



CYPRUS INVESTMENT FUNDS ASSOCIATION  
ANNUAL REVIEW 2021



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## President's Statement

### Cyprus: An established destination of choice for Investment Funds

Even though 2021 has been another unpredictable year, we are delighted that the investment funds sector is now established as one of the fastest growing of the economy of Cyprus and a key pillar for economic recovery. Even during the second year of the COVID-19 pandemic, we witnessed a formidable growth momentum of the sector, with Assets under Management rising from €2.7 billion in 2016 to nearly €11 billion, which translates into a rather significant figure, considering that the country's GDP is circa €21 billion.

In a redesigned global economic environment, in which the investment fund industry continued to grow, Cyprus has successfully claimed an even bigger piece of the pie during 2021. As a result, the country is now considered a destination of choice for the asset management industry in the Southern Europe region, as it offers a wide range of competitive advantages at all levels. It is no wonder that we are optimistic that the increased inflow of funds and fund managers to Cyprus will continue at an even higher pace in the coming years. This is also evident from the significant number of applications for licensing pending approval from the sector's regulator, the Cyprus Securities and Exchange Commission.

The country's competitive advantage lies in a combination of factors that jointly make Cyprus a unique fund jurisdiction; these are the European status and access to the European markets, the ability to offer a cost-effective and tax favourable solution, and the geostrategic position that creates opportunities in the unexplored, yet promising, Middle East, Asian and African markets. What is more, the industry is already extending its footprint in more prominent and wealthy countries, such as India, which is a promising target market. Towards this direction, a significant milestone was accomplished in 2021. Specifically, India's Ministry of Finance decided to classify Cyprus as a "Category I" country for the purposes of Regulation 5 (a) (aiv) of SEBI (Foreign Portfolio Investors) Regulations (the "Regulations"). According to the Regulations, appropriately regulated funds and unregulated funds whose investment manager is appropriately regulated and registered as a "Category I Foreign Portfolio Investor" are subject to lighter KYC requirements and enhanced trading limits and are also eligible to invest in ODIs. The same also applies to Israel, for which Cyprus would be an optimal option for acquiring access to the EU through passporting rights. In general, Cyprus is an ideal option for investment to and from countries in the Middle East area.

Our medium-term target as CIFA is to increase the Cyprus Fund Industry's Assets under Management to €25 billion and attract key international players.



At a regulatory level, more legislative updates are expected to come into force in 2022. The continuous modernisation of our legal framework is a key element of CIFA's strategy as we continuously strive to reinforce an already well-rounded framework. To be more specific, we hope that in 2022 the parliament will examine and approve the legislative act for the supervision and regulation of the fund administration services profession. The enactment of the legislation will set high standards within the fund administration profession and provide an extra layer of comfort to fund managers and investors.

Also, amendments in the tax legislation are expected to come into effect within the upcoming months, providing additional incentives for the establishment of funds in Cyprus, such as the possibility of a fund to choose NAV-based taxation for its investors and the right to register Alternative Investment Funds (RAIFs) to acquire loan portfolios. As CIFA, we recognise that continuous legislative improvements are paramount to maintaining our competitiveness as a jurisdiction. Our commitment is to stay at the forefront of the latest developments of the global asset management industry and continuously strive to offer the industry, and our members, the necessary tools to accomplish their strategic targets.

CIFA continues to promote the sector in numerous economic forums worldwide, either physically or digitally. In 2022, we will continue doing so, targeting markets with significant penetration and growth potential. Internally, CIFA's technical committees continued their targeted efforts to expand and update the sector's product to meet market needs.

As the president of CIFA, I feel the need to express my gratitude to all CIFA board members, our members for their trust, the Minister of Finance, the Minister of Foreign Affairs and the Board of Directors and the Management of Invest Cyprus. I would also like to extend my gratitude to the Ministry of Finance, the Cyprus Securities and Exchange Commission, and the members of the parliamentary Committee on Financial and Budgetary Affairs. Through strategic cooperation and actions, they have significantly contributed to the effort to establish Cyprus as a fund jurisdiction of high standards.

Our medium-term target as CIFA is to increase the Cyprus Fund Industry's Assets under Management to €25 billion and attract key international players, such as fund managers, custodians, and other participants in the market. We remain prudent, realistic, and consistent but, at the same time, optimistic and confident that the positioning of Cyprus as a hub for investment funds will continue to strengthen.

**Andreas Yiasemides**

*President, Cyprus Investment Funds Association (CIFA)*



## Why Cyprus

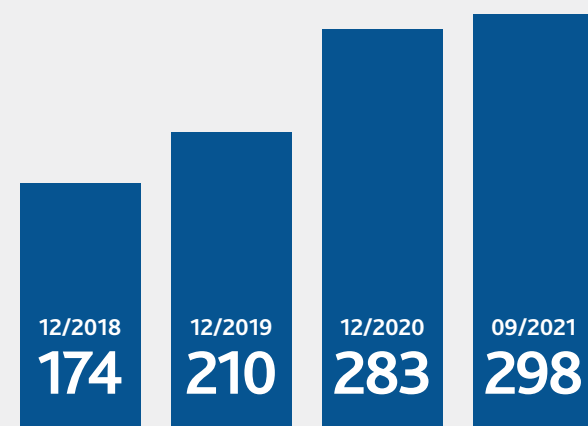
Cyprus is fast becoming one of the top emerging investment fund centres in Europe in light of its continuous efforts to upgrade its legislative and regulatory regime, which is backed up by its strong network of financial and professional services providers. Determined to stay at the forefront of industry developments and offering unique access to high-growth markets, as well as a professional and cost-efficient jurisdiction for funds, the country has developed into a key regional domicile for investment funds and asset managers. The country's population is one of the most highly educated within the EU, and the expertise of its service providers has established Cyprus as a location of choice for international fund promoters and investors seeking secure and advantageous fund solutions.

- ▶ EU member state compliant with EU laws and regulations
- ▶ Eurozone member
- ▶ Strategic geographical location between Europe, Middle East, Asia and Africa
- ▶ Mature business centre with highly qualified professionals and sophisticated infrastructure
- ▶ Extensive range of excellent legal and accounting services
- ▶ Cost-effective setting-up and ongoing operational services
- ▶ Favourable EU and OECD-approved tax regime
- ▶ Access to an extensive network of double tax treaties allowing for tax efficient structuring of investments
- ▶ Efficient and up-to-date regulation, fully harmonised with related EU Directives
- ▶ Collective investments can be listed on the Cyprus Stock Exchange and other recognised EU stock exchanges
- ▶ Cyprus-based funds and asset managers benefit from low tax burdens levied on Cyprus-based corporations
- ▶ Incentives and tax benefits for high-earning managers and high-net-worth individuals

# FUNDS DOMICILE

## AT A GLANCE (Third Quarter of 2021)

### Number of Management Companies and Undertakings of Collective Investments (UCIs)



Assets Under Management (AuM):

**€11.6 billion**

Net Asset Value (NAV):

**€9.8 billion**

### CySEC-Authorised Management Companies and UCIs

Sept 2021

<b>AIFMs</b>	
AIFM (External Fund Managers)	32
AIFM (Internally Managed Fund)	1
<b>Sub-threshold AIFMs</b>	
AIF (Internally Managed)	3
AIFLNP (Internally Managed)	45
Special Purposes Entities	7
CIFs (Note A)	15
<b>UCITS Management Companies</b>	
	4
<b>Dual License Entities: AIFMs and UCITS MC</b>	
	4
<b>Externally Managed UCIs</b>	
UCITS	11
AIF (Externally Managed)	66
AIFLNP (Externally Managed)	28
RAIF (Registered AIF)	82
<b>Total</b>	<b>298</b>
<b>Total Number of UCIs (Note B)</b>	<b>236</b>

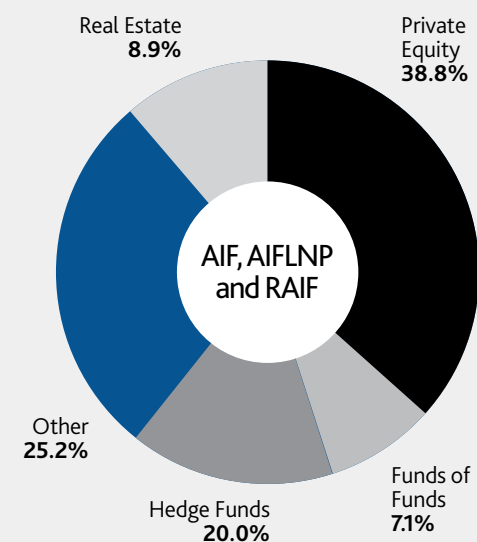
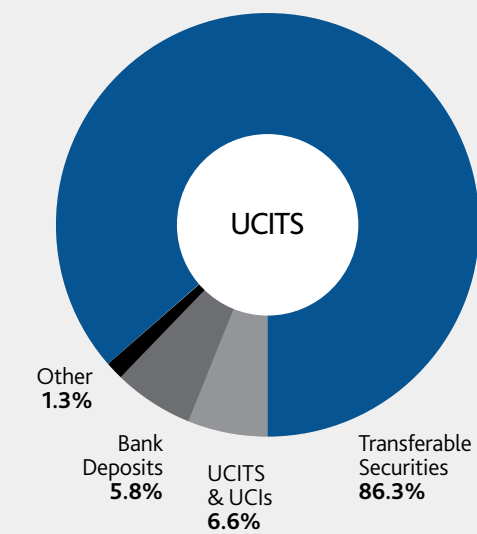
### International Memberships

- International Organization of Securities Commissions (IOSCO)
- European Securities and Markets Authority (ESMA)
- European Fund and Asset Management Association (EFAMA)
- European Systemic Risk Board (ESRB)
- International Capital Markets Association (ICMA) - Associate Member
- International Investment Fund Association (IIFA)

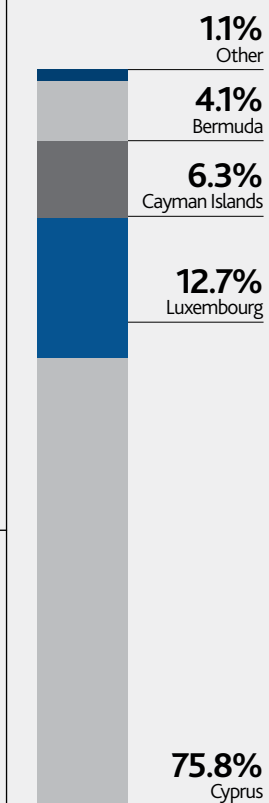
### Memoranda of Understanding (MoU)

- Bilateral MoU with 19 Regulatory Authorities for the exchange of Information
- Bilateral MoU with 47 Supervisory Authorities outside the EU for enhanced supervision of Alternative Investment Fund Managers
- Full signatory of the IOSCO and ESMA Multilateral MoU
- MoU with the Chartered Institute for Securities & Investment (CISI)

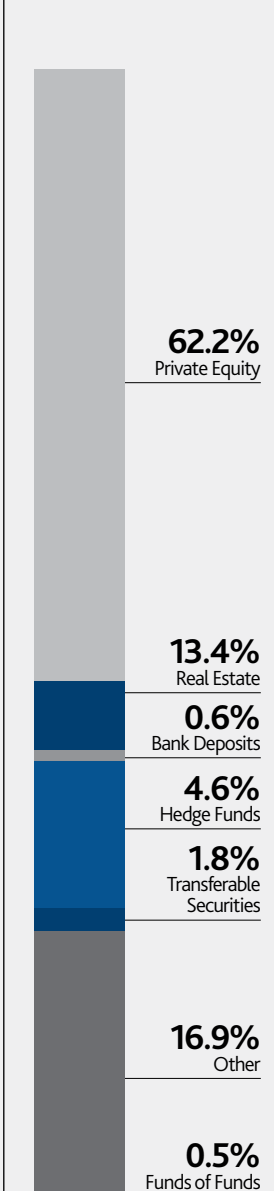
### AuM Analysed by Investment Strategy



### AuM Based on Domicile of UCIs Under Management



### Investment Strategy of UCIs Invested in Cyprus



### Investment in Specific Sectors

- Energy**  
**€315.6 million**  
(2.73% of total AuM)
- Sustainable Investments**  
**€40.2 million**  
(0.35% of total AuM)
- Shipping**  
**€46.3 million**  
(0.40% of total AuM)
- Fintech**  
**€28.6 million**  
(0.25% of total AuM)
- Crypto currencies**  
**€8.5 million**  
(0.07% of total AuM)



## THE EUROPEAN INVESTMENT FUND INDUSTRY IN 2020 AT A GLANCE

Source: EFAMA



Net assets of UCITS and AIFs at end 2020:

**€18.8 trillion**

UCITS:  
**€11.6 trillion**

AIFs:  
**€7.1 trillion**

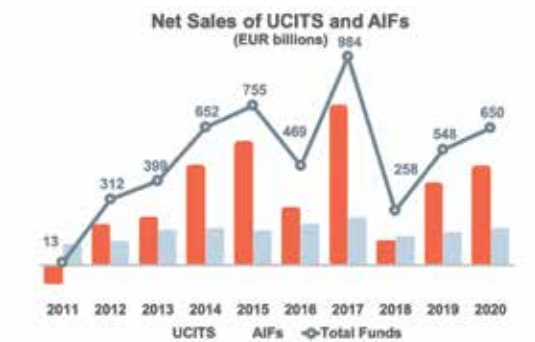


Net sales of UCITS and AIFs in 2020:

**€650 billion**

UCITS:  
**€474 billion**

AIFs:  
**€177 billion**



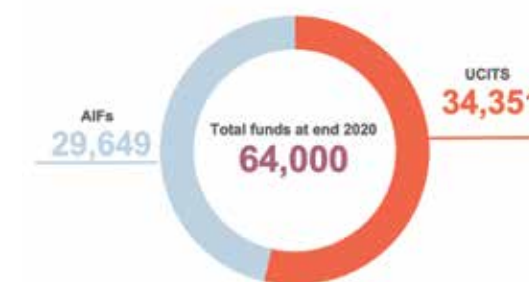
**119%**

of UCITS and AIF net asset growth since end 2010

Growth in UCITS and AIF Assets (EUR billions)



Number of European Investment Funds



Net Assets of European Investment Funds by Fund Type at End 2020

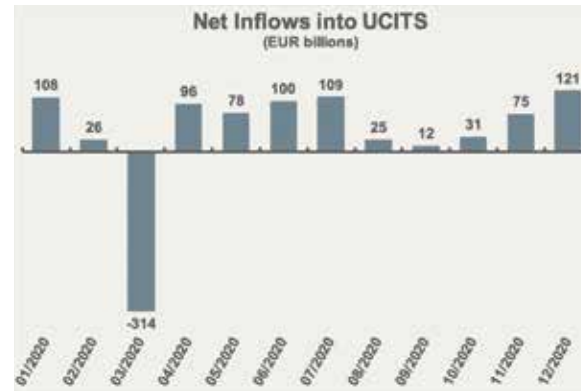


## WHAT HAPPENED IN THE EUROPEAN FUND MARKET IN 2020?

Source: EFAMA

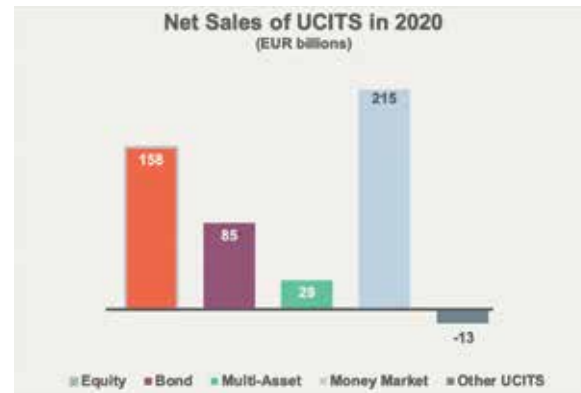
UCITS suffered from significant net outflows at the start of the Covid-19 pandemic, before enjoying a robust rebound in investor demand.

UCITS net outflows amounted to EUR 314 billion in March, the largest monthly outflows ever observed in absolute terms. Investor confidence returned in April and remained strong during the following months. Net UCITS sales slowed down in August-October, before rallying again strongly towards the end of the year, thanks to the good news on vaccines.



2020 has been marked by record-breaking net sales of money market funds (MMFs) and strong net inflows of equity funds.

Despite sizable outflows in March, MMFs attracted EUR 215 billion in net inflows in 2020. This happened during the April-July period when many investors took a wait-and-see attitude as to how the pandemic would further impact financial markets. Equity funds also had an excellent year, thanks to relatively low net outflows in March and the positive vaccine news in November and December.



Net sales of AIFs were hardly impacted by the pandemic.

Net sales of AIFs stayed positive in March and only turned slightly negative in April. The resilience of AIFs amid the Covid-19 pandemic confirms that AIFs are more likely to be held for the long term and tend to incur less significant redemptions in periods of market stress. The main investors in AIFs – pensions funds and insurers – often take advantage of stock market drops to increase their AIF purchases.

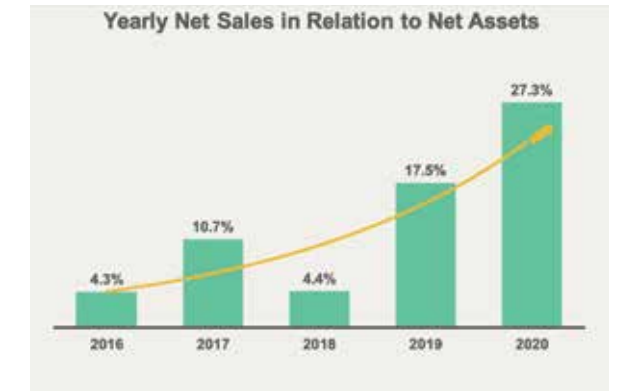


## WHAT ARE THE LONGER-TERM TRENDS IN THE EUROPEAN INVESTMENT FUND INDUSTRY?

Source: EFAMA

The strong growth enjoyed by ESG funds in 2019 and 2020 is likely to continue in the coming years.

European ESG fund assets have grown significantly over the last five years, reaching EUR 1.2 trillion at the end of 2020. This represented 11% of the total UCITS universe. This growth was supported by strong net sales of ESG UCITS, which rose almost exponentially in 2020 to an estimated total of EUR 235 billion, despite the Covid-19 pandemic.



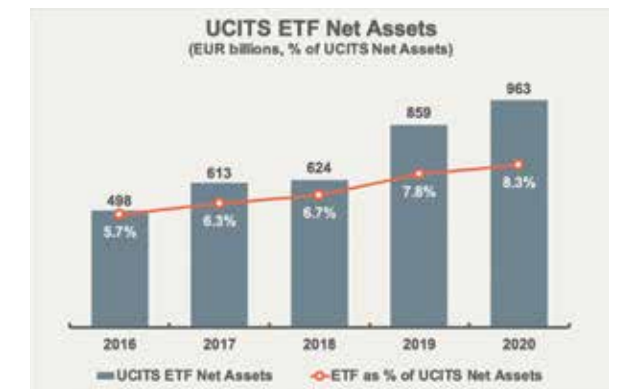
The cost of active UCITS continues to fall.

The cost of UCITS has been steadily declining across Europe in recent years. The costs of actively managed equity and bond funds decreased by 11% and 18%, respectively, between 2016 and 2020. This trend is expected to continue in the future, as increased transparency around fees and pressure from passive funds will remain in force.



Exchange-traded funds (ETFs) are steadily growing in popularity.

Due to their attributes of liquidity and low costs, the popularity of ETFs has increased in recent years. Net assets of UCITS ETFs steadily rose from 5.7% of total UCITS assets in 2016 to 8.3% at the end of 2020. Other passive funds, apart from ETFs, have also seen their market share gradually increase, from 5% in 2016 to 7% in 2020.





## NET ASSETS OF UCITS AND AIFS BY COUNTRY

**UCITS growth by country.** The 2020 growth in UCITS assets varied widely across European countries. Growth in the larger domiciles was mostly positive, with only Italy registering a small net asset decline (-1%) and Sweden registering the strongest growth (14%), followed by Ireland (9%). Growth was more varied in the smaller domiciles, with strong growth in Cyprus (15%) and Portugal (13%). Meanwhile Croatia (-21%), Malta (-16%) and Romania (-14%) registered the steepest declines in net assets.

**AIF growth by country.** Total AIF net assets grew slightly less than UCITS assets, again with significant variations between countries. The larger domiciles all registered positive net asset growth. Growth among the smaller domiciles was again more mixed. The highest growth rates were recorded in Slovenia (31%) and Greece (25%), while the strongest declines were registered in Belgium (-21%), Turkey (-14%) and Malta (-13%). The sharp decline in Belgium was unrelated to market evolutions but resulted from several AIFs being converted into UCITS.

### Net Assets of Investment Funds (EUR billions)

Country	UCITS 2020	UCITS Growth	AIFs 2020 Rate 2020	AIFs Growth Rate 2020
Austria	89.9	4%	111.5	4%
Belgium	160.3	8%	10.1	-21%
Bulgaria	0.8	3%	0.01	-7%
Croatia	2.4	-21%	0.6	3%
Cyprus	0.4	15%	4.5	-8%
Czech Republic	13.5	4%	1.7	9%
Denmark	157.8	9%	171.0	-0.2%
Finland	116.9	6%	15.5	4%
France 1	884.3	7%	1,182.7	4%
Germany	418.1	2%	2,093.2	7%
Greece	6.2	2%	3.4	25%
Hungary	1.3	7%	17.6	-4%
Ireland	2,528.1	9%	796.1	9%
Italy	241.2	-1%	88.3	0.005%
Liechtenstein	28.6	-1%	26.4	6%
Luxembourg	4,158.4	6%	815.4	2%
Malta	2.6	-16%	11.1	-13%
Netherlands	39.7	-8%	959.1	6%
Norway	142.6	6%		
Poland	27.0	-4%	34.5	-1%
Portugal	13.9	13%	11.6	3%
Romania	4.0	-14%	4.4	-11%
Slovakia	5.8	8%	2.0	-2%
Slovenia	3.2	7%	0.2	31%
Spain	249.1	1%	55.3	-9%
Sweden	455.3	14%	24.6	8%
Switzerland	592.2	5%	169.8	13%
Turkey	14.4	-6%	11.8	-14%
United Kingdom	1,286.0	-0.2%	498.3	5%
Europe	11,645	6%	7,120.7	5%

Source: EFAMA

## WHAT HAPPENED IN THE GLOBAL INVESTMENT FUND MARKET IN 2020?

Source: EFAMA

### Investment funds play an important role in financing the global economy.

The share of funds in global capital markets grew from 17% in 2010 to 24% in 2017, stabilising thereafter. The reasons behind this evolution vary between regions. In the United States, the solid growth was driven by the increasing popularity of mutual funds in the US retirement system. In Europe, the success of the UCITS brand contributed strongly to the growth. In emerging economies, fund growth coincided with the general development and deepening of domestic capital markets.



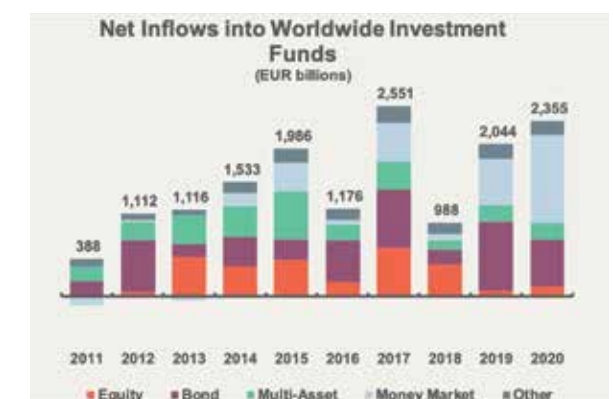
### Europe is the second-largest fund domicile, accounting for 33% of the worldwide investment fund assets.

The United States is the largest domicile for regulated open-ended investment funds, with a 48% market share at end 2020. The Asia-Pacific region, encompassing the major Asian economies such as China, Japan and India, accounted for 13%. Net assets of funds in the Americas, excluding the United States, amounted to 6%. These regional shares have not shifted substantially in recent years.



### Net sales of worldwide funds rose in 2020 to the second-highest level of the decade, thanks to exceptional inflows into MMFs.

Net sales of MMFs represented more than half of the total inflows recorded in 2020; an absolute record. Net sales of equity funds remained low, despite the strong net inflows recorded in Europe. This was mainly due to net outflows in the United States, which can be partly explained by US investors rebalancing their portfolios by selling equity funds and buying bond funds.





## About CIFA

**Support and Development** The Cyprus Investment Funds Association (CIFA) was established in 2013 to support investors and asset managers in setting up and structuring funds in Cyprus. In addition to investor support, CIFA's focus is to enhance the sophistication and development of the investment funds sector. The purpose and aspiration of CIFA is to be the collective voice and the reference point for all professionals and legal entities offering services or who are engaged in the investment funds industry in Cyprus. The Board of CIFA is comprised of highly reputable professionals experienced in all aspects of the industry, including fund management, advisory, banking, auditing and legal services. CIFA now has over 370 members from more than 160 leading companies in Cyprus.

**Technical Expertise** To better fulfil its mandate, and to best utilise the valuable expertise of its members, CIFA has established 11 Technical Committees comprising of experienced industry professionals. The committees follow relevant developments at local and international level, analyse and discuss implications, challenges and opportunities and recommend best policy options and course of action, that will allow Cyprus to remain at the forefront of related issues internationally, while continuously expanding and updating its product to meet market needs.

**Local and International Cooperation** CIFA has a strong working relationship with Cyprus' investment promotion agency, Invest Cyprus, which first took the initiative for the establishment of CIFA as a natural development of the progress made thus far in promoting Cyprus as a competitive investment funds jurisdiction. In extending its local network, CIFA has established close cooperation with the competent regulatory authorities, the Ministry of Finance, as well as the relevant industry associations and professional bodies. At an international level, CIFA is taking all the necessary steps to become a national member of widely recognised and respected international bodies.

An important milestone for CIFA was in 2016, when it became a full member of the European Fund and Asset Management Association (EFAMA). CIFA is actively involved in EFAMA Board of Directors' meetings and hosted the 2018 AGM of EFAMA in Cyprus. CIFA was also accepted as a member of the International Investment Funds Association (IIFA) in April 2019, is an associate member of the International Capital Markets Association (ICMA) and has signed a Memorandum of Understanding (MoU) with The Chartered Institute for Securities & Investment (CISI). CISI is the leading professional body for securities, investment, wealth and financial planning professionals.

**Strategic Relationships** CIFA has boosted the visibility of Cyprus globally by establishing strategic relationships through which Cyprus funds are able to list on international fund platforms or organisations such as Clearstream, Refinitiv (ex-Thomson Reuters) and Bloomberg, with discussions currently underway with also Morningstar. In addition, Cyprus has bilateral MoUs with 19 regulatory authorities for exchange of information, with 47 supervisory authorities outside the EU for enhanced supervision of alternative investment fund managers, and is full signatory of the IOSCO and ESMA multilateral MoU.



### Support CIFA members

CIFA's Technical Committees analyse and discuss implications, challenges and opportunities presented by developments at both a local and international level. Related guidance papers are issued to act as sources of reference to market participants and to help them capitalise on industry trends.

### Promote the Cyprus investment fund industry

CIFA's ultimate goal is to promote the Cyprus investment fund industry both at home and abroad. This is achieved locally by representing the industry in economic missions organised by the government and regulatory authority, by hosting fund conferences, events and seminars, and by interacting with the media. Internationally this is achieved by promoting awareness through its involvement with industry associations, participation in industry conferences, targeted roadshows and sponsoring international fund forums in key markets across the world.

### Enhance professionalism, integrity and quality in the industry

The global financial services sector is subject to fast-changing regulations and increased focus on compliance and transparency. CIFA encourages professionalism, quality and integrity in the services offered by market participants by promoting the protection of investors, advocating adherence to high ethical standards, transparency and good corporate governance. CIFA also provides relevant training in order to further support the industry's growth and the development of best practices.

### Shape and develop regulation

CIFA monitors developments in the global industry and works closely with the government and regulatory authority in shaping regulation, both when required in light of regulatory developments at a European level, as well as when needed to develop new products and services in order to remain competitive.

OUR MISSION



Strengthening the competitiveness of Cyprus by efficiently developing and promoting the funds sector

Increasing the number of CIFA members

Members capacity building and professional development by organising seminars and training events to cater to the needs of our members in the face of international and local developments

## Our Goals

Cooperation and consultation with supervisory and licensing authorities to establish an efficient system for implementing the new legal framework.

Planning and organising more targeted promotional activities, including international events in selected financial centres, as well as promoting Cyprus' new funds regime through various communication activities and strategies

Establishing strong international relationships with organisations that will help the further development of the fund industry locally, regionally and internationally

## Board of Directors



Andreas Yiasemides  
*President*



George Campanellas  
*Vice President*



Panikos Teklos  
*Vice President*



Maria Panayiotou  
*Board Secretary*



Constantinos Papanastasiou  
*Board Treasurer*



Christoforos Antoniadis  
*Board Member*



Antonis Antoniou  
*Board Member*



Andreas Athinodorou  
*Board Member*



Marinos Christodoulides  
*Board Member*



Christos Kalogeris  
*Board Member*



Elia Nicolaou  
*Board Member*



Omiros Nishiotis  
*Board Member*



Charalambos Phokas  
*Board Member*



Charalambos Proutzos  
*Board Member*



Antonis Rouvas  
*Board Member*



Marios Tannousis  
*Board Member*



Demetris Taxitaris  
*Board Member*



## Activities

### Developing the Fund Industry

Throughout 2021, the CIFA Board of Directors has been working in close cooperation with the Technical Committees to fulfil a number of priority objectives, starting from the strengthening of the membership base to raise CIFA's profile at both an international and national level, by providing quality information and training to its members and enhancing professional standards. One of the most important objectives was the continuous implementation of the well-designed strategy for the development and promotion of the funds sector and the enhancement of the attractiveness of Cyprus as a jurisdiction of choice for investment funds and international fund managers.

### New Initiatives and Strengthening of Relations with Important International Organisations in the Investment Funds and Asset Management Space

CIFA has worked on a project of on-boarding Cyprus funds onto Clearstream and managed to conclude this successfully. As a result, Cyprus funds are now listed on Clearstream. Bloomberg has also started on-boarding Cyprus funds on its platform. The Clearstream and Bloomberg initiatives follow the strategic relationship established in 2018 between CIFA and Thomson Reuters (now Refinitiv), which resulted in Cyprus funds being listed for the first time on the Thomson Reuters platform giving the ability to Cyprus funds to be visible to more than 20,000 fund managers and investment fund professionals worldwide.

Another important development for CIFA was its acceptance as full member to the International Investment Funds Association (IIFA) in 2019, while being also a full member of EFAMA and fully aligned with EU issues related to investment funds. The strong affiliation with the International Capital Markets Association (ICMA) and CIFA's associate membership status is also of strategic importance in the international capital markets. With the strategic alliance and MoU with the Chartered Institute of Securities and Investment (CISI), members of CIFA as well as professionals in Cyprus and the region have access to specialised training, capacity building and best practices.

### CIFA Website and Quarterly Newsletter

CIFA's website and newsletter were initiated in 2013, providing a platform of information to CIFA members and the funds industry in general, as well as an insight into legal and technical issues and developments in the funds sector. These are important tools in establishing a direct channel of communication with members and other persons engaged in relevant activities, as well as making CIFA known to a broader audience. The newsletter, issued on a quarterly basis, contains valuable contributions on a wide variety of subjects by CIFA members, government officials and the supervisory authority. Since September 2013, when the first newsletter was released, issues have been systematically published and distributed. They are also posted on the CIFA website.

## CIFA ACTIVITIES 2021

### A' SEMESTER



Memorandum of Understanding with The Institute of Certified Public Accountants of Cyprus – ΣΕΛΚ (28/12/20)



Agreement to strengthen cooperation with the Association of Cyprus Banks (ACB) (12/01/21)



Annual General Meeting (AGM) (15/02/21)



Memorandum of Understanding with The CFA Society Cyprus (08/02/21)



Working closely with the Ministry of Finance of Cyprus and CySEC to amend the relevant legislation in order to improve our positioning as a jurisdiction of choice (24/02/21)

CIFA's Legal and Regulatory Committee Review for 2020 (01/03/21)



Ministry of Finance, Government of India issued an Order specifying that the Cyprus Government is now classified as a "Category 1" country for the purposes of Regulation 5 (a)(iv) of SEBI (Foreign Portfolio Investors) Regulations. (15/06/21)



## B' SEMESTER



New CIFA Website launched (23/07/21)



Meeting between the Governor of the Central Bank of Cyprus (CBC) Constantinos Herodotou and the business partners and associations (07/09/21)

Farewell party for Mrs. Demetra Kalogerou, President of CySEC (11/10/21)



Targeted Seminar to the members of the Association of Cyprus Banks regarding Cyprus Funds and Fund Managers (26/10/2021)



Publication: The 2021-2022 CIFA Investment Funds Guide for all the latest developments in the sector, articles from experts, and much more (08/11/21)



Promotional Video: Why Cyprus is fast becoming a reputable EU fund hub and a jurisdiction of choice for funds and fund managers (11/ 21)

## CIFA EVENTS &amp; OTHER PARTICIPATIONS 2021

## EFAMA Board of Directors Meetings

CIFA participates in the European Fund and Asset Management Association (EFAMA) Board meetings on a regular basis where important issues are discussed, and decisions taken.

### Online Conference: Israel & Cyprus Investment Funds and Asset Management Industry

**11 February 2021**

Organised by Invest Cyprus

### Hybrid Conference: Cyprus Professional Services Conference

**20 May 2021**

Organised by IMH

### Online Webinar: 2021 Outlook: Cyprus Investment Fund & Asset Management Industry

**24 February 2021**

Organised by Bloomberg, CIFA & Invest Cyprus

### Online Workshop: CIFA Workshop #S2: The UBO Register & Listing of Investment Funds on the Cyprus Stock

**1 June 2021**

Organised by CIFA & Invest Cyprus

### Online Webinar: Ethics in the Investment Industry

**26 February 2021**

Organised by CIFA & CFA Institute

### Hybrid Conference: Cyprus Family Office Conference

**15 June 2021**

Organised by IMH | Nicosia, Cyprus

### Online Webinar: 2021 Outlook: Risk Management & Regulation in Cyprus and Beyond

**10 March 2021**

Organised by Bloomberg, CIFA & Invest Cyprus

### Conference: 5th Annual Capital Link Cyprus Shipping Forum

**17 June 2021**

Organised by Capital Link | Nicosia, Cyprus

### Online Workshop: CIFA Workshop #1: Cyprus Funds: The Post-Pandemic Landscape

**22 April 2021**

Organised by CIFA & Invest Cyprus

### Online Workshop: CIFA Workshop #3: ESG and Investment Funds - An Introduction to the Fundamentals

**1 July 2021**

Organised by CIFA, Invest Cyprus and REFINITIV

### Online Webinar: Chypre: Un Hub Regional/ Cyprus: A Competitive Headquartering and Fund Industry Jurisdiction

**6 May 2021**

Organised by the Ministry of Energy, Commerce and Industry & the Embassy of Cyprus in France

### Conference: "Cyprus: An ideal destination for investment funds"

**1 July 2021**

Organised by CIFA & Invest Cyprus | Athens, Greece

### Online Conference: Invest Cyprus Road Show 2021: Cyprus - A Leading EU Asset Management and Fund Hosting Jurisdiction

**20 May 2021**

Organised by Invest Cyprus

### Hybrid Conference: CySEC 25 Years: The Past, Present and Future of Financial Development and Innovation

**14 July 2021**

Organised by CySEC | Nicosia, Cyprus

## ...CIFA EVENTS &amp; OTHER PARTICIPATIONS 2021

## Online Webinar: The Investment Opportunities for FPIs enroute to India via Cyprus

10 August 2021

Organised by Pivot Consultants Cyprus and the StockHolding Corporation of India Limited

## Conference: The New Era: Navigating the evolving European fund distribution landscape with successful regulatory, operational and investment strategies

28 &amp; 29 September 2021

Organised by Informa | London, UK

## Online Webinar: CIFA Workshop #4: Road to Resilience: The Recovery and Resilience Plan for Cyprus

7 October 2021

Organised by CIFA &amp; Invest Cyprus

## Hybrid Conference: Cyprus Investment Funds Conference – India

12 October 2021

Organised by CIFA | Nicosia, Cyprus

## Hybrid Conference: 7th International Compliance Forum

15 October 2021 | Organised by IMH | Nicosia, Cyprus

## Hybrid Presentation: The Growing Fund Sector in Cyprus

26 October 2021

Organised by CIFA &amp; The Association of Cyprus Banks | Nicosia, Cyprus

## Hybrid Conference: 7th International Funds Summit

1 &amp; 2 November 2021

Organised by CIFA &amp; Invest Cyprus | Nicosia, Cyprus

During 2021, CIFA also took part in business events Organised by various other local and international institutions.



## Events Planned for 2022

In 2022, CIFA will host the annual Investment Funds Summit, continue its own workshops and participate in Invest Cyprus' promotional events. The Association will also participate in international events that match its development strategy.





## Technical Committees

To fulfil its mandate and to best utilise the valuable expertise of its members, CIFA has established 11 Technical Committees comprising of experienced industry professionals. The Committees follow relevant developments at local and international level, analyse and discuss implications, challenges and opportunities and recommend best policy options and course of action, to allow Cyprus to remain at the forefront of related issues internationally, while continuously expanding and updating its product to meet market needs.

Committee	Chairperson
▶ AIF Committee	Michalis Vasiliou
▶ Anti-Money Laundering (AML) Committee	Giorgos Konstantinou
▶ Asset Management and Distribution Committee	George W. Sams
▶ Ethics and Risk Management Committee	Andreas Theophanous
▶ FinTech Committee	Antonis Houry
▶ Fund Administration Committee	Andreas Athinodorou
▶ Legal and Regulatory Committee	Michalis Ioannides
▶ Statistics and Fund Research Committee	George Martides
▶ Tax Committee	Neofytos Neofytou
▶ Training and Human Resource Committee	Charles Charalambous
▶ UCITS Committee	Alexios Kartalis

## Technical Committee Summary Reports

### AIF Committee

**Chairperson:**  
**Michalis Vasiliou**

Following the acute phase of COVID-19 during 2020, 2021 proved to be an encouraging year. Markets have normalised and confidence has been established. Cyprus has managed to retain its growth momentum with a YoY increase of circa 20% in Assets under Management (as at 30/6/2021). The AIF Committee has been active throughout the year with minimal interruptions caused by the pandemic, proving its commitment to the industry. The Committee has held 4 meetings during 2020/2021, the most notable matters discussed are:

- **Beneficial Ownership Register**

The Committee has held discussions in relation to the Beneficial Ownership Register, a requirement which stems from the AMLD V (2018/843). The Committee has participated in discussions with the Registrar of Companies and other stakeholders as to the information to be collected from fund managers. Due to the nature of investment funds being that persons who own the investment fund are usually not the ones controlling the fund, it is the Committee's opinion that a clear guidance should be published as to the test to be applied to identify the beneficial owner of an investment fund, to appropriately populate the Beneficial Ownership Register.

- **Fund Jurisdictions' Comparison**

The Committee has identified the need to create and maintain a comparison table with the major fund jurisdictions, considering relevant parameters such as the legal framework followed, substance requirements, need for depositary appointment, etc.

- **Classification Directive**

As part of the annual legislations' review the Committee has discussed and identified the need to update and modernise the AIF Classification Directive (471/2015) namely:

- Loan Origination Funds
- AIF's issuing bonds

- **Other Matters of Discussion**

- Partnerships Law – important to maintain competitiveness with other funds jurisdictions
- Cross-border e-marketing
- Crypto funds and other EU member states current regulatory framework
- Fractional Shares – comparison between AIF Law and Companies Law (Cap. 113) suggested webinars available to the Committee's members

### Future Goals of the Committee

- The Committee agreed that the targeted promotion to international fund managers should continue leveraging on the unique advantages that Cyprus offers as a jurisdiction of choice for establishing fund management entities as well as funds.
- The Committee will concentrate its efforts in promoting ESG investments in the Cypriot fund industry.
- The Committee is committed to provide its consultation to stakeholders in relation to upcoming legislations and reforms.



**Purpose:** The purpose of the Committee is to assist the BOD of CIFA in addressing matters related to Anti-Money Laundering (AML) and Compliance in the Fund Industry, liaise with the competent authorities for ML/TF matters, and to support the market practitioners in the fund industry.

#### Activity Report for 2021

The following report has been prepared to summarise the activities undertaken during the current year on behalf of CIFA AML Technical Committee:

#### Completed Actions:

- Reviewed and provided comments on CySEC Consultation Paper "Improving the Facilitation of Customer Due Diligence with Innovative Technologies"
- Reviewed and recommended actions for AML critical issues that affect the fund industry
- Preparation of AML section for EFAMA report
- Monthly meetings with the Committee members to discuss and act on AML/CFT related matters, and provided recommendations to the BoD and other key stakeholders within the fund industry
- Met with other professional bodies and technical committees to discuss AML issues and identify ways to overcome such challenges
- Reviewed and analysed the upcoming changes in the regulation, including consultation papers issued from the regulator and provided feedback and comments
- Preparation of a Memo for the meeting between CIFA and the Association of the Cyprus Banks (ACB)
- Initiative of the Cyprus Investments Funds Association (CIFA) and the AML Technical Committee to discuss with the Association of Cyprus Banks (ACB) the key challenges that funds are currently facing when served by the Cyprus banks, and subsequently agree on common actions to rectify the situation
- Preparation and delivery of a presentation during the meeting with ACB and its bank members and subsequently preparation of the relevant letter summarising the main challenges
- Memo sent to CIFA BoD following our review to the letter provided from the Companies Registrar in relation to the UBO Registry

#### Brief outlook for the future

The Cyprus authorities in charge for Combating Money Laundering (ML) and Terrorist Financing (TF) have come a long way in transforming their Anti-Money Laundering (AML) and Counter Terrorist Financing (CTF) regimes by embracing a more holistic approach. In this respect, they are in constant cooperation with the local and foreign supervisory authorities to ensure that financial sector legislation is aligned with international standards and best market practices.

What we have seen over the last 12 months, are considerable developments towards the establishment of a central register that will hold information on beneficial ownership for corporate and other legal entities incorporated or based in the jurisdiction, and a central register of beneficial owners of trusts. The efforts are expected to continue within 2022 given that the companies and other legal entities incorporated in the Republic of Cyprus have an obligation to register their beneficial owners in a national centralised register, and they have until 12 March 2022 to proceed with the reporting requirements.

With Covid-19 impact continuing in full force, the digital agenda from most of the financial institutions aiming to transform their modus operandi, is expected to further expose financial institutions to new and increasing fraudster attacks. As a result, this is expected to generate further uncertainty for the authorities who will respond with more regulations.

## Anti-Money Laundering (AML) Committee

Chairperson:

Giorgos

Konstantinou

Finally, the speed of change in technology will result in a more expensive and complex fight against crime, terrorism and money laundering. Inevitably, the technology will become an inherent and invaluable part of all efforts against money laundering. However, the human element will be the cornerstone in making any system successful and productive, hence ongoing training and upskilling will be a key element for all practitioners within the industry. Companies will have to direct considerable resources in order to develop quicker and more secure ways to comply with AML regulations, through the employment of the right technology, revamping their policies and procedures, and investing in the best possible consultants in the risk advisory field to seek for support.

## Asset Management and Distribution Committee

Chairperson:

George W. Sams

The Asset Management and Distribution Committee has already been held five times and a number of actions were taken or are under execution. The main objective of the Committee is the support, development and growth of the Fund and Asset Management industry in Cyprus. Among the issues discussed were how to promote Cyprus, how to approach international asset managers that have operations in Cyprus, and the tax framework for asset managers and investors.

#### Executive Summary

##### • Introducing New PEPP (Pan-European Personal Pension Product) Committee CFA/CIFA

A new working group on PEPP (Pan-European Personal Pension Product) which has been established in cooperation with the CFA Society Cyprus Advocacy Committee with the ultimate goal of increasing awareness in Cyprus regarding the PEPP. This cooperation is formed under the umbrella of the MoU signed between CIFA and CFA Society Cyprus. The PEPP Committee consists of eight members, five members of the Committee and three members of the CFA Cyprus Advocacy Committee. The members of the Committee participating in the PEPP working group are George Sams, Alkis Hajittofis, Constantinos Kourouyiannis, Maria Ombashi and Panayiotis Chrysostomou. On behalf of the CFA Society Cyprus, the members are Panayiotis Mavromichalis, president of the CFA Society Cyprus, Zenon Papaphilippou and Eleni Constantinou, CFA Society Cyprus Board Members. In this context a Q&A-presentation of PEPP was sent to all members of CIFA and CFA at end of March 2021

##### • Onboarding Cypriot Funds on Morningstar

Following the progress of discussion between CIFA and Morningstar for the upgrade of funds domiciled in Cyprus, Cyprus funds will be rated and become visible to investors. This is considered important as it will enhance the visibility of both the funds themselves as well as the jurisdiction, while it is expected to simplify the due diligence procedures performed by third-party institutions when considering investments and wire transfers into Cyprus funds. The success of Cyprus entering is expected to stimulate interest. In this context two emails have been sent to all members and fund managers were informed about the advantages. All interested fund managers, especially those investing into financial securities have been already informed about procedure for uploading on a monthly basis fund data on the Morningstar platform. A committee under CIFA is working on prerequisites and will conclude soon the list of funds that will be evaluated from Morningstar.

##### • New Taxation Scheme for Funds

Following our proposal two years ago to adapt a new form of taxation for funds (NAV taxation) our Committee with the presence of Mr. Yasemides, Mr. Gregoriades and Mr. Neofytou was called to investigate-formulate the last tax proposal and to decide on the criteria that funds in Cyprus will follow and implement the NAV taxation. Our goal is to find an effective solution which will satisfy our ethical obligations as managers towards our investors and at the same time support the growth of the fund industry in Cyprus. A win-win outcome.

#### • Tax Incentives for Asset Management

Mr. Sams highlighted the importance of forming a proposal for tax incentives to fund investors given the long-lasting low interest rate environment. Currently tax incentives are only available for savers with insurance plans. This matter needs to be discussed with other investment professionals as well and some criteria need to be set for tax exemptions eligibility. This topic could also be discussed with members of the UCITS Committee. The Committee has stressed out the importance of linking tax incentives with the ESG factors, a trend also observed in the UK. And or if investments in funds are associated with retirement then they could be easier to convince tax authorities to grant tax incentives. There are tools which can be used so that funds to be associated with retirement, such as special provisions in the investment policy for long-term investments, as well as the use of lockup periods to prevent early redemption of units.

#### Brief Outlook for the Future:

- Further enhance the collaboration of all involved with regards to Pan-European Personal Pension Product (PEPP)
- Conclude on the final criteria for introducing NAV taxation for funds in Cyprus
- Communication with asset managers for discussion with regards to operational issues that practitioners are currently facing
- Tax incentives for Cypriot funds, proposal will be presented to CIFA BoD
- Morningstar onboarding Cypriot funds

The activities of the Committee are primarily focused on monitoring developments in the area of ethics and risk management, with an aim to translate these into best practice recommendations for our members and the industry as a whole. To this end, the Committee is operating on the basis of its three-year roadmap, which is updated on a regular basis according to new requirements and needs, and which includes the following:

- Ongoing monitoring and evaluation of new laws and regulations both at local and global level, and the impact that these may have in terms of ethics and risk management
- Enhance relationships with the regulator, market participants and service providers of the industry, in an attempt to identify regulatory and market needs
- Develop tools the aim of which is to assess the level of ethics and risk management awareness of our members, in order to identify areas where further support may be required
- Develop guidance in relation to the content of the annual risk officer report, so that this adds more value to the boards of the funds, their managers and the regulator
- Organise conferences, training sessions and other relevant material to support the needs of our members and businesses involved in the sector
- Continuing updates to our members on ethics issues

During the year under review, the Committee has considered a number of areas for which further guidance was required by market participants, and has taken initiatives through CIFA publications to increase awareness of market participants in the areas of fund governance, operational risk and insurance, and liquidity management of open-ended funds.

Looking ahead for the next year, the Committee will continue its operations on the basis of its above roadmap, and to closely monitor and evaluate market and regulatory developments in the areas of ethics and risk management, in order to enhance market awareness, and if considered appropriate, to also suggest to the board of the Association, recommendations for possible enhancements.

### Ethics and Risk Management Committee

Chairperson:  
**Andreas Theophanous**



The Financial Technology (FinTech) Committee's main aim is to recognise new technologies that can influence and empower the funds industry. The scope of the FinTech Committee is to monitor developments in the financial technology industry, identify major trends and technologies that can be utilised in the investment funds industry and recommend and assist CIFA in the adoption of new technology and standards that can facilitate the growth of the investment funds industry in Cyprus.

Special attention is given to the adoption of new technology standards by investment funds and the impact of new technology in the funds' industry. Particular emphasis is given to Regulatory Technology (RegTech), the technology created to address regulatory challenges in the financial services sector. The Committee held meetings and discussions with Cyprus Securities and Exchange Commission (CySEC) representatives and exchanged views and ideas on ways of promoting RegTech in the Cyprus funds industry for monitoring and supervision, Know Your Client (KYC) and Anti Money Laundering (AML) purposes.

The Committee aims to continue monitoring the trends of new technologies and suggest recommendations as to the necessary changes that need to be adopted by the funds industry.

### FinTech Committee

Chairperson:  
**Antonis Houry**

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The Committee aims to continue monitoring the trends of new technologies and suggest recommendations as to the necessary changes that need to be adopted by the funds industry.

### Fund Administration Committee

Chairperson:  
**Andreas Athinodorou**

In 2021, the Committee continued its efforts in pursuing the objectives set out in the previous year. Such efforts had been carried out through virtual meetings that took place on a monthly basis. The Committee members directed their efforts in the following key topics:

- Support the CIFA Board of Directors on issues relating to the Fund Administration Services
- Issuance of the Committee's official response to CySEC on their draft Fund Administration Law after engaging in a high level technical evaluation and analysis of the latter
- Conducted recurring meetings with the purpose of creating workflows that offer structured guidance on key fund administration tasks to members of the profession, and which are expected to be shared with CIFA members in the early stages of 2022
- Addressed and worked on other key technical matters in relation to fund administration in collaboration with other technical committees of CIFA

Looking into the future, given the developments the fund industry and the overall business landscape experienced in 2021, the attention of the Committee for 2022 is expected to be shifted to include within its scope the following key areas and topics:

- To assist CySEC in the establishment and implementation of procedures, workflows and mechanisms in the pursuit of effective supervision of the Fund Administration profession
- To explore the provision of fund administration services to Crypto funds
- To reach out to and collaborate with other foreign fund administration associations with the prospect of widening the Committee's networking channels and technical resources

The Legal and Regulatory Committee monitors developments at EU level and at main investment funds centres by analysing, inter alia, the papers and guidelines of ESMA as well as any relevant bibliography, including publications by major law firms, industry associations, papers supporting EU legislative initiatives and relevant EU jurisprudence. The Committee also reviews laws and regulations and recommends to the Board proposals and amendments to be submitted to the Regulator. During this year the Committee reviewed the activities and acted accordingly on specific matters, guidance, and instruments from the EU (ESMA, Luxembourg, Ireland, Malta).

#### Indicatively the Committee reviewed:

- Categorisation Directive Amendment
- Compliance DAC6 Directive
- UBO Registry
- ESMA UCITS Consultation on Stress Tests
- ESMA UCITS Consultation on Performance Fees
- Loan Origination Funds
- AIFMD2 Developments
- ESG Developments
- Funds Rule Book
- Fund Documentation Template Lists
- Proposed Legislation on the Regulation of the Fund Administration Profession

It is also worth mentioning that the Committee extensively engaged with the discussions with respect to taxation proposals in the context of investment funds in collaboration with the other CIFA committees. During the year under review, the Committee has identified certain areas for which further guidance may be required by market participants, such as fund governance, director and risk officer roles and responsibilities, delegation arrangements and factors to be considered, capital adequacy measurement for managers, professional indemnity insurance arrangements including technology risks and business continuity plans, on which the Committee will work together with the Regulator where relevant to develop more practical guidance for the benefit of our members and industry participants as a whole. At the same time, the Committee will continue to closely monitor and evaluate market and regulatory developments in the areas of ethics and risk management, in order to suggest to the Board of the Association, recommendations for possible enhancements.

### Legal and Regulatory Committee

Chairperson:  
**Michalis Ioannides**

### Tax Committee

Chairperson:  
**Neofytos Neofytou**

Since its establishment, the CIFA Statistics and Fund Research Committee has been working diligently on the following:

- establishing smooth and efficient channels of communication with the relevant regulatory authorities – specifically the Cyprus Securities and Exchange Commission (CySEC) and the Central Bank of Cyprus (CBC) – so as to ensure the availability of data required for both internal reporting and reporting to EFAMA
- collecting and analysing data on local UCITS and non-UCITS (the latter including AIFs, AIFLNs and RAIFs)
- any ad-hoc request for statistical data about the fund industry in Cyprus

### Statistics and Fund Research Committee

Chairperson:  
**George Martides**

Similar to previous years, in 2021 we provided EFAMA with monthly and quarterly statistics of Cyprus authorised and registered funds including net assets, net sales and number of funds. In addition, we received a number of ad-hoc requests from EFAMA such as the preparation of AuM of Cyprus funds and the preparation of the Cyprus Country report.

The Statistics and Fund Research Committee submitted to IIFA (CIFA has been a member of IIFA since 2019) information and statistical analysis about the fund industry in Cyprus as well as the Cyprus Country report for 2021, that was requested by IIFA. During 2021, three additional members joined the Committee to assist the Committee's efforts in meeting the growing for statistical data.

During 2021, the discussions with Morningstar with the prospect of making Cyprus funds eligible to be listed on the Morningstar platform progressed and members of the CIFA Committee participated in meetings providing support. Morningstar is considered quite influential in the investment management industry and its ratings and recommendations often drive billions of dollars into or away from a fund.

The Committee will continue to provide support and insights of the Cyprus funds industry to various organisations, both in Europe and elsewhere. In addition, the Committee will continue to prepare the statistics for the Cyprus funds for submission to EFAMA and IIFA on a monthly, quarterly and on an annual basis. As the Cyprus funds industry grows, the Committee expects that new professionals will need to join the Committee and provide their experience and knowledge to meet the requirements of the various authorities.

### Tax Committee

Chairperson:  
**Neofytos Neofytou**

After a series of Tax Committee meetings between CIFA Executive Council, CIFA members, AICPAC and the Tax Department, in January 2021 the Tax Committee, after the approval by the Board of Directors of CIFA of its proposals for the respective changes in the tax legislation, which cover issues relating to the deemed distribution rules and the introduction of a levy based on the Net Assets Value (NAV) of funds, instead of corporation tax, submitted to the Tax Department the final proposals.

The chairperson of the Tax Committee subsequently attended meetings with the Tax Department and CIFA members to discuss and come to a common understanding on the changes to be effected, the last meeting being together with CIFA President with the Director General of the Ministry of Finance and other government officials.

It is expected that the final bill will be presented to Parliament (after going through the normal vetting legal process) within the first quarter of 2022.



The Training and Human Resource Committee provides industry training and relevant Continuous Professional Development (CPD) seminars to Cyprus Investment Fund Association (CIFA) members. It promotes the association's Code of Practice & Ethical Standards for Fund Managers and Risk Management Principles which are founded on ethics, knowledge and competency to its members and ensures members maintain adherence to these values.

The Committee's aim is to maintain a high level of competence within the fund industry locally, while benchmarking competency to its peers internationally. With this in mind, the Committee monitors and evaluates fellow international fund association modernised approaches in training practices and advises changes to the CIFA Board of Directors for implementation. The Committee continues to support the efforts of the Cyprus Securities and Exchange Commission (CySEC) in the upkeep of ethics and integrity within the industry while collaborating in areas of Continuing Professional Development (CPD) courses and promotion of its examinations in Cyprus.

Following the signing of the Memorandum of Understanding (MOU) between CIFA and The Chartered Institute for Securities and Investment (CISI), the Committee has co-organised joint events on various subjects also in collaboration with other institutions.

The Committee supports the CIFA board and Cyprus' investment promotion agency Invest Cyprus in promoting Cyprus as a fund jurisdiction. The Committee will continue to organise and participate at CPD events during 2022 in collaboration with the CISI and other institutions in various fields of relevant to the industry and other pertinent events in coordination with the Chartered Institute for Securities and Investment (CISI).

## Training and Human Resource Committee

**Chairperson:**  
**Charles**  
**Charalambous**

## UCITS Committee

**Chairperson:**  
**Alexios Kartalis**

The UCITS Committee is regularly meeting every second month. Due to the pandemic the meetings take place online.

The main target of the Committee is to increase awareness in the local market and make the product known and familiar to the investors. UCITS are relatively new to the market and more time, and more publicity is needed.

During the year the Committee actively participated in the discussions around:

- Tax issues
- The UBO registry
- The treatment of investors for CRS reporting

For 2022, provided that the pandemic does not prevent us from doing so, we plan to launch an active campaign for the promotion of the product.

## CIFA Corporate Membership

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**Demetriou & Associates Business Advisors Ltd**  
+357 22 799 900  
[www.dbacy.com](http://www.dbacy.com)

**E & G Economides LLC**  
+357 25 866 480  
[www.economideslegal.com](http://www.economideslegal.com)

**Easternmed Asset Management Services Ltd**  
+357 22 274 400  
[www.eastmedfin.com](http://www.eastmedfin.com)

**EFG Bank (Luxembourg) S.A., Cyprus Branch**  
+357 22 025 903  
[www.efginternational.com](http://www.efginternational.com)

**Elena Argyropoulou & Associates LLC**  
+357 25 349 949  
[www.argyropouloullc.com](http://www.argyropouloullc.com)

**Emergo Wealth Ltd**  
+357 22 449 122  
[www.emergowealth.net](http://www.emergowealth.net)

**Eurobank Cyprus Ltd**  
+357 22 208 000  
[www.eurobank.com.cy](http://www.eurobank.com.cy)

**Eurofast**  
+357 22 699 222  
[www.eurofast.eu](http://www.eurofast.eu)

**European Institute of Management and Finance**  
+357 22 274 470  
[www.eimf.eu](http://www.eimf.eu)

**EXCAPRIME RAIF V.C.I.C. PLC**  
+357 22 367 610

**Exsus Trust**  
+357 22 877 120  
[www.exsusinternational.com](http://www.exsusinternational.com)

**EY Cyprus**  
+357 25 209 999  
[www.ey.com](http://www.ey.com)

**Fidescorp Limited**  
+357 22 262 844  
[www.fides-corp.com](http://www.fides-corp.com)

**Fiduserve Asset Management Limited**  
+357 22 418 200  
[www.fiduserve.com](http://www.fiduserve.com)

**Finartel Capital VCIC Ltd**  
+357 25 057 150  
[www.finartel.fund](http://www.finartel.fund)

**FINCAP Fund Solutions**  
+357 22 277 222  
[www.fincapfs.com](http://www.fincapfs.com)

**Fortified Capital Ltd**  
+357 22 367 610  
[www.forticap.eu](http://www.forticap.eu)

**G. Apostolou & Co. LLC**  
+357 22 028 888  
[www.apostoloulaw.com](http://www.apostoloulaw.com)

**G.C.I.E. Corp Ltd**  
+357 25 269 400  
[www.gciecorp.com](http://www.gciecorp.com)

**Georghios Colocassides LLC**  
+357 22 459 345  
[www.cohalaw.com](http://www.cohalaw.com)

**GLOBAL M&A OPPORTUNITIES FUND AIFLNP V.C.I.C LIMITED**  
+357 25 057 150  
[www.global-mm.com](http://www.global-mm.com)

**GlobalServe Consultants Ltd**  
+357 25 817 181  
[www.globalserve.com.cy](http://www.globalserve.com.cy)

**GMM AIFLNP VCIC LTD**  
+357 22 205 858  
[www.global-mm.com](http://www.global-mm.com)

**GMM Funds**  
+357 22 205 858  
[www.global-mm.com](http://www.global-mm.com)

**GMM Global Money Managers AIFM Ltd**  
+357 22 777 337  
[www.gmmfunds.com](http://www.gmmfunds.com)

**GMM Global Money Managers Ltd**  
+357 22 205 858  
[www.global-mm.com](http://www.global-mm.com)

**GPB-Financial Services Limited**  
+357 25 055 000  
[www.gpbfs.com.cy](http://www.gpbfs.com.cy)

**GQS Services Limited**  
+357 22 660 183  
[www.gqs-services.com](http://www.gqs-services.com)

**Grant Thornton Funds Services (Cyprus) Ltd**  
+357 22 600 248  
[www.grantthornton.com.cy](http://www.grantthornton.com.cy)

**Hanseatic Capital Management Ltd**  
+357 25 859 288  
[www.hanseatic-cm.com](http://www.hanseatic-cm.com)

**HELLAS-CYPRUS RECOVERY FUND M/F**  
+357 22 205 858  
[www.global-mm.com](http://www.global-mm.com)

**Harneys Aristodemou Loizides Yiolitis LLC**  
+357 25 820 020  
[www.harneys.com](http://www.harneys.com)

**Hellenic Bank Public Company Limited**  
+357 22 500 500  
[www.hellenicbank.com](http://www.hellenicbank.com)

**HLB Cyprus Limited**  
+357 22 002 700  
[www.hlb.com.cy](http://www.hlb.com.cy)

**Ioannides Demetriou LLC**  
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[www.idlaw.com.cy](http://www.idlaw.com.cy)

**IKOS CIF Ltd**  
+357 25 814 714  
[www.ikos.com.cy](http://www.ikos.com.cy)

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+357 25 257 120  
[www.intertrustgroup.com](http://www.intertrustgroup.com)

**Ilium Capital RAIF V.C.I.C. Ltd**  
+357 22 769 409

**InterTaxAudit Auditors & Consultants Limited**  
+357 22 400 400  
[www.intertaxaudit.com](http://www.intertaxaudit.com)

**Intertrust Cyprus**  
+357 25 257 120  
[www.intertrustgroup.com](http://www.intertrustgroup.com)

## CIFA Corporate Membership

**Inveqo Fund Management Ltd**  
+357 22 666 500  
[www.inveqo.net](http://www.inveqo.net)

**Ledra Management Ltd**  
+357 22 400 500  
[www.ledramanagement.net](http://www.ledramanagement.net)

**MNK Risk Consulting Ltd**  
+357 25 508 202  
[www.mnkrisconsulting.com](http://www.mnkrisconsulting.com)

**Prospergate Fund VCIC AIFLNP**  
+357 25 581 005  
[www.prospergate.com](http://www.prospergate.com)

**SOL GMM BALANCED FUND**  
+357 22 205 858  
[www.global-mm.com](http://www.global-mm.com)

**Trident Trust Company (Cyprus) Ltd**  
+357 25 820 650  
[www.tridenttrust.com](http://www.tridenttrust.com)

**Invest Cyprus**  
+357 22 441 133  
[www.investcyprus.org.cy](http://www.investcyprus.org.cy)

**Leon MFO Investments Ltd**  
+357 25 268 120  
[www.leoninvestments.com.cy](http://www.leoninvestments.com.cy)

**Mouflon Real Estate Fund Limited**  
+357 22 873 380  
[www.mouflonfund.com](http://www.mouflonfund.com)

**PwC Cyprus**  
+357 22 555 000  
[www.pwc.com.cy](http://www.pwc.com.cy)

**Sova Asset Management (CY) Ltd**  
+357 25 249 444  
[www.sova-am.com](http://www.sova-am.com)

**UFG Capital Investment Management**  
+357 22 107 242  
[www.ufgcapital.com](http://www.ufgcapital.com)

**InvestCor Corporate Ltd**  
+357 25 000 333  
[www.investcor.eu](http://www.investcor.eu)

**MAP S.Platis**  
+357 25 351 335  
[www.mapsplatis.com](http://www.mapsplatis.com)

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**Reanda Cyprus Ltd**  
+357 22 670 680  
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**SPA Financial Services Ltd**  
+357 22 028 585  
[www.spafs.com](http://www.spafs.com)

**V.I.L VENUS ISLAND AIFLNP V.C.I.C. LTD**  
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[www.global-mm.com](http://www.global-mm.com)

**IQ-EQ**  
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**Numisma Capital Limited**  
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[www.numismagroup.com](http://www.numismagroup.com)

**Renaissance Insurance Brokers**  
+357 22 311 662  
[www.rnbrokers.com](http://www.rnbrokers.com)

**Stelios Americanos & Co LLC**  
+357 22 465 500  
[www.americanoslaw.com](http://www.americanoslaw.com)

**VGDA Accountants Limited**  
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**Joannides + Co Ltd**  
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**Oneworld Limited**  
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**Resolute Investment Management (Cyprus) Ltd**  
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[www.resoluteinvestmentmanagement.com](http://www.resoluteinvestmentmanagement.com)

**SYSTEMIC RM Single Member SA**  
+30 210 338 9250  
[www.systemic-rm.com](http://www.systemic-rm.com)

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[www.vistra.com](http://www.vistra.com)

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**Mega Equity Securities & Financial Services Public Limited**  
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[www.mega-equity.com](http://www.mega-equity.com)

**Painkiller Financial Services Limited**  
+357 7000 7898  
[www.salvufunds.com](http://www.salvufunds.com)

**Rimes Technologies (Cyprus) Ltd**  
+357 22 029 706  
[www.rimes.com](http://www.rimes.com)

**T.C.R. International Ltd**  
+357 22 866 200  
[www.tcr-int.com](http://www.tcr-int.com)

**Wealth Fund Services Ltd**  
+357 22 755 507  
[www.wealthfs.com.cy](http://www.wealthfs.com.cy)

**K. Treppides & Co Limited**  
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+357 25 345 351  
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**Papantoniou & Papantoniou LLC**  
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[www.paplaw.com.cy](http://www.paplaw.com.cy)

**RMG Holding Ltd**  
+357 22 447 024  
[www.rmgh.eu](http://www.rmgh.eu)

**Tassos Papadopoulos & Associates**  
+357 22 889 999  
[www.tplaw.com.cy](http://www.tplaw.com.cy)

**Wealthmore Services Ltd**  
+357 25 258 925  
[www.wmores.com](http://www.wmores.com)

**KENDRIS (Cyprus) Limited**  
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[www.kendris.com](http://www.kendris.com)

**Merit Fixed Income Fund Limited**  
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**PCS SA**  
+30 210 62 66 900  
[www.pcs.gr](http://www.pcs.gr)

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+357 25 040 404  
[www.royalpine.com](http://www.royalpine.com)

**The Institute of Certified Public Accountants of Cyprus**  
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[www.icpac.org.cy](http://www.icpac.org.cy)

**WIF AIFLNP V.C.I.C. LTD**  
+357 25 114 000  
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**Pelaghias, Christodoulou & Vrachas LLC**  
+357 22 764 216  
[www.pelaghiaslaw.com](http://www.pelaghiaslaw.com)

**S. Dionysiou & Partners LLC**  
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[www.dplawcyprus.com](http://www.dplawcyprus.com)

**TMF Group Cyprus**  
+357 22 451 327  
[www.tmf-group.com](http://www.tmf-group.com)

**Y. Vasiliou & Co LLC**  
+357 24 727 313  
[www.vasiliou.law](http://www.vasiliou.law)

**KMG Capital Markets Ltd**  
+357 25 818 412  
[www.kmgcapitalmarkets.com](http://www.kmgcapitalmarkets.com)

**MILEVACO FUND LTD**  
+357 22 777 337  
[www.gmmfunds.com](http://www.gmmfunds.com)

**Polakis Sarris & Co LLC**  
+357 22 456 000  
[www.polakissarris.com](http://www.polakissarris.com)

**SCSS Fund Management Ltd**  
+357 22 376 006  
[www.scssfunds.com](http://www.scssfunds.com)

**Tornaritis Law LLC**  
+357 22 456 056  
[www.tornaritislaw.com](http://www.tornaritislaw.com)

**Yiallourides & Partners Ltd**  
+357 25 443 132  
[www.ayca.com.cy](http://www.ayca.com.cy)

**KPMG Limited (Cyprus)**  
+357 22 209 000  
[www.kpmg.com.cy](http://www.kpmg.com.cy)

**Mitsubishi UFJ Group (MUFG) Investor Services FinTech Limited**  
+357 25 028 241  
[www.mufig-isft.com](http://www.mufig-isft.com)

**Profile Software**  
+357 22 458 050  
[www.profilesw.com](http://www.profilesw.com)

**Shanda Consult Ltd**  
+357 22 272 300  
[www.shandaconsult.com](http://www.shandaconsult.com)

**Treppides Fund Services**  
+357 22 678 944  
[www.treppidesfs.com](http://www.treppidesfs.com)



# Report and Financial Statements

for the year ended 31 December 2020

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## BOARD OF DIRECTORS AND OTHER OFFICERS

### Board of Directors

Andreas Yiasemides - President  
Panikos Teklos - Vice President  
George Kampanellas - Vice President  
Maria Panayiotou - Member - Secretary  
Constantinos Papanastasiou - Treasurer  
Christoforos Antoniadis - Member  
Andreas Athinodorou - Member  
Charalambos Fokas - Member  
Demetris Taxitaris - Member  
Antonis Antoniou - Member  
Christos Kalogeris - Member  
Antonis Rouvas - Member  
Charalambos Prountzos - Member  
George Karatzias - Member  
Marinos Christodoulides - Member  
Marios Tannousis - Member  
Omiros Nishiotis - Member

### Independent Auditors

Joannides + Co Limited  
Certified Public Accountants and Registered Auditors  
Agiou Prokopiou 13, Egkomi, 2406, Nicosia, Cyprus

### Registered address

9 Makarios III Avenue, Severis Building, 4th floor  
Nicosia 1065 - Cyprus

### Bankers

Bank of Cyprus Public Company Ltd  
Hellenic Bank Public Company Ltd

## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of the Cyprus Investment Funds Association (CIFA) (the "Association") presents to the members its Report and audited financial statements of the Association for the year ended 31 December 2020.

### Principal activities and nature of operations of the Association

The principal activities of the Association, which are unchanged from last year, are to act as the single unified representative body of the industry in Cyprus, representing the sector in economic missions to promote and support the development of the Cyprus Investment Fund industry, provide support to its members in knowledge building through regular educational programs and encourage maintenance of industry standards and professionalism.

### Results

The Association's results for the year are set out on page 44.

### Board of Directors

The members of the Association's Board of Directors as at 31 December 2020 and at the date of this report are presented on page 40. All of them were members of the Board of Directors throughout the year ended 31 December 2020.

The Electoral General Meeting is held every three years.

### Independent Auditors

The Independent Auditors, Joannides + Co Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Maria Panayiotou  
Secretary  
Nicosia, ..... 2021

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Cyprus Investment Funds Association (CIFA)

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of the Cyprus Investment Funds Association (CIFA) (the "Association"), which are presented in pages 44 to 53 and comprise the statement of financial position as at 31 December 2020, the statements of income and expenses, changes in fund account and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Association as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Articles of Association of the Association, the requirements of the Societies and Institutions and Other Related Matters Law of 2017, and Articles of Association of the Association.

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Association in accordance with the International

Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors, but does not include the financial statements and our auditor's 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 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 for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Articles of Association of the Association, the Associations and Foundations and Other Relevant Issues Law of 2017, and for such internal control as the Board of Directors 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 is responsible for assessing the Association'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 either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Association's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, 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 Association'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.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association'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. However, future events or conditions may cause the Association 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 a true and fair view.

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

#### Other Matter

This report, including the opinion, has been prepared for and only for the Association's members as a body in accordance with Section 69 of the Auditors law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

#### Davinia Ioannidou

Certified Public Accountant and Registered Auditor  
for and on behalf of

#### Joannides + Co Limited

Certified Public Accountants and Registered Auditors  
Nicosia, ..... 2021



## STATEMENT OF INCOME AND EXPENSES

	2020	2019
	€	€
<b>INCOME</b>		
Subscriptions and registration fees	79.950	70.200
<b>Total revenue</b>	<b>79.950</b>	<b>70.200</b>
<b>EXPENSES</b>		
Sundry expenses	350	200
Subscriptions and contributions	12.131	8.421
Advertising expenses	2.142	5.986
Website expenses	416	417
Auditors' remuneration for the statutory audit of annual accounts	1.190	1.190
Accounting fees	4.284	2.142
Consultancy fees	2.000	36.171
Sponsorship	-	3.600
Hospitality and event expenses	5.711	25.247
Bank charges	360	864
Provision for bad debts	6.800	3.000
Exchange losses	-	16
<b>Total expenses</b>	<b>35.384</b>	<b>87.254</b>
<b>Surplus/(deficit) for the year</b>	<b>44.566</b>	<b>(17.054)</b>

The notes on pages 48 to 53 form an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

	Note	2020	2019
		€	€
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	8	23.856	35.595
Cash and cash equivalents	9	151.989	108.006
		<b>175.845</b>	<b>143.601</b>
<b>Total assets</b>		<b>175.845</b>	<b>143.601</b>
<b>SURPLUS AND LIABILITIES</b>			
<b>Equity</b>			
Accumulated surplus		167.334	122.768
<b>Total equity</b>		<b>167.334</b>	<b>122.768</b>
<b>Current liabilities</b>			
Payables		10 8.511	20.833
<b>Total liabilities</b>		<b>8.511</b>	<b>20.833</b>
<b>Total equity and liabilities</b>		<b>175.845</b>	<b>143.601</b>

On ..... 2021 the Board of Directors authorised these financial statements for issue.

Andreas Yiasemides  
President

Maria Panayiotou  
Secretary

The notes on pages 48 to 53 form an integral part of these financial statements.

## STATEMENT OF FUND ACCOUNT

	Surplus/ (Deficit) €	Total €
<b>Balance at 1 January 2019</b>	<b>139.822</b>	<b>139.822</b>
Deficit for the year	(17.054)	(17.054)
<b>Balance at 31 December 2019/ 1 January 2020</b>	<b>122.768</b>	<b>122.768</b>
Surplus for the year 44.566 44.566		
<b>Balance at 31 December 2020</b>	<b>167.334</b>	<b>167.334</b>

The notes on pages 48 to 53 form an integral part of these financial statements.

## CASH FLOW STATEMENT

	2020 €	2019 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus/(deficit) for the year	<b>44.566</b>	(17.054)
	<b>44.566</b>	(17.054)
<b>Changes in working capital:</b>		
Decrease/(increase) in trade and other receivables	<b>11.739</b>	(13.995)
(Decrease)/increase in payables	<b>(12.322)</b>	16.246
<b>Cash generated from/(used in) operations</b>	<b>43.983</b>	(14.803)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>43.983</b>	(14.803)
Cash and cash equivalents at beginning of the year	<b>108.006</b>	122.809
<b>Cash and cash equivalents at end of the year</b>	<b>151.989</b>	108.006

The notes on pages 48 to 53 form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Incorporation and principal activities

#### Country of incorporation

The Cyprus Investment Funds Association (CIFA) (the "Association") was incorporated in Cyprus on 25 April 2013 under the provisions of the Associations and Foundations and Other Relevant Issues Law of 2017, with the purpose to act as a single unified representative body of the industry in Cyprus. Its registered office is at 9 Makarios III Avenue, Severis Building, 4th floor, Nicosia, 1065, Cyprus.

#### Principal activities

The principal activities of the Association, which are unchanged from last year, are to act as the single unified representative body of the industry in Cyprus, representing the sector in economic missions to promote and support the development of the Cyprus Investment Fund industry, provide support to its members in knowledge building through regular educational programs and encourage maintenance of industry standards and professionalism.

#### Operating Environment of the Association

With the recent and rapid development of the Coronavirus disease (COVID-19) pandemic the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life.

Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments have implemented restrictions on travelling as well as strict quarantine measures throughout the year.

Industries such as tourism, hospitality and entertainment have been directly disrupted significantly by these measures. Other industries such as manufacturing and financial services have also been indirectly affected. In Cyprus, on 15 March 2020, the Council of Ministers in an extraordinary meeting, announced that it considers that Cyprus is entering a state of emergency considering the uncertain situation as it unfolds daily, the growing spread of COVID-19 outbreak and the World Health Organization's data on the situation.

To this end, certain measures have been taken by the Republic of Cyprus since then with a view to safeguarding public health and ensuring the economic survival of working people, businesses, vulnerable groups and the economy at large.

New entry regulations have been applied with regards to protecting the population from a further spread of the disease which tightened the entry of individuals to the Republic of Cyprus within the year. Additionally, a considerable number of private businesses operating in various sectors of the economy had closed for a period of time while a number of lockdown measures, such as the prohibition of unnecessary movements and the suspension of operations of retail companies (subject to certain exemptions), were applied throughout the year. The measures had been continuously revised (lifted or tightened) by the Republic of Cyprus during the year taking into consideration the epidemic status in the country.

The objective of these public policy measures was to contain the spread of COVID-19 outbreak and have resulted in minor operational disruption for the Association.

In parallel, governments, including the Republic of Cyprus, introduced various financial support schemes in response to the economic impacts of the COVID-19 coronavirus pandemic. The Association has not applied for such government assistance. The details of all the arrangements that might be available to the Association and the period throughout which they will remain available are continuing to evolve and remain subject to uncertainty. The Association is continuing to assess the implications for its business when these arrangements are no longer available and has reflected their impact in its stress-scenarios for going concern purposes.

The event is reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2020. The Association's management has assessed:

- (1) whether any impairment allowances are deemed necessary for the Association's financial assets by considering the economic situation and outlook at the end of the reporting period.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty though, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. Management's current expectations and estimates could differ from actual results.

Management has considered the unique circumstances and the risk exposures of the Association and has concluded that there is no significant impact in the Association's profitability position. The event did not have an immediate material impact on the business operations.

The Association's management believes that it is taking all the necessary measures to maintain the viability of the Association and the development of its business in the current business and economic environment. Management will continue to monitor the situation closely and will assess the need for in case the period of disruption becomes prolonged.

### 2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). The financial statements have been prepared under the historical cost convention.

### 3. Adoption of new or revised standards and interpretations

During the current year the Association adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2020. This adoption did not have a material effect on the accounting policies of the Association.

### 4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

#### The income of the Association is recognised as follows:

Revenue comprises the invoiced amount for services, net of rebate and discounts. Revenue earned by the Association is recognised on the following bases:

#### – Subscription income

Subscription income receivable is recognised on an accrual basis.

#### Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

#### Financial assets

##### Financial assets - Classification

The Association classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Association's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Association may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at FVTPL.



**4. Significant accounting policies (continued)****Financial assets (continued)****Financial assets - Recognition and derecognition**

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Association commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Association has transferred substantially all the risks and rewards of ownership.

**Financial assets - Measurement**

At initial recognition, the Association measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**Financial assets - impairment - credit loss allowance for ECL**

Expected losses are recognised and measured according to one of two approaches: general approach or simplified approach. For trade receivables the Association applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognised from initial recognition of the financial assets.

**Financial assets -Reclassification**

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

**Financial assets - write-off**

Financial assets are written-off, in whole or in part, when the Association exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Association may write-off financial assets that are still subject to enforcement activity when the Association seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

**Classification as cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank.

**Classification as trade receivables**

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Association holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Association applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 6, Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Association, and a failure to make contractual payments for a period of greater than 365 days past due.

**Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

**5. New accounting pronouncements**

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Association.

**6. Financial risk management****Financial risk factors**

The Association is exposed to credit risk and liquidity risk arising from the financial instruments it holds. The risk management policies employed by the Association to manage these risks are discussed below:

**6.1 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 meet an obligation. Credit risk arises from cash and cash equivalents as credit exposures outstanding receivables.

*(i) Impairment of financial assets*

The Association has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables
- classification as cash and cash equivalents

**6. Financial risk management (continued)****6.2 Liquidity risk**

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Association has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

**7. Critical accounting estimates and judgments**

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Association's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**– Deferred revenue**

Deferred income is revenue from subscription and registration fees that have been received by the Association during the year in relation to income of the next year. Therefore, deferred income has been recognised as a liability in the statement of financial position and will be de-recognised during the year the income relates to.

**– Provision for bad and doubtful debts**

The Association reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

**8. Trade and other receivables**

	2020	2019
	€	€
Trade receivables	40.300	45.200
Less: provision for impairment of receivables	(17.000)	(10.200)
<b>Trade receivables - net</b>	<b>23.300</b>	35.000
Deposits and prepayments 556 595		
	<b>23.856</b>	35.595

Trade receivables represent amounts due from members for subscription and registration fees which are due for receipt on demand.

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Association to credit risk and impairment losses in relation to trade and other receivables is reported in note 6 of the financial statements.

**9. Cash and cash equivalents**

Cash balances are analysed as follows:

	2020	2019
	€	€
Cash at bank	151.989	108.006
	<b>151.989</b>	108.006

The fair value of cash and cash equivalents approximate to their carrying amounts as presented above.

The exposure of the Association to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

**10. Payables**

	2020	2019
	€	€
Accruals	8.511	18.433
Deferred income	-	2.400
	<b>8.511</b>	20.833

The fair values of payables due within one year approximate to their carrying amounts as presented above.

**11. Contingent liabilities**

The Association had no contingent liabilities as at 31 December 2020.

**12. Commitments**

The Association had no capital or other commitments as at 31 December 2020.

**13. Events after the reporting period**

Depending on the duration of the Coronavirus disease (COVID-19) pandemic, and continued negative impact on economic activity, the Association might experience negative results, and liquidity restraints and incur impairments on its assets in 2021.

The exact impact on the Association's activities in 2021 and thereafter cannot be predicted.

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

**Independent auditor's report on pages 42 to 43**





