisor of investment funds providing depositary services. The core business of KAS Trust is to focus entirely and exclusively on the supervision of investment funds. KAS Trust acts since 1995 as a depositary under the Act on Financial Supervision (in Dutch: Wet op het financieel toezicht, Wft) and its predecessors. In this structure, all oversight and monitoring tasks are performed by KAS Trust in its capacity as depositary.

The depositary services are offered to investment funds under the Alternative Investment Fund Managers Directive (hereafter "AIFMD") and Undertakings for Collective Investments in Transferable Securities directive (hereafter: "UCITS V") as well as to exempt investment funds of these regimes.

As part of our ongoing commitment to the Dutch investment funds industry and due to the introduction of the AIFMD, KAS Trust became an authorised investment firm in 2013. In the course of 2018 KAS Trust's Assets under depositary decreased to EUR 32 billion (31 December 2017: EUR 70 billion), still servicing approx. 220 investment funds (2017:280).

As a depositary we are responsible for the oversight and supervision duties and custody of the assets of the investment funds. We perform our duties primarily to protect the Investors in the funds. In 2018 KAS Trust has maintained its strong position as a depositary for investment funds in The Netherlands. Whereas the number of funds decreased, KAS Trust managed to increase the number of clients.

As independent and neutral party KAS Trust does not partake in activities relating to asset management and consultancy. As a result of the introduction of the AIFMD, KAS Trust has decided to terminate the service to operate as the management of entities that hold legal ownership over fund's assets. In some fund structures the legal ownership of the Fund's assets is to be held in a separate legal entity. From this position, the interest of our clients is ensured and the segregation of assets from the management company and the depositary are guaranteed, whereby the depositary can focus on post-trade oversight only.

Financial developments

The operating income decreased from EUR 5,078,019 in 2017 to EUR 4,377,712 in 2018. The net result of 2018 amounts EUR 2,243,304 (2017 EUR 2,794,575). The non-risk weighted solvability of KAS Trust increased in 2018 from 85.9% to 88.4%.

The cash inflow of operational activities fully covers the need of cash to finance KAS Trusts operations and eventually its investment needs to expand its operations. From the net result of 2017 of EUR 2,794,575 an amount of EUR 294,575 was added to the General Reserves and EUR 2,500,000 was paid out as a cash dividend to the shareholder.

Risk management

At KAS Trust Risk Management is an integral part of doing business. Our risk appetite is directly linked to our strategy and is defined in the form of a combination of qualitative and quantitative risk tolerances.

Acting as depositary under the AIFMD and UCITS V regulations there are specific risk and liabilities in the performance of our duties. The main risk of KAS Trust in the performance of our duties as depositary is operational risk. Operational risk is the risk that losses will occur due to weaknesses or failures in internal processes and/or systems, human frailties or outside events. KAS Trust has an operational risk policy and has published an ISAE (International Standard on Assurance Engagements) 3402 Type 2 report. The liability that KAS Trust can be held liable for the loss of financial instruments of our clients results in one of the other main potential risk factors. KAS Trust carries out due diligence on all custodians on a periodic basis in relation to the delegation of the safekeeping of financial instruments. Furthermore, an approved list of admitted countries is defined in which our clients can hold financial instruments in custody. All types of instruments in which our clients can invest are subject to approval of KAS Trust. Also periodic Due Diligence is performed on the administrators of the funds for which we act as depositary in order to get assurance that the Net Asset Values are calculated in a structured and consistent method. Following these measures, the risk appetite of KAS Trust stays on the preferred levels.

Risk policies

Risk policies are determined by KAS Trust's Risk Committee. The Risk Committee monitors the Companies risk management policy and procedures. Members are the Board of Directors of KAS Trust.

Non-financial risk

Operational risk

Operational risk is the risk that losses will occur because of weaknesses or failures in internal processes and /or systems, human frailties or outside events. Examples of operational risks include IT problems, shortcomings in organisational structure, the absence of (or inadequate) internal control, human error, fraud and external threats.

Management commitment is fundamental to identify and analyse operational risks and implement adequate internal control measures. Management is supported by the three teams within KAS Trust, being Account Management, Business Support and Oversight.

Internal Audit performs a monitor role, involving operational and Risk Management audits. KAS Trust's operational risk function is based on the principles of the operational risk framework.

Operational risk framework

Operational loss data collection

Systematic records are kept of events attributable to operational risks. These recorded events are periodically analysed in the Risk Committee to stay in control. Subsequently these are also used for organisational learning purposes and process improvements.

Risk and control self-assessment

Each process has a control structure in place, which documents the process, inherent risks, control objectives and control measures. These control structures are periodically evaluated via risk self-assessments, supported by the risk manager.

Risk self-assessment is an important instrument to identify, quantify and evaluate operational risks in KAS Trust's internal processes. It is also used to manage these risks by implementing adequate internal control measures.

ISAE 3402

KAS Trust has published an ISAE 3402 Type 2 report, dated 13 February 2019. This report was compiled to indicate the extent to which internal control measures have been effective in achieving process objectives in 2018. The report was audited by an external independent auditor, PricewaterhouseCoopers Accountants N.V.

Business Continuity Management (BCM)

Continuity is of great importance in the context of financial services. Since our clients, regulators and applicable legislative bodies require clear business continuity management, it is not an internal business objective only. BCM is an integral part of KAS Trust's business model. We follow the best practice guidelines recommended by the Business Continuity Institute when implementing and fulfilling BCM.

We have appointed KAS BANK as Continuity Manager to ensure that up-to-date recovery plans are in place at all times. This includes the monitoring and support of the tests and evaluations of these recovery plans.

Staffing

KAS Trust's staff, including the board members, are employees of KAS BANK and are fully dedicated to KAS Trust and its depositary services. In 2018 the KAS Trust team reduced to 10 FTE (2017: 12). For 2019 no significant change in the number of FTEs is expected.

The primary objective of the remuneration is to enable KAS Trust to retain and recruit highly qualified staff and is aimed at helping to create good results for the benefit of the company – in line with its objectives in terms of returns and risk, customer satisfaction, operational excellence and innovation. It also helps to develop and maintain the competencies necessary to achieve good results.

KAS BANK's collective labour agreement governs the remuneration packages for all employees.

Outlook

On 25 February 2019 parent company KAS BANK N.V. announced the conditional agreement with CACEIS on a public offer for all the shares of KAS BANK. CACEIS expects to complete the transaction in Q3-2019. Considering our business in 2019 on a standalone basis we will continuously improve our operations, cost level and services. Although this has resulted in a stable growth of the income in the past years we will face the impact of the loss (in Q4-2018) of a couple of larger clients. Developments within the depositary services are monitored continuously. KAS Trust also seeks for opportunities to expand / broaden the depositary services to other fund types.

Management declaration

KAS Trust's Managing Board hereby declares that the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuing institution.

Amsterdam, 24 april 2019

Managing Board

J.N.P. Laan

R.F. Kok

S.F. Plesman

FINANCIAL STATEMENTS 2018

Statement of comprehensive income

IN EUROS	Note	2018	2017
Operating Income			
Commission income	1	7,690,580	9,063,978
Commission expense	1	3,313,169	3,985,979
Net commission result		4,377,411	5,077,999
Net trading income	2	301	20
Total operating income		4,377,712	5,078,019
Operating Expenses			
Personnel expenses	3	1,137,329	1,144,093
General and administrative expenses	4	249,311	207,827
Total operating expenses		1,386,640	1,351,920
Operating result before tax		2,991,072	3,726,099
Tax expense	5	747,768	931,524
Net result for the period		2,243,304	2,794,575
Total comprehensive income			
Other comprehensive income		-	-
Total comprehensive income		2,243,304	2,794,575

The notes on pages 14 to 19 are an integral part of these financial statements.

Statement of financial position

IN EUROS	Note	31 December 2018	31 December 2017
Assets			
Subsidiaries	6	36,001	315,001
Other assets	7	534,719	543,706
Cash and cash equivalents	9	11,044,818	11,386,876
Total assets		11,615,538	12,245,583
Equity and liabilities			
Other liabilities	8	1,347,660	1,721,008
Total liabilities		1,347,660	1,721,008
Issued capital	10	25,000	25,000
Share premium	11	4,925,945	4,925,945
Other reserves (including net result for the period)	12	5,316,933	5,573,629
Total equity		10,267,878	10,524,574
Total equity and liabilities		11,615,538	12,245,583

The notes on pages 14 to 19 are an integral part of these financial statements.

Statement of changes in equity

IN EUROS	Issued Capital	Share Premium	Other Reserves (Incl. Net Result for the Period)	Total Equity
Balance as at 1 January 2017	25,000	4,925,945	4,160,584	9,111,529
Net result for the period	-	-	2,794,575	2,794,575
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	2,794,575	2,794,575
Dividends	-	-	-1,381,530	-1,381,530
Balance as at 31 December 2017	25,000	4,925,945	5,573,629	10,524,574
Balance at 1 January 2018	25,000	4,925,945	5,573,629	10,524,574
Net result for the period	-	-	2,243,304	2,243,304
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	2,243,304	2,243,304
Dividends	-	-	-2,500,000	-2,500,000
Balance as at 31 December 2018	25,000	4,925,945	5,316,933	10,267,878

The notes on pages 14 to 19 are an integral part of these financial statements.

Statement of cash flows

IN EUROS	Note	2018	2017
Cash flows from operating activities			
Net result for the period		2,243,304	2,794,575
Adjustments for non-cash items included in net result			
Tax expense	5	747,768	931,525
Changes in operating assets and liabilities			
Receivables	7	8,987	-219,873
Accounts payable	8	-1,121,117	-1,160,603
Net cash inflow from operating activities		1,878,942	2,345,624
Cash flows from financing activities			
Dividend paid to KAS BANK NV	12	-2,500,000	-1,381,530
Financing subsidiaries	6	279,000	18,000
Total net cash flow from financing activities		-2,221,000	-1,363,530
Net increase (decrease) in cash and cash equivalents		-342,058	982,094
Cash and cash equivalents at the beginning of the financial year	9	11,386,876	10,404,782
Cash and cash equivalents at end of year		11,044,818	11,386,876

The notes on pages 14 to 19 are an integral part of these financial statements.

Significant Accounting Policies

Company information

The objectives of KAS Trust & Depositary Services B.V. (hereafter: KAS Trust) are:

- To act as depositary for investment institutions as provided by the Financial Supervision Act (*Wet op het financieel toezicht*);
- To provide investment services and related services as provided by the Financial Supervision Act; and
- All activities which are incidental to or which may be conducive to any of the foregoing referred.

General information

Registration Chambre of Commerce: 33117326

Corporate seat: Amsterdam

Address of the Company: De Entree 500, 1101 EE Amsterdam

Date of Incorporation: 9 June 1966

The annual financial statements were prepared by the Managing Board on 24 April 2019. The annual financial statements will be presented to the Annual General meeting for adoption on 13 May 2019.

Basis of preparation

The financial statements have been prepared on a historical cost basis unless stated otherwise. The financial statements are presented in euros, which is also the functional currency of KAS Trust. The financial statements have been prepared on a going concern basis.

Statement of compliance

The separate financial statements of 2018 of KAS Trust are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and with Part 9 of Book 2 of the Dutch Civil Code.

Consolidation exemption

KAS Trust does based on article 2:408 of the Dutch civil law not present consolidated financial statements since its debt or equity instruments are not traded on a public market, it is a fully owned subsidiary of KAS BANK (Amsterdam), and KAS BANK prepares consolidated financial statements that are available for public use and comply with IFRS. These consolidated financial statements are available on KAS BANK's website under Investor Relations, Annual reports (<https://www.kasbank.com/en/about-us/investor-relations/annual-reports-and-interim-reports>).

Critical accounting estimates and judgements

The preparation of the financial statements requires management judgements and estimates which affect the items reported and disclosed. These estimates and judgements are based on past experiences and take into account recent trends, environmental factors and statistics. At present, for KAS Trust, there are no areas that require significant accounting estimates and judgemental decisions.

Recognition of income and expenses

Revenues and expenses are recognised to the extent that it is probable that economic benefits will flow to or out of KAS Trust and these revenues or expenses can be reliably measured. Fees earned for the provision of services over a period of time are accrued over that period, meaning that in cases where the services are not yet invoiced the income attributable to the period is allocated based on an accrual entry.

Foreign currency translation

Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to euro at closing rate. Foreign exchange gains and losses resulting from the translation at closing rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income as 'Other financial income'. KAS Trust has no non-monetary assets and liabilities denominated in foreign currencies.

Financial assets and liabilities

Recognition and derecognition

All financial assets and liabilities are initially recognised on trade date, i.e. when KAS Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if KAS Trust's contractual rights to the cash flows from these financial assets expire or if KAS Trust transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised when KAS Trust's obligations specified in the contract expire or are discharged or cancelled.

Measurement on initial recognition

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. The classification determines the measurement and the recognition of results. On initial recognition, financial instruments are measured at fair value plus, in the case of instruments not subsequently carried at fair value through profit or loss, any directly attributable transaction costs

Measurement at fair value

Measurement at fair value especially relates to derivative financial instruments, financial assets and liabilities designated at fair value and financial investments available-for-sale.

Measurement at amortised cost

Measurement at amortised cost relates to exposures due from/to banks, loans, due to customers and (reverse) repurchase agreements.

The interest of debt instruments is calculated using the effective interest method and is recognised as 'Interest income' in the statement of profit or loss.

Measurement at cost

Cash and balances with central banks are measured at cost.

Impairment

Financial assets measured at amortised cost

For financial assets carried at amortised cost, KAS Trust assesses individually whether objective evidence of impairment exists. Indications of objective evidence of impairment are amongst others:

- Significant financial difficulty of the issuer or borrower;
- Breach of contract, such as a default or delinquency in interest or principal payments by the issuer; or
- Disappearance of an active market for the related financial asset.

The impairment loss is the difference between the assets' amortised cost and the value of future cash flows, discounted at the financial asset's original effective interest rate. Impairment losses are recognised in the statement of comprehensive income. In the event that the financial asset is collateralised, account is taken of future cash flows that may result from foreclosure of the collateral.

If, in a subsequent period, the amount of the impairment loss decreases and this objectively relates to an event after the impairment was initially recognised, the recognised impairment loss is reversed and the recovery is recognised in the income statement.

Subsidiaries

The measurement of subsidiaries is based on historical costs.

Shareholders' equity

Issued capital

KAS Trust's authorised capital comprises ordinary shares.

Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Annual General meeting. Interim dividend is deducted from equity when declared and no longer at the discretion of KAS Trust.

Other reserves

Other reserves include retained earnings and can be freely distributed to the shareholders of KAS Trust.

Retirement benefit plan

The pension expenses related to the employees of KAS Trust are charged by KAS BANK to KAS Trust and recognised in the income statement of KAS Trust as 'Personnel expenses' as the employees of KAS Trust are employees from KAS BANK.

Taxes

KAS Trust forms a fiscal unity with KAS BANK and several subsidiaries of KAS BANK for both company tax and VAT. The company tax expense is settled via the current account with KAS BANK.

Statement of cash flows

The separate statement of cash flows is based on the indirect method. Cash flows are classified as cash flows from operating, investing and financing activities. The cash flow from operating activities is based on the result after tax. This result is adjusted for those items in the income statement and changes in the balance sheet which do not result in actual cash flows during the year. Cash and cash equivalents comprise balances which are callable on demand.

Changes in accounting policies

The accounting policies applied in preparing these financial statements are consistent with previous year. There was no significant impact on the figures relating the introduction of IFRS 9: Financial Instruments as per 1 January 2018. KAS Trust has not recognized any financial instrument on the statement of financial position. The credit risk on trade receivables is calculated on the level of the parent company KAS BANK and has no reflection in the company financial statements of KAS Trust. A main part of the trade receivables of KAS Trust relates to intercompany positions with the parent company KAS BANK.

The introduction as per 1 January 2018 of IFRS 15: Revenue from contracts with customers (replacement of IAS 18: Revenue) also does not have any impact on the financial statements of KAS Trust. The revenue recognition of contractual services provided by KAS Trust and the determination of the transaction price and the allocation to the reporting period was already in line with IFRS 15. KAS Trust does not provide services which requires a different accounting treatment under IFRS 15, compared to IAS 18.

New IFRS standards and interpretations not yet adopted

As from 1 January 2019 IFRS 16: Leases is effective. KAS Trust does not have any assets that will require another accounting treatment due to the introduction of IFRS 16. The impact of the introduction of IFRS 16 is therefore nil.

Capital management

For the purpose of KAS Trust's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. KAS Trust's policy is aimed at maintaining an adequate capital base in order to meet existing and future capital requirements and to fulfil the capital adequacy standards at all times.

Fair value estimation

KAS Trust has no financial assets and liabilities measured at fair value. Other assets relates mainly to trade debtors and are therefore not measured at fair value.

Fair values, including valuation methods and assumptions

At 31 December 2018, the carrying amounts of cash and cash equivalents, other assets and other liabilities, approximated their fair values due to the short-term maturities of these assets and liabilities.

Notes to the financial statements

1. Commission income and expenses

IN EUROS	2018	2017
Commission income	7,690,580	9,063,978
Commission expense	3,313,169	3,985,980
Total	4,377,411	5,077,998

The commission income relates to the fee for acting as depositary for investment funds and are mostly calculated as a basis points fee based on the assets of the investment funds. All revenue is recognised in the Netherlands.

2. Net trading income

IN EUROS	2018	2017
Foreign exchange transactions results	301	20
Total	301	20

3. Personnel expenses

IN EUROS	2018	2017
Salaries	792,958	807,067
Social securities costs	107,856	98,731
Temporary staff	19,552	875
Pension charges	169,920	170,543
Other	47,043	66,877
Total	1,137,329	1,144,093

The staff of KAS Trust is employed with KAS BANK. All salary related expenses of the KAS Trust staff are fully charged from KAS BANK to KAS Trust. During 2018, the average number of employees at fulltime equivalent basis was eleven (2017: twelve).

4. General and administrative expenses

IN EUROS	2018	2017
Advice	1,594	15,740
Audit fee	43,641	36,136
Information technology	188,239	114,334
Travelling and accommodation expenses	6,196	32,356
Other	9,641	9,261
Total	249,311	207,827

5. Tax expense

IN EUROS	2018	%	2017	%
Result before tax	2,991,072		3,726,098	
Tax expense at statutory tax rate	747,768	25%	931,525	25%
Total	747,768		931,525	

6. Subsidiaries

IN EUROS	Balance as at 31 December 2017	Movements	Liquidated subsidiaries	Balance as at 31 December 2018
KAS Trust Blue Sky Eagle Fund Bewaarder B.V.	18,000	-	-	18,000
KAS Trust Bewaarder IMQuabator Mult. Manager Fund B.V.	18,000	-	-18,000	-
KAS Trust Bewaarder Index Umbrella Fund B.V.	1	-	-	1
KAS Trust Bewaarder OVHK Fondsen B.V.	18,000	-	-	18,000
KAS Trust Bewaarder IAM Beleggingsfondsen B.V.	18,000	-	-18,000	-
KAS Trust Bewaarder Fund for Fair Future Fund B.V.	18,000	-	-18,000	-
KAS Trust Bewaarder Brand New Day Premiepensioeninstelling B.V.	112,500	-	112,500	-
KAS Trust Bewaarder Capvest Masters Funds B.V.	112,500	-	-112,500	-
Total	315,001	-	-279,000	36,001

All subsidiaries are fully owned by KAS Trust and located in Amsterdam, The Netherlands. The management of these entities is executed by KAS Trust. The only activity of these subsidiaries is to act as legal owner of

Notes to the financial statements

investment funds as described in the Financial Supervision Act (*Wet op het financieel toezicht*). During 2018 five (2017: one) subsidiary are liquidated. The liquidation of subsidiaries did not result in any gains or losses.

Subsidiaries are entities which are controlled by KAS Trust. Control of an entity exists if KAS Trust is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In general, control is presumed to exist where KAS Trust owns more than 50% of the voting power of an entity.

7. Other assets

IN EUROS	2018	2017
Receivables	534,719	543,706
Total	534,719	543,706

No provisions relating to receivables have been made for credit risk. The fair value of other assets does not materially deviate from its carrying amount, due to the short-term nature of its related assets.

8. Other liabilities

IN EUROS	2018	2017
Accounts payable (<1 year)	1,347,660	1,721,009
Total	1,347,660	1,721,009

The fair value of liabilities does not materially deviate from its carrying amount, due to the short-term nature.

9. Cash and cash equivalents

This balance sheet item includes cash on hand and demand deposits. KAS Trust has no restricted cash position.

10. Issued capital

The authorised share capital of KAS Trust & Depositary Services B.V. amounts to EUR 25,000, divided into 50 ordinary shares of EUR 500. Issued and fully paid up share capital consists of 50 ordinary shares. This has not changed compared to December 2017.

11. Share premium

Balance as at 1 January	4,925,945	4,925,945
Balance as at 31 December	4,925,945	4,925,945

12. Other reserves (including net result for the period)

IN EUROS	2018	2017
Balance as at 1 January	5,573,629	4,160,584
Result for the period	2,243,304	2,794,575
Dividend	-2,500,000	-1,381,530
Balance as at 31 December	5,316,933	5,573,629

The end balance of EUR 5.316.933 (2017: EUR 5.573.629) is comprised fully of retained earnings.

13. Related parties

KAS Trust identifies as related parties the members of the Managing Board and the parent KAS BANK.

The table below presents the remuneration of the Managing Board of KAS Trust.

Notes to the financial statements

Remuneration of the Managing Board IN EUROS	Short-term employee benefits	Post- employment benefits	Other long term benefits	Termination benefits	Share-based payments
2018	373,234	52,541			
2017	356,262	46,185	-	-	-

The key management consists of the Managing Board of KAS Trust (3 FTE).

The following table presents the transactions with the parent KAS BANK.

Related party transactions IN EUROS	Revenues from related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
2018				
Parent	-	4,641,207	-	1,344,116
2017				
Parent	-	5,296,099	-	1,706,009

The transactions between KAS Trust and KAS BANK relate to revenues and expenses received or paid by KAS BANK which concern KAS Trust. Related party purchases relate to commission expenses (custody) and staff costs including pension charges. These related party transactions are charged from or to KAS BANK without mark-up.

14. Contingencies and commitments

KAS Trust forms a fiscal unity with KAS BANK and several subsidiaries of KAS BANK for both company tax and VAT.

15. Risk Management

Financial risk management

KAS Trust's activities expose it to a variety of financial risks. Risk management is carried out by management. Management identifies and evaluates the financial risks based on principles for overall risk management. KAS Trust's overall risk management program seeks to minimize potential adverse effects on KAS Trust's financial performance. Management is of the opinion that KAS Trust's exposure to financial risks is limited.

Market risk

Foreign exchange risk

Management does not actively manage the foreign exchange risk because the exposure to foreign exchange risks is limited. Assets and liabilities as well as the transactions are primarily denominated in the same currency significantly reducing to the exposure to foreign currency exchange risk. This situation is evidenced by the absence of any significant results related to foreign exchange risk in the income statement.

Price risk

KAS Trust is not exposed to any significant price risk due to the absence of any investments or liabilities measured at fair value.

Notes to the financial statements

Interest rate risk

Because KAS Trust is not financed with external debt, no significant interest rate risk is present.

The cash balances of KAS Trust are not significantly exposed to interest rate risk due to the fact *that* cash is used to settle the current liabilities at short notice and the bank-accounts of KAS Trust are non-interest bearing.

Capital management

It is KAS Trust's policy to maintain a strong capital base, to meet regulatory capital requirements at all times and to support the development of the business. This involves the management, planning and allocation of capital within KAS Trust.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. KAS Trust has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents held at banks and intercompany receivables.

IN EUROS	Subsidiaries	Other assets	Cash and cash equivalents
31 December 2018			
Carrying amount	36,001	534,719	11,044,818
Assets not impaired, not past due	36,001	534,719	11,044,818
31 December 2017			
Carrying amount	315,001	543,706	11,386,876
Assets not impaired, not past due	315,001	543,706	11,386,876

Concentration risk

Concentration risk is the risk that KAS Trust will encounter difficulty in its continuity when major clients will cancel the agreement with KAS Trust. In 2018 two clients were responsible for over 50% of the income. For 2019 it is expected that this percentage will slightly decrease as a result of new clients.

Compliance risk

Compliance risk is the risk that KAS Trust is not compliant to the relevant laws and legislations (e.g. the specific services under the applicable laws) KAS Trust continuously monitors the relevant changes, supported by both by Legal and the Risk committee of KAS BANK.

Liquidity risk

Liquidity risk is the risk that KAS Trust will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. KAS Trust's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking

Notes to the financial statements

damage to KAS Trust's reputation.

Maturity calendar as at 31 December 2018					
IN EUROS	Direct	<= 1 year	> 1 year	Non-maturity	Total
Assets					
Subsidiaries	-	-	-	36,001	36,001
Other assets	-	534,719	-	-	534,719
Cash and cash equivalents	11,044,818	-	-	-	11,044,818
Liabilities					
Other liabilities	-	1,347,660	-	-	1,347,660
Liquidity surplus / (deficit)	11,044,818	-812,941	-	36,001	10,267,878

Maturity calendar as at 31 December 2017					
IN EUROS	Direct	<= 1 year	> 1 year	Non-maturity	Total
Assets					
Subsidiaries	-	-	-	315,001	315,001
Other assets	-	543,706	-	-	543,706
Cash and cash equivalents	11,386,876	-	-	-	11,386,876
Liabilities					
Other liabilities	-	1,721,009	-	-	1,721,009
Liquidity surplus / (deficit)	11,386,876	-1,177,303	-	315,001	10,524,574

Operational risk management

The main risk of KAS Trust is operational risk. Operational risk is the risk that losses will occur as a result of weaknesses or failures in internal processes and/or systems, human frailties or outside events. These include operational risks such as IT problems, shortcomings in the organization structure, absence of or inadequate internal control, human error, fraud, loss of assets with custodians and other external threats.

KAS Trust's operational risk policy is also underpinned in the following ways:

- For each process, there is a control structure in place in which the process, inherent risks, control objectives and control measures are all documented. These control structures are periodically evaluated on the basis of Risk Self Assessments (RSAs), assessments performed by the Risk Management department and operational audits;
- Operational risks are continuously monitored;
- Analysis of events and risks, including proposals for improving processes;
- Ongoing attention to enhancing risk and quality awareness among staff;
- Training and professional development as important elements in staff performance.

Outsourcing risk

KAS Trust has outsourced several IT and other services to KAS BANK. With regards to outsourced components a Service level Agreement (SLA) is agreed upon by KAS Trust and KAS BANK. Monitoring of the SLA is performed by management of KAS Trust. Periodic meetings between KAS BANK and KAS Trust take place to discuss actual performance by KAS BANK and possible changes in the service provided to KAS Trust. Furthermore, KAS BANK yearly delivers an assurance report (ISAE3402 Type 2) to KAS Trust to provide insight in the effectiveness of its control-framework as agreed upon. For 2018 a clean assurance report was received.

16. Audit fee

The following table presents the external independent auditor's fees recognized in the income statement as 'General and administrative expenses' Other services includes ISAE 3402 report audit services.

IN EUROS	PwC Auditors	Other PwC network	Total PwC network
2018			
Audit of the financial statements	19,321		19,321
Other audit services	24,320		24,320
Total	43,641		43,641
2017			
Audit of the financial statements	21,175	-	21,175
Other audit services	14,961	-	14,961
Total	36,136	-	36,136

Subsequent events

On 25 February 2019 KAS BANK and CACEIS announced a public offer of CACEIS on the shares of KAS BANK of EUR 12.75 per share. CACEIS is a French asset servicing bank specialized in post-trade functions related to administration and monitoring of all asset classes. CACEIS is part of the Credit Agricole Group. The Managing Board and the Supervisory Board of KAS BANK unanimously support and recommend the offer of CACEIS. The offer is expected to be completed in the third quarter of 2019 and is subject to customary conditions, including approvals from the Dutch Central Bank and the European Central Bank. The offer of CACEIS does not have material impact on the financial statements of KAS Trust as per 31 December 2018.

During the first months of 2019 KAS Trust liquidated two subsidiaries: Legal Owner Index Umbrella Fund B.V. (formally known as KAS-Trust Bewaarder Index Umbrella Fund B.V.) and KAS Trust Blue Sky Eagle Fund Bewaarder. These liquidations did not result in any gains or losses.

Proposed appropriation of result

The Managing Board of KAS Trust proposes to declare a cash dividend of EUR 44,500 per share (2017: EUR 50.000) and add EUR 18,304 to the General Reserves.

Amsterdam, 24 April 2019

Managing Board

J.N.P. Laan
R.F. Kok
S.F. Plesman

Notes to the financial statements

OTHER INFORMATION

Proposed appropriation of result

The result is appropriated pursuant to Article 4.1 of the Articles of Association of KAS Trust & Depository Services B.V. This article stipulates that the Annual General meeting decides how to appropriate the result.

To: The Managing Board of KAS Trust & Depositary Services B.V.



Independent auditor's report

To: the managing board of KAS Trust & Depositary Services B.V.

Report on the financial statements 2018

Our opinion

In our opinion, KAS Trust & Depositary Services B.V.'s financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2018 of KAS Trust & Depositary Services B.V., Amsterdam ('the Company').

The financial statements comprise:

- the statement of financial position as at 31 December 2018;
- the following statements for 2018: the statement of comprehensive income, the statement of changes in equity and the statement of cash flows; and
- the notes, comprising the significant accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

Independence

We are independent of KAS Trust & Depositary Services B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

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Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the report of the managing board;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The managing board is responsible for the preparation of the other information, including the report of the managing board and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the managing board

The managing board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the managing board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the managing board is responsible for assessing the Company's ability to continue as a going-concern. Based on the financial reporting frameworks mentioned, the managing board should prepare the financial statements using the going-concern basis of accounting unless the managing board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The managing board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going-concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 24 April 2019
PricewaterhouseCoopers Accountants N.V.

/// A. van der Spek RA

Appendix to our auditor's report on the financial statements 2018 of KAS Trust & Depositary Services B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error.

Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the managing board.
- Concluding on the appropriateness of the managing board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going-concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going-concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the managing board 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.



Independent auditor's report

To: the managing board of KAS Trust & Depositary Services B.V.

Report on the financial statements 2018

Our opinion

In our opinion, KAS Trust & Depositary Services B.V.'s financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2018 of KAS Trust & Depositary Services B.V., Amsterdam ('the Company').

The financial statements comprise:

- the statement of financial position as at 31 December 2018;
- the following statements for 2018: the statement of comprehensive income, the statement of changes in equity and the statement of cash flows; and
- the notes, comprising the significant accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

Independence

We are independent of KAS Trust & Depositary Services B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

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In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the report of the managing board;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The managing board is responsible for the preparation of the other information, including the report of the managing board and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the managing board

The managing board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the managing board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the managing board is responsible for assessing the Company's ability to continue as a going-concern. Based on the financial reporting frameworks mentioned, the managing board should prepare the financial statements using the going-concern basis of accounting unless the managing board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The managing board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going-concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 24 April 2019
PricewaterhouseCoopers Accountants N.V.

Original has been signed by A. van der Spek RA

Appendix to our auditor's report on the financial statements 2018 of KAS Trust & Depository Services B.V.

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- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the managing board.
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